VONTOBEL

Annual Report 2014

Consolidated Accounts
Vontobel Holding AG

Annual Report 2014

Ratios

Ratios	31-12-14	31-12-13	31-12-12	31-12-11	31-12-10
Return on shareholders' equity (ROE) (%)[1]	8.7	7.6	8.3	7.5	9.8
Cost[2]/income ratio (%)	80.3	80.8	79.9	80.0	78.3
Equity ratio (%)	7.6	8.3	7.4	7.7	8.2
Basel III leverage ratio (%)	6.0	n/a	n/a	n/a	n/a

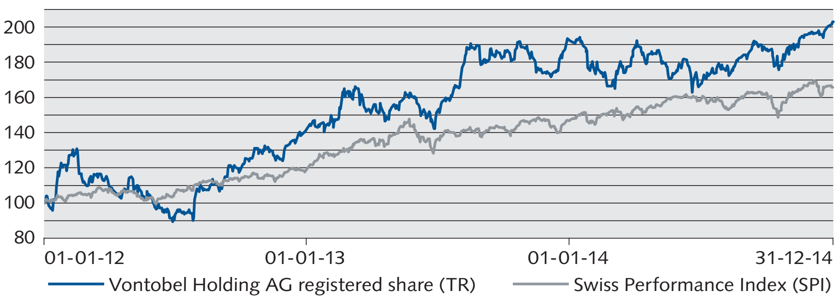
1 Group net profit as a percentage of average equity based on monthly figures, both without minority interests
2 Operating expense, excl. value adjustments, provisions and losses

Share data

Share data	31-12-14	31-12-13	31-12-12	31-12-11	31-12-10
Basic earnings per share (CHF)[1]	2.24	1.92	1.95	1.78	2.31
Diluted earnings per share (CHF)[1]	2.19	1.89	1.92	1.76	2.26
Equity per share outstanding at balance sheet date (CHF)	25.65	25.67	24.49	22.84	23.67
Dividend per share (CHF)	1.55[2]	1.30	1.20	1.10	1.40
Price/book value per share	1.5	1.4	1.2	0.9	1.5
Price/earnings per share	16.7	19.3	14.5	11.8	15.4
Share price at balance sheet date (CHF)	37.50	36.95	28.20	21.00	35.60
High (CHF)	37.50	37.20	28.20	39.90	36.50
Low (CHF)	30.10	27.25	17.80	19.90	26.75
Market capitalization nominal capital (CHF mn)	2,437.5	2,401.8	1,833.0	1,365.0	2,314.0
Market capitalization less treasury shares (CHF mn)	2,063.6	2,340.1	1,787.0	1,331.3	2,262.0
Undiluted weighted average number of shares	60,042,271	63,726,002	63,693,221	63,800,363	63,918,532

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

Performance of Vontobel Holding AG registered share (indexed)



Source: Bloomberg

Share information

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

BIS capital ratios

BIS capital ratios	31-12-14	31-12-13	31-12-12	31-12-11	31-12-10
CET1 capital ratio (%)	21.3	25.5	27.2	23.3	21.8
CET1 capital (CHF mn)	1,117.3	1,348.2	1,364.2	1,158.6	1,242.7
Risk weighted positions (CHF mn)	5,236.1	5,294.1	5,019.4	4,969.3	5,689.8

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

Risk ratio

Risk ratio	31-12-14	31-12-13	31-12-12	31-12-11	31-12-10
Average Value at Risk market risk (CHF mn)	5.9	8.0	14.1	23.1	19.7

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

Rating

Rating	31-12-14	31-12-13	31-12-12
Moody's Rating Bank Vontobel AG	A2	A1	A1

Income statement	31-12-14 CHF mn	31-12-13 CHF mn	31-12-12 CHF mn	31-12-11 CHF mn	31-12-10 CHF mn
Total operating income	**884.4**	849.3	775.0	765.6	830.2
Operating expense	**711.6**	695.9	627.0	618.7	657.1
Group net profit	**134.5**	122.3	124.1	113.8	147.3
of which allocated to minority interests	**0.0**	0.0	0.0	0.1	(0.5)
of which allocated to the shareholders of Vontobel Holding AG	**134.5**	122.3	124.1	113.7	147.8

Segments (pre-tax profit)	31-12-14 CHF mn	31-12-13 CHF mn	31-12-12 CHF mn	31-12-11 CHF mn	31-12-10 CHF mn
Private Banking	**57.1**	59.4	38.0	33.6	48.5
Asset Management	**108.2**	103.3	75.5	36.7	50.6
Investment Banking	**66.1**	56.6	69.1	95.1	115.5
Corporate Center	**(58.6)**	(65.9)	(34.6)	(18.5)	(41.5)

Balance sheet	31-12-14 CHF mn	31-12-13 CHF mn	31-12-12 CHF mn	31-12-11 CHF mn	31-12-10 CHF mn
Total assets	**18,472.8**	19,643.2	21,062.3	18,704.9	18,301.6
Shareholders' equity (excl. minority interests)	**1,411.5**	1,626.0	1,552.0	1,448.0	1,503.9
Due from customers	**2,167.2**	1,839.7	2,478.6	1,370.4	1,427.0
Due to customers	**8,986.5**	9,303.8	8,658.9	7,538.7	4,925.7

Client assets	31-12-14 CHF bn	31-12-13 CHF bn	31-12-12 CHF bn	31-12-11 CHF bn	31-12-10 CHF bn
Assets under management	**123.8**	109.6	98.4	82.2	78.6
of which under discretionary management	**82.3**	70.6	63.8	50.1	45.9
of which under non-discretionary management	**41.5**	39.0	34.6	32.1	32.7
Other advised client assets	**6.6**	-	-	-	-
Structured products outstanding	**6.5**	7.0	7.0	7.7	9.3
Total advised client assets	**136.9**	116.6	105.4	89.9	87.9
Custody assets	**53.8**	46.5	44.2	41.7	40.4
Total client assets	**190.7**	163.1	149.6	131.6	128.3

Net new money	31-12-14 CHF bn	31-12-13 CHF bn	31-12-12 CHF bn	31-12-11 CHF bn	31-12-10 CHF bn
Net new money	**6.2**	9.1	8.6	8.2	5.5

Headcount (full-time equivalents)	31-12-14	31-12-13	31-12-12	31-12-11	31-12-10
Number of employees Switzerland	**1,135.5**	1,097.2	1,117.1	1,137.6	1,097.6
Number of employees abroad	**242.1**	240.6	266.3	275.8	248.5
Total number of employees	**1,377.6**	1,337.8	1,383.4	1,413.4	1,346.1

Shareholders' letter

Dear shareholders and clients

For a decade, the World Economic Forum (WEF) has been systematically highlighting current and anticipated areas of crisis around the world in its Global Risk Report. The findings of the latest report are astonishing: in 2014, economic risks no longer headed the list of the most threatening global risk scenarios for the first time since 2008. Concerns about financial and currency crises were eclipsed by geopolitical tensions and terrorist threats.

It would, however, be premature to believe that the global economic and financial system is now suddenly back on a solid footing. For example, discussions about a Greek exit from the Eurozone were reignited at the start of the year. In mid-January 2015, the unexpected announcement by the Swiss National Bank (SNB) that it was discontinuing the minimum exchange rate for the Swiss franc against the euro introduced in 2011 sent shockwaves through the Swiss economy, the Swiss stock exchange and foreign exchange markets. As a result, the economic outlook for Switzerland deteriorated almost overnight. The SNB's decision has raised doubts about the long-term credibility of large-scale monetary interventions and could send out a signal to the market.

As a renowned wealth and asset manager that is committed to creating value for clients as their "Most Trusted Global Investment Advisor", Vontobel once again delivered a good result. Net profit reached a respectable CHF 134.5 million, even though record low interest rates and subdued market volumes dampened income levels and profitability. In addition, one-off impacts in the amount of CHF 14.0 million recognized for accounting reasons had a negative effect on earnings performance.

Against this backdrop, the 10% increase in profit achieved by Vontobel confirms the effectiveness of our strategic direction. Our focus on our own strengths – active asset management and the implementation of tailored investment solutions – was rewarded with a very pleasing net inflow of new money. During the year, private and institutional clients entrusted CHF 6.2 billion of new money to Vontobel; client assets reached a record CHF 190.7 billion at the end of 2014.

Targeted investments in organic growth

In Private Banking, we invested in organic growth with the targeted recruitment of relationship managers in Switzerland, Germany and Asia. These new appointments temporarily have a slight negative impact on profitability. However, the CHF 1.1 billion inflow of net new money in Private Banking was mainly acquired in our Swiss home market and in Germany, Asia and the USA, reflecting the positive impact of investments in these markets. Private Banking received two awards in 2014: the Swiss business magazine "Bilanz" named Vontobel the "Best Private Bank in Switzerland", while in Germany, we were assigned the rating "excellent" in a mystery shopping test carried out by the investor magazine €uro. Our state-of-the-art advisory models are an even clearer example of our strong client focus: in spring 2011 we already established a pioneering approach that takes even more account of the individual advisory needs of our clients. Private Banking today has a total of CHF 33.4 billion of client assets, with advisory mandates accounting for around one-third of this sum. A further example of our innovative strength is the planned introduction of an app for tablets that will enable clients to access the very latest research information and to obtain investment advice, while also making it easier for them to engage in a dialogue with relationship managers. This reflects Vontobel's goal of harnessing the advance of digitalization in the finance industry and making effective use of the related opportunities. We are already systematically combining our technical knowhow with our investment expertise in a number of client-focused areas to help us realize this objective.

Diversification and globalization in Asset Management as a success factor

Vontobel Asset Management attracted CHF 4.6 billion of new assets over the financial year as a whole. After expectations regarding growth in the emerging markets declined at the start of the year, a positive trend reversal in terms of growth in new money was already visible in the second quarter due, in particular, to a broad-based and convincing product performance. As a result, the business unit once again delivered a substantial pre-tax profit of CHF 108.2 million. The cooperation with Australia and New Zealand Banking Group Limited (ANZ) – one of the twenty largest banks worldwide – has further strengthened our business base. Our sales activities in the Asia Pacific region accounted for around 40% of the growth in net new money and form the basis for the success of our focused business model in this dynamic growth region.

Investment Banking: deritrade® establishes itself as the benchmark in the market

Vontobel recently attracted another major third-party issuer for its multi-issuer platform and has thus established itself as the benchmark for tailored structured products in the market. Six issuers that collectively represent more than 70% of the exchange-traded volume of structured products in Switzerland now use the platform for their products. Vontobel wants to replicate the platform's success in other markets and is focusing on Germany and Singapore in this context. Vontobel Financial Products continues to rank second in Switzerland and eighth in Germany.

Active capital management – high dividend

Vontobel generated a return on equity of 8.7% in the financial year 2014 and has thus moved one step closer to its 10% target. Even after the repurchase of Raiffeisen's shareholding, Vontobel's BIS tier 1 capital ratio remains extremely solid at 21.3% and is substantially higher than the regulatory minimum requirement. It will be proposed to the General Meeting of Shareholders in spring 2015 that the repurchased Vontobel shares be cancelled. At a time when other financial institutions need to raise capital in order to strengthen their capital base, we are in the comfortable position of being able to concentrate our share capital thanks to our profitable and, at the same time, low-risk business model. Furthermore, the Board of Directors will propose a 19% increase in the dividend to CHF 1.55 per share to shareholders.

Outlook for 2015

The situation for companies operating in Switzerland has altered dramatically as a result of the SNB's decision to discontinue the minimum exchange rate for the Swiss franc against the euro. As a globally oriented wealth and asset manager, we remain firmly committed to our current strategic direction. In Private Banking, we will continuously refine our advisory model and recruit further experienced relationship managers. In Asset Management, we are investing in our Fixed Income business and extending our multi-asset-class approach. The Asset Management unit domiciled in New York will continue to focus on diversification in global equity products. In Investment Banking, we want to maintain our strong market position in Switzerland and to move ahead with the expansion of our activities in Germany, Scandinavia and Asia. There is a consensus among market participants that the structural changes in the finance and banking industry are set to continue and may even accelerate. With a history spanning over 90 years, we can look to the future with optimism. Vontobel is well positioned and has the expertise, energy and necessary agility to succeed also in this new reality.

We wish to take this opportunity to thank our employees who are working with us to address the challenges that lie ahead and to jointly realize our ambitious goals. We also wish to thank our shareholders and clients whose trust in Vontobel is vital for our shared success.

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

Positioning of Vontobel

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

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

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

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

Our culture and values are based on performance and trust. We strive to build long-term client relationships that continue from one generation to the next. Our profile and our claim "Performance creates trust" are a clear expression of our brand promise.

Around 1,400 Vontobel employees worldwide manage the assets entrusted to us by clients, carefully monitor the financial markets and interpret global macroeconomic developments. Whether they are in the heart of Zurich, New York, Hong Kong or Frankfurt – employees in 21 international locations identify and analyze trends and subsequently create innovative investment strategies and products.

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

Key messages in our Mission Statement

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

Our ambition

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

Trust is at the core of our business

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

Our principles

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

Brand strategy

The Vontobel brand

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

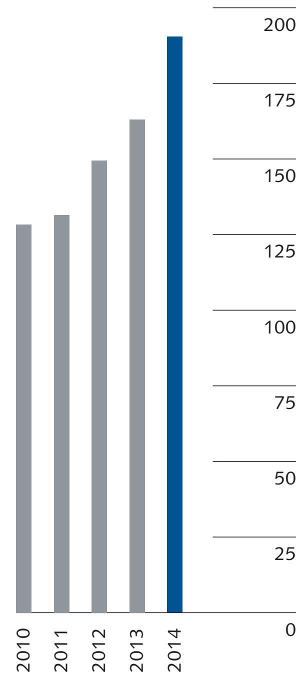
Our corporate identity is a decisive factor in achieving a uniform corporate image and presence both internally and externally. Within our company, the Vontobel brand provides us with a clear sense of identity. Our brand is conveyed externally through the systematic application of our corporate design,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

Solid performance – increased dividend

The global economy, led by the US, returned to growth in 2014. Europe's economy expanded at a much slower rate, with growth mainly supported by Germany. Major central banks – particularly the Bank of Japan and the European Central Bank (ECB) – continued to supply cheap money in an effort to counter deflationary tendencies, stimulate economic growth and maintain a low interest burden for heavily indebted states. In Europe, negative interest rates were introduced on deposits held at the ECB in order to boost lending and curb the upward pressure on the euro. This measure – as well as the US' growing energy self-sufficiency – resulted in a significant appreciation of the US dollar and contributed to the halving of the oil price in the second half of the year. The bond markets and key equity markets – primarily in the US, Switzerland and Japan – were characterized by positive developments, albeit with intermittent periods of high volatility. There was also a pleasing turnaround in major emerging markets. The unpredictable and virulent conflicts in Eastern Europe, the Middle East and North Africa created a climate of uncertainty. As a result, many – especially private – investors continued to adopt a cautious approach and maintained large liquidity positions.

In Switzerland, interest rates – which were already at a very low level – decreased even further, reflecting the continued strength of the Swiss franc. Against this backdrop, the Swiss National Bank (SNB) recently also found itself compelled to introduce negative interest rates on bank sight deposits and to discontinue the minimum exchange rate of CHF 1.20 per euro that it introduced in September 2011. This led to a significant appreciation of the Swiss franc. As a result, expectations regarding the growth of the highly export-driven Swiss economy declined significantly and massive losses were subsequently recorded in CHF-denominated client portfolios.

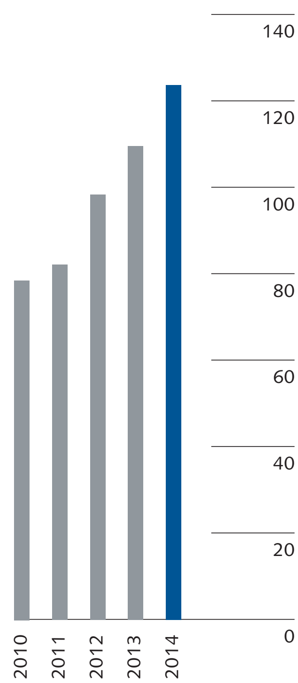
Client assets (CHF bn)



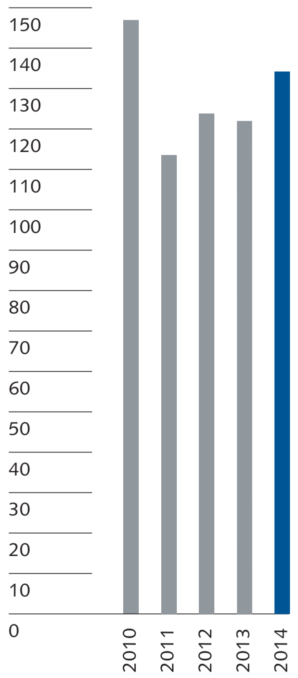
Focus on organic growth – strong inflow of new money

Undeterred by this challenging operating environment, Vontobel pursued its organic growth path in the year under review. This was reflected by another very pleasing net inflow of new money in the amount of CHF 6.2 billion and by record client assets of CHF 190.7 billion at the end of 2014. All business units made targeted investments in the recruitment of experienced specialists and expanded their local presence in selected focus markets. Despite the high level of investment this entailed, Vontobel delivered another very solid net profit of CHF 134.5 million in the financial year 2014, corresponding to an increase of 10% compared to 2013. One-off impacts in the amount of CHF 14.0 million recognized for accounting reasons had a negative effect on the result after taxes. These one-off impacts include spread effects from the bond portfolio and from the improvement in own creditworthiness, as well as valuation effects, which collectively had a negative impact of CHF –5.0 million on trading income. In addition, the repatriation of capital from the former bank in Austria resulted in the recognition of an expense of CHF –8.7 million in other income due to currency translation adjustments.

Assets under management (CHF bn)



Group net profit (CHF mn)

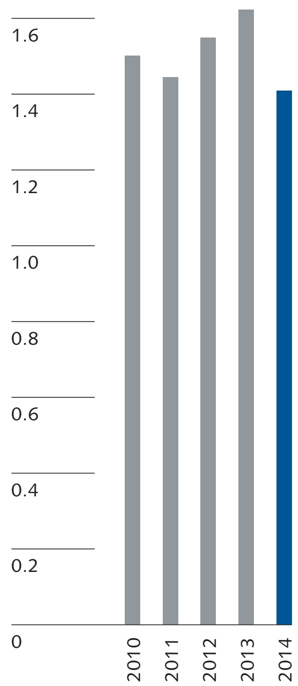


Vontobel has a very strong capital position and this has proved beneficial during periods of high market volatility, such as the movements seen in the foreign exchange markets in January 2015 following the discontinuation of the minimum exchange rate for the Swiss franc against the euro. This solid capital base also enabled us to repurchase 12.5% of Vontobel registered shares at a price of around CHF 270 million following the announcement by Raiffeisen that it was terminating the cooperation agreement with Vontobel. The repurchase of these shares resulted in a significant concentration of earnings per remaining share, which is in the interests of all shareholders. It will be proposed to the General Meeting of Shareholders of Vontobel Holding AG in spring 2015 that the 8,125,000 repurchased shares be cancelled. At 21.3%, the BIS common equity tier 1 capital ratio (CET1 ratio) remained very solid at the end of 2014 and is substantially higher than the regulatory minimum requirement. At the same time, the return on average equity improved significantly from 7.6% to 8.7%. The Board of Directors' confidence in Vontobel's existing strategy and in active capital management is demonstrated by the proposed dividend of CHF 1.55 per share, compared to CHF 1.30 per share in the previous year. This corresponds to a generous payout ratio of 64%.

Pre-tax profit increases by 13%

Pre-tax profit by segment	31-12-14 CHF mn	31-12-13 CHF mn
Private Banking	**57.1**	59.4
Asset Management	**108.2**	103.3
Investment Banking	**66.1**	56.6
Corporate Center	**(58.6)**	(65.9)
Total	**172.8**	153.4

Shareholders' equity (CHF bn)



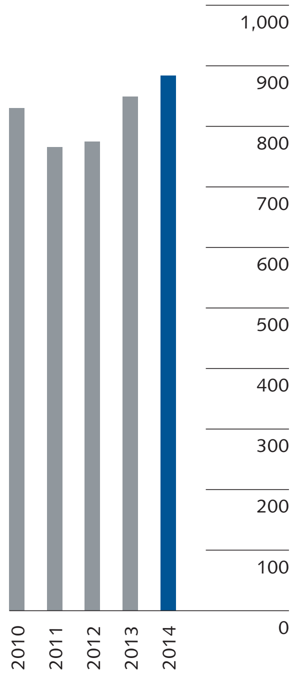
When a wealth manager invests in organic growth, it usually takes some time for these investments to translate into an increase in the asset base and higher income. In 2014, Vontobel Private Banking – which is concentrating on its Swiss home market and its focus markets – resumed its organic expansion through the targeted recruitment of additional relationship managers. In the course of this expansion, Private Banking delivered a pre-tax profit of CHF 57.1 million – almost in line with the previous year – despite its high level of investment in the business.

While the first half of the year was characterized by some outflows in Emerging Markets strategies, Asset Management was able to attract a strong inflow of new money totalling CHF 4.6 billion in the course of the year due to a convincing performance in key products and the strengthening of its sales organization. It also achieved a 5% increase in its result to CHF 108.2 million. During the year under review, Asset Management and Private Banking collectively accounted for 71% of the Group's pre-tax profit (excluding the Corporate Center). The large proportion of income contributed by these businesses reflects Vontobel's clear positioning as an established wealth and asset manager.

Investment Banking returned to a growth path and its key Financial Products business succeeded in further strengthening its competitive position in Switzerland and Germany. Rapid progress has been achieved in establishing the leading multi-issuer platform deritrade®. The expansion of the business combined with strict cost management resulted in a 17% increase in the segment result to CHF 66.1 million. This result includes negative valuation effects of CHF –5.0 million. Investment Banking thus contributed 29% of the Group's net profit before taxes.

The Corporate Center also delivered an improved pre-tax result of CHF –58.6 million, compared to CHF –65.9 million in the previous year, reflecting lower one-off expenses as well as an increase in interest income in Treasury. The repatriation of capital from the former bank in Austria had a negative impact of CHF –8.7 million on the 2014 result due to currency translation adjustments.

Net operating income (CHF mn)

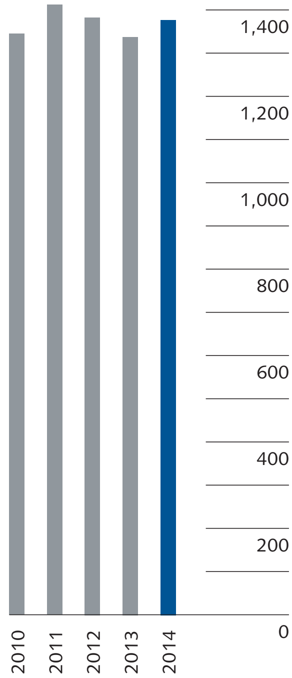


Record client assets

Total client assets reached a new record of CHF 190.7 billion (+17%). Total advised client assets – which consist of assets under management, other advised client assets and structured products – also grew by 17% to CHF 136.9 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 Australia and New Zealand Banking Group Limited (ANZ); Vontobel provides advice on asset allocation to ANZ in respect of these assets. In the Swiss market, which experienced a decline in turnover, Vontobel saw its volume of structured products outstanding decrease from CHF 7.0 billion in the previous year to CHF 6.5 billion.

Clients assets	**31-12-14 CHF bn**	31-12-13 CHF bn
Assets under management	**123.8**	109.6
Other advised client assets	**6.6**	-
Structured products outstanding	**6.5**	7.0
Total advised clients assets	**136.9**	116.6
Custody assets	**53.8**	46.5
Total client assets	**190.7**	163.1

Headcount (full time equivalents)



Assets under management grew by 13% to CHF 123.8 billion. This pleasant increase was driven by a net inflow of new money of CHF 6.2 billion, performance effects of CHF 5.1 billion and currency effects of CHF 5.6 billion, as well as by other impacts of CHF –2.7 billion.

Development of assets under management	31-12-14 CHF bn	31-12-13 CHF bn
Private clients	**39.5**	38.2
Private Banking	**31.9**	31.4
External asset managers	**7.6**	6.8
Corporate Center	**0.0**	0.0
Institutional clients	**84.3**	71.4
Asset Management/mandates	**53.4**	44.9
Asset Management/investment funds	**29.6**	24.2
Investment Banking	**4.1**	4.8
Corporate Center[1]	**(2.8)**	(2.5)
Total assets under management	**123.8**	109.6

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

At the end of 2014, almost CHF 40 billion of assets were entrusted to Vontobel by private clients (+3% compared to the end of the previous year). Institutional clients accounted for CHF 84.3 billion of assets under management, an increase of 18% compared to the end of 2013.

Impressive acquisition of new money in the institutional business

Following a difficult start to the year due to turbulent market conditions in the emerging markets, Vontobel achieved an impressive turnaround in terms of the inflow of new money as a result of the broad-based and convincing performance of key products in Asset Management. The Group-wide inflow of new money totalled CHF 6.2 billion for the full year 2014. This corresponds to 5.7% growth of net new money for the full year; following 0% growth in the first half of the year, annualized growth of 11.0% was recorded in the second half of 2014.

In Private Banking, the net inflow of new money of CHF 1.1 billion, corresponding to net new money growth of 3.5%, was mainly driven by Vontobel's Swiss home market, Germany and Asia, as well as the business with US private clients. At CHF 0.3 billion, the net new money generated by the business with external asset managers was lower than in the previous year.

Asset Management recorded pleasing developments from the second quarter of 2014 onwards, delivering a broad-based inflow of new money. The Quality Growth line attracted a significant inflow of new money – particularly in Global Equities. The strong net new money contributed by the Fixed Income boutique, in particular, also represented a pleasing development.

Development of net new money	31-12-14 CHF bn	31-12-13 CHF bn
Private clients	**1.4**	1.9
Private Banking	**1.1**	1.4
External asset managers	**0.3**	1.2
Corporate Center	**0.0**	(0.7)
Institutional clients	**4.8**	7.2
Asset Management/mandates	**1.8**	6.5
Asset Management/investment funds	**2.8**	1.2
Investment Banking	**0.2**	(0.3)
Corporate Center[1]	**0.0**	(0.2)
Total net new money	**6.2**	9.1

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

In terms of the structure of assets by investment category, no significant shifts were recorded in the year under review. There was a further slight increase in the allocation to foreign equities; as a result, the allocation to equities rose from 59% to 61%. In contrast, the weighting of bonds and other investments each decreased by 1 percentage point. Liquid assets and fiduciary investments continued to account for a large proportion (12%) of the Group's assets under management.

Assets under management by investment category	31-12-14 in %	31-12-13 in %
Swiss equities	**13**	13
Foreign equities	**48**	46
Bonds	**21**	22
Alternative investments	**3**	3
Liquid assets, fiduciary investments	**12**	12
Other[1]	**3**	4

1 Including structured products

The investment expertise we provide for our international client base has a global focus, as reflected by the broadly diversified allocation of assets under management by currency. In the year under review, the allocation to the US dollar and other currencies (primarily the Indian rupee and the Hong Kong dollar) continued to increase, while the relative weighting of Swiss franc and euro investments declined.

Assets under management by currency	31-12-14 in %	31-12-13 in %
CHF	**26**	28
EUR	**16**	19
USD	**27**	22
GBP	**4**	5
Other	**27**	26

Strong contribution from fee and commission income

In recent years, Vontobel has 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 the balanced structure of assets under management in terms of currency (26% of assets under management were invested in Swiss francs at the end of 2014, compared to 40% at the end of 2005) but also by the growing importance of the contribution from fee and commission income, which accounted for 71% of operating income in 2014 compared to 55% in 2005.

In the year under review, net commission income exceeded the CHF 600 million mark for the first time in Vontobel's 90-year history to stand at CHF 628.3 million (+5%). This included a 5% increase in advisory and management fees to CHF 496.0 million due, in particular, to the 7% rise in the annual average of managed client assets. The increased asset base was also the reason for the rise in custody fees, which grew by 9% to CHF 138.5 million. The wait-and-see approach adopted by many investors is reflected by the 5% decline in brokerage fees – which are also part of net commission income – to CHF 120.7 million.

Trading income totalled CHF 206.2 million (+4%). This item mainly comprises income from the issuing, hedging and market making of structured products and warrants – represented by the total of "Securities" and "Other financial instruments at fair value". In the year under review, this area contributed CHF 170.0 million (–7%) to trading income. This reflects the slightly lower volume in Switzerland on the one hand, and a spread effect due to the improvement in own creditworthiness of CHF –17.0 million (previous year: CHF –9 million), as well as a positive income contribution of CHF 12.0 million related to the further development of the methodology to determine valuation adjustments for financial instruments, on the other. There was a pleasing increase in income from forex and precious metals trading, which more than doubled to CHF 36.2 million compared to the previous year.

Net interest income grew by 5% to CHF 50.6 million despite the extremely low interest rate environment. This improvement was mainly driven by the increase in lending to clients as well as the reallocation of a proportion of excess liquidity to high-quality bonds.

Other income declined from CHF 5.8 million to CHF –0.7 million. This reflects the repatriation of capital from the former bank in Austria, which had a negative impact of CHF –8.7 million in the second half of 2014 due to currency translation adjustments in the consolidated financial statements. Since the currency translation adjustments were already recognized in shareholders' equity, this reported loss did not impact on IFRS capital. Overall, operating income grew by 4% to CHF 884.4 million.

Structure of the income statement

	31-12-14 CHF mn	31-12-14 in % [1]	31-12-13 CHF mn	31-12-13 in % [1]
Net interest income	**50.6**	**6**	48.3	6
Fee and commission income	**628.3**	**71**	596.3	70
Trading income	**206.2**	**23**	198.9	23
Other income	**(0.7)**	**0**	5.8	1
Total operating income	**884.4**	**100**	849.3	100
Personnel expense	**484.0**	**55**	452.2	53
General expense	**164.0**	**19**	177.8	21
Depreciation, amortization	**61.9**	**7**	56.5	7
Valuation adjustments, provisions and losses	**1.7**	**0**	9.4	1
Operating expense	**711.6**	**81**	695.9	82
Taxes	**38.3**	**4**	31.1	4
Group net profit	**134.5**	**15**	122.3	14

1 Share of operating income

Operating expense rose by 2% to CHF 711.6 million – a disproportionately small increase compared to the growth in operating income. Personnel expense, the most important cost component, rose by 7% to CHF 484.0 million, mainly reflecting the 3% increase in headcount to 1,378 full-time equivalents, as well as higher performance-related compensation. In contrast, general expense decreased by 8% to CHF 164.0 million, driven by reductions across all expense categories. Other expense (–14%), occupancy expense (–8%) and the expense for IT, telecommunications and other equipment (–7%) declined most significantly. At CHF 61.9 million, depreciation was 10% higher than in the previous year – mainly due to increased capital expenditure on property and equipment in 2013.

Capital expenditure and depreciation of property, equipment and intangible assets

	31-12-14 CHF mn	31-12-13 CHF mn
Capital expenditure	**46.5**	58.7
Depreciation	**61.9**	56.5

The cost/income ratio improved from 80.8% to 80.3%. Pre-tax profit totalled CHF 172.8 million, representing a pleasing increase of 13%. With +23% to CHF 38.3 million, there was a disproportionately large increase in taxes relative to the rise in profits. It was due to an unfavourable distribution of profits from a tax perspective and led to a rise in the tax rate from 20.3% to 22.2%.

Net profit after taxes, which is fully attributable to shareholders, improved by 10% to CHF 134.5 million. In view of the lower number of shares pro rata, earnings per share rose more sharply (+17%) to CHF 2.24.

Since the SNB discontinued the minimum exchange rate for the Swiss franc against the euro that had applied since September 2011, the currency composition of the income statement has attracted an increased level of interest.

Vontobel is a globally active company with strong roots in its Swiss home market and has an international client structure. In 2014, 43% of income and 70% of operating expense was generated in Swiss francs. The US dollar represented the second largest income block (35% of income), followed by the euro (14% of income). On the cost side, 20% of operating expense was incurred in US dollars and 7% in euros.

Structure of income statement by currency	31-12-14 in %	31-12-13 in %
Operating income		
CHF	**43**	45
EUR	**14**	14
USD	**35**	34
GBP	**2**	2
Other	**6**	5
Operating expense		
CHF	**70**	72
EUR	**7**	8
USD	**20**	18
GBP	**1**	1
Other	**2**	1

Conservative risk management proves effective

Vontobel remains committed to a conservative risk management approach. This is demonstrated by a further reduction in the average Value at Risk in the Financial Products division, which decreased from CHF 8.0 million in the financial year 2013 to CHF 5.9 million in the year under review. Value at Risk is still influenced most significantly by the interest rates component, which mainly reflects credit spread risks in the bond portfolio. From 2014, the diversification effect is being reported separately to provide a more meaningful disclosure. In the past, the diversification effect was assigned directly to the individual components.

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

Average 12 months ending	31-12-14 CHF mn	31-12-13 CHF mn
Equities	**3.1**	2.8
Interest rates	**4.3**	6.8
Currencies	**1.0**	2.4
Commodities	**0.3**	0.1
Diversification effect	**(2.8)**	(4.1)
Total	**5.9**	**8.0**

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

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

As a result of the announcement by Raiffeisen Switzerland in June 2014 that it was terminating the cooperation agreement with Vontobel with effect from mid-2017, Vontobel used its repurchase right and acquired the 12.5% shareholding held by Raiffeisen in connection with the cooperation agreement at a price of around CHF 270 million on 27 August 2014. Following this transaction, consolidated shareholders' equity totalled CHF 1,411.5 million as of 31 December 2014 and was therefore 13% or CHF 214.5 million lower than at the end of the previous year. With an equity ratio of 7.6% and a leverage ratio under Basel III of 6.0%, Vontobel continues to have a very solid capital position. The BIS common equity tier 1 ratio (CET1 ratio) remained high at 21.3%.

Total assets declined by 6% to CHF 18.5 billion in the year under review. On the liabilities side of the balance sheet, client deposits decreased slightly from CHF 9.3 billion to CHF 9.0 billion. There was also a reduction in liabilities arising from the structured products business, which decreased from CHF 7.0 billion to CHF 6.5 billion. Turning to the assets side of the balance sheet, the main change was a reduction in cash of CHF 811.5 million to CHF 3.3 billion. This decline was partly attributable to the above-mentioned repurchase by Vontobel Holding AG of the package of the Vontobel shares held by Raiffeisen as well as to a partial shift of excess liquidity into high-quality bonds by Vontobel Treasury.

Of the total regulatory capital of CHF 512.6 million required under BIS rules (End of 2013: CHF 528.4 million), 35% was allocated to Investment Banking and 25% to Private Banking.

Allocation of regulatory capital required (BIS) as of 31 December 2014

	Credit risks CHF mn	Market risks CHF mn	Operational risks CHF mn	Goodwill etc. CHF mn	**Total CHF mn**
Private Banking	26.4	0.0	32.9	67.0	**126.3**
Asset Management	11.3	0.0	45.3	49.2	**105.8**
Investment Banking	27.0	137.3	35.7	(22.6)	**177.4**
Corporate Center	35.4	64.0	3.7	0.0	**103.1**
Total	**100.1**	**201.3**	**117.6**	**93.6**	**512.6**

Successful expansion in overseas markets

The volume of client assets from clients domiciled in Switzerland increased by 13% to CHF 110 billion during the year under review – underscoring the high level of confidence that clients in our home market have in our expertise and financial solidity. At the same time, we succeeded in expanding our asset base in international markets. In the Emerging Markets, especially in the Asia Pacific region, we grew our client assets by 38% due primarily to the start of our strategic cooperation with ANZ in 2014. However, clients from the US (asset base +22%) and the UK (+41%) also entrusted additional assets to Vontobel.

Client assets by client domicile as of 31 December 2014

	Assets under management CHF bn	Custody assets CHF bn	Structured products outstanding CHF bn	Other client assets CHF bn	**Total client assets CHF bn**
Home market					
Switzerland[1]	50.7	53.4	5.5	0.6	**110.2**
Focus markets					
Germany	7.5	0.0	1.0	0.1	**8.6**
Italy	6.0	0.0	0.0	0.0	**6.0**
UK	4.5	0.0	0.0	0.0	**4.5**
US	27.6	0.0	0.0	0.0	**27.6**
Emerging Markets[2]	20.0	0.0	0.0	5.7	**25.7**
Other markets	7.5	0.4	0.0	0.2	**8.1**
Total client assets	**123.8**	**53.8**	**6.5**	**6.6**	**190.7**

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

Business strategy focused on achieving long-term success

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

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

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

Confirmation of mid-term targets 2017

As part of our 2014 strategy review, we revised our mid-term targets and aligned them to the new reality. We are focusing on delivering a sustained increase in shareholder value and are therefore committed to achieving a sustainable return on equity, a solid capital position, a competitive cost/income ratio and a generous payout ratio. We want to generate a return on equity of over 10%.

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

Our new targets are clearly ambitious but 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. Recent market developments triggered by the SNB's decision to discontinue the minimum exchange rate for the Swiss franc against the euro have not altered our targets.

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

Private Banking

Our business philosophy and activities centre on the needs of our clients and on ensuring they are satisfied with our offering. Our clients deserve our full attention and respect. Technological advances, the growing demand for needs-oriented service and advice, and increasing performance and transparency requirements are driving the transformation of the wealth management industry. In recent years, Vontobel has anticipated many of these developments and scenarios and, as a result, can now claim to offer processes and advice that meet today's needs. The establishment of a pioneering advisory model that takes account of the individual advisory needs of our clients should be highlighted in this context. At the same time, our investments in the expertise of new employees on the advisory and investment front as well as the introduction of an innovative client app for tablets were also praised by external parties. In 2014, for example, the Swiss business magazine "Bilanz" named Vontobel the "Best Private Bank in Switzerland", while in Germany, we were assigned the rating "excellent" by the investor magazine "€uro" in a mystery shopping test.

We achieved further organic growth in our focus markets during the year under review. Our front-office units in Switzerland, Germany and Asia were further expanded and now have a total of 170 experienced relationship managers. The net inflow of new money of CHF 1.1 billion largely correlates with the regional recruitment of new relationship managers, since it mainly originated from our Swiss home market as well as Germany and Asia. Our business with US private clients is also developing as planned and was expanded in 2014 with the opening of a new office in Geneva.

After taking profitability in Vontobel Private Banking to a new level in the last two years by focusing and concentrating our activities, we are now making effective use of the new earning power this has created to achieve organic growth, which will form the basis for future income and asset growth. In the year under review, pre-tax profit totalled CHF 57.1 million, slightly below the high level of 2013 (–4%). The gross margin was 74 basis points, almost in line with the previous year. Client assets increased by 6% to CHF 33.4 billion. Since mid-2012, the business unit has been able to organically grow its asset base by around CHF 5 billion in an extremely difficult market environment. This impressive performance is confirmation that Vontobel Private Banking is successful in delivering on our claim "Performance creates trust".

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

Segment results	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Net interest income	**18.0**	15.3	2.7	18
Other operating income	**217.5**	212.4	5.1	2
Operating income	**235.5**	227.7	7.8	3
Personnel expense	**90.6**	80.8	9.8	12
General expense	**12.4**	12.0	0.4	3
Services from/to other segment(s)	**73.4**	71.4	2.0	3
Depreciation of property, equipment and intangible assets	**2.6**	2.6	0.0	0
Value adjustments, provisions and losses	**(0.6)**	1.5	(2.1)	(140)
Operating expense	**178.4**	168.3	10.1	6
Segment profit before taxes	**57.1**	59.4	(2.3)	(4)

Key figures	31-12-14	31-12-13
Cost[1]/income ratio (%)	**76.0**	73.3
Change of assets under management (%)	**1.6**	9.8
of which net new money (%)	**3.5**	4.9
of which change in market value (%)	**3.5**	4.9
of which other effects (%)	**(5.4)**[2]	0.0
Operating income/average assets under management (bp)[3]	**74**	75
Profit before taxes/average assets under management (bp)[3]	**18**	20

Client assets	31-12-14 CHF bn	31-12-13 CHF bn	Change to 31-12-13 CHF bn	in %
Assets under management	**31.9**	31.4	0.5	2
Other advised client assets	**1.5**	-	1.5	
Total advised client assets	**33.4**	31.4	2.0	6
Average assets under management[3]	**31.8**	30.2	1.6	5

Net new money	31-12-14 CHF bn	31-12-13 CHF bn
Net new money	**1.1**	1.4

Personnel	31-12-14	31-12-13	Change to 31-12-13	in %
Employees (full-time equivalents)	**339.6**	308.3	31.3	10
of which relationship managers	**169.5**	150.0	19.5	13

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

Asset Management

Asset Management has generated significant growth in recent years. Since 2011, income has risen from CHF 202.1 million to CHF 380.3 million, corresponding to an increase of 88%. Over the same period, pre-tax profit has almost trebled from CHF 36.7 million to CHF 108.2 million. This disproportionately large rise in profit was achieved as a result of significantly increased operating efficiency, which is reflected by the improvement in the cost/income ratio from 84.1% to 71.2%. In the year under review, advised client assets rose by an impressive 27% to CHF 88.1 billion. This growth was partly driven by CHF 5.6 billion of net new money, which was recorded by Asset Management in the second half of the year. With its high-quality product offering, Asset Management succeeded in maintaining its gross margin.

Asset Management achieved further diversification in terms of its income base and asset classes. The Quality Growth boutique continued to strengthen its investment expertise in the Global Equities and Far East Equities strategies. Another excellent investment performance was generated in 2014 with 97% of assets under management of this boutique outperforming the benchmark during that period. The Emerging Markets strategy experienced outflows in the first quarter of 2014 due primarily to the reallocation of assets from emerging markets by institutional clients. The excellent investment performance delivered by Rajiv Jain and his team during the rest of the year compensated for these outflows. The Emerging Markets Fund generated an outperformance of over 800 basis points in 2014 and further improved its ranking in its peer group. The Fixed Income boutique achieved a 20% increase in advised client assets to CHF 10.7 billion and thus contributed to the diversification across boutiques. Net new money totalled CHF 1.1 billion, mainly driven by inflows into the relatively high-margin Emerging Markets and Credit strategies. With the Global Thematic Equities boutique and its sustainable leader approach, as well as the Alternatives boutique with its absolute return approaches and innovative, liquid alternatives strategies, Asset Management has laid further foundations for its future growth.

The global client structure was further expanded. Having launched sales activities in the Asia Pacific region in 2009, Asset Management has since successfully established business relations with institutional investors and banks in various markets across the region. There were promising developments in the cooperation with Australia and New Zealand Banking Group (ANZ) that began during the year under review. Today, over CHF 10 billion of advised client assets in Asset Management are from this region; this includes the acquisition of CHF 1.8 billion of new money in 2014. Asset Management's excellent positioning and the cooperation with ANZ offer attractive opportunities for growth.

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

Segment results

Segment results	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Net interest income	**0.3**	0.3	0.0	0
Other operating income	**380.0**	355.6	24.4	7
Operating income	**380.3**	355.9	24.4	7
Personnel expense	**194.5**	177.5	17.0	10
General expense	**29.5**	28.5	1.0	4
Services from/to other segment(s)	**41.2**	39.8	1.4	4
Depreciation of property, equipment and intangible assets	**5.7**	5.7	0.0	0
Value adjustments, provisions and losses	**1.2**	1.1	0.1	9
Operating expense	**272.1**	252.6	19.5	8
Segment profit before taxes	**108.2**	103.3	4.9	5

Key figures

Key figures	31-12-14	31-12-13
Cost[1]/income ratio (%)	**71.2**	70.7
Change of assets under management (%)[2]	**20.2**	11.5
of which net new money (%)[2]	**6.9**	12.5
of which change in market value (%)[2]	**13.3**	(1.0)
Operating income/average assets under management (bp)[3]	**52**	52
Profit before taxes/average assets under management (bp)[3]	**15**	15

Client assets

Client assets	31-12-14 CHF bn	31-12-13 CHF bn	Change to 31-12-13 CHF bn	Change to 31-12-13 in %
Assets under management	**83.0**	69.1	13.9	20
of which Vontobel funds	**18.0**	15.2	2.8	18
of which private label funds	**11.6**	9.0	2.6	29
of which managed on behalf of other segments	**2.8**	2.4	0.4	17
Other advised client assets	**5.1**	-	5.1	
Total advised client assets	**88.1**	69.1	19.0	27
Average assets under management[3]	**73.6**	68.7	4.9	7

Net new money

Net new money	31-12-14 CHF bn	31-12-13 CHF bn
Net new money	**4.6**	7.7

Personnel

Personnel	31-12-14	31-12-13	Change to 31-12-13	Change to 31-12-13 in %
Employees (full-time equivalents)	**261.8**	257.8	4.0	2

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

Investment Banking

Investment Banking returned to a growth path in the year under review. The Financial Products division further strengthened its competitive position in Switzerland and Germany. Vontobel ranks as the second largest provider in Switzerland in terms of exchange traded volume. Today, more than 4 out of every 10 transactions on the SIX Swiss Exchange involve products issued by Vontobel. In Germany, Vontobel Financial Products maintained its ranking as the eighth largest provider while, at the same time, growing its market share. As a longstanding and reliable market participant, Vontobel has gained an excellent reputation in the structured products business through its strong client focus. Its ability to promptly identify client needs and to issue attractive products in response to those requirements makes Vontobel a trusted and preferred provider. With our high-tech platform for the creation and trading of structured products and derivatives, we are in an excellent position to enter new markets – such as in the European Union or Asia – and to scale up our business model.

Further progress has been achieved in establishing deritrade® MIP. Vontobel recently attracted another major third-party issuer and has thus established itself as the benchmark for tailored structured products in the market. Six issuers that collectively represent more than 70% of the exchange-traded volume of structured products in Switzerland now use the platform for their products. Interest in deritrade® MIP is constantly growing. More than 300 business partners with assets under management totalling over CHF 1,000 billion have now joined deritrade® MIP.

The EAM Desk specializes in providing support and advice to external asset managers (EAMs). To promote growth, Vontobel has systematically developed and expanded its technology-based platform and service offering during the past few years. This resulted in a significant increase in advised client assets in recent years: at the end of 2014, they totalled CHF 7.6 billion (+12%). The scalability of the business model made it possible to substantially strengthen the profit contribution from this business. In order to pursue this success story, Vontobel will further expand its advisory offering and will now also serve the needs of local Registered Investment Advisors (RIAs) from its New York office.

Vontobel Investment Banking achieved a 3% increase in operating income to CHF 243.9 million, reflecting its strong market position and its targeted investments in growth. Financial Products accounted for 68% of operating income and the EAM Desk contributed 17%. It was possible to achieve a 2% reduction in operating expense as a result of disciplined cost management. This resulted in a pre-tax profit of CHF 66.1 million (+17%).

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

Segment results

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Net interest income	**4.3**	4.5	(0.2)	(4)
Other operating income	**239.6**	233.3	6.3	3
Operating income	**243.9**	237.8	6.1	3
Personnel expense	**87.0**	85.8	1.2	1
General expense	**37.3**	42.8	(5.5)	(13)
Services from/to other segment(s)	**51.8**	50.7	1.1	2
Depreciation of property, equipment and intangible assets	**0.9**	0.4	0.5	125
Value adjustments, provisions and losses	**0.8**	1.5	(0.7)	(47)
Operating expense	**177.8**	181.2	(3.4)	(2)
Segment profit before taxes	**66.1**	56.6	9.5	17

Key figures

	31-12-14	31-12-13
Cost[1]/income ratio (%)	**72.6**	75.6
Change of assets under management (%)	**0.9**	23.4
of which net new money (%)	**4.3**	9.6
of which change in market value (%)	**5.2**	13.8
of which other effects (%)	**(8.6)**[2]	0.0

Client assets

	31-12-14 CHF bn	31-12-13 CHF bn	Change to 31-12-13 CHF bn	in %
Assets under management	**11.7**	11.6	0.1	1
of which external asset managers	**7.6**	6.8	0.8	12
Structured products outstanding	**6.5**	7.0	(0.5)	(7)
Total advised client assets	**18.2**	18.6	(0.4)	(2)
Custody assets	**53.8**	46.5	7.3	16
Total client assets	**72.0**	65.1	6.9	11

Net new money

	31-12-14 CHF bn	31-12-13 CHF bn
Net new money	**0.5**	0.9
of which external asset managers	**0.3**	1.2

Personnel

	31-12-14	31-12-13	Change to 31-12-13	in %
Employees (full-time equivalents)	**343.2**	335.0	8.2	2

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

Corporate Center

Financial regulations and direct government interventions have always had a major influence on developments in the finance industry. The rules imposed on banks in this context are mainly designed to protect clients and to preserve the stability of the financial system. The last few years have not only brought stricter capital and liquidity requirements but also calls for greater transparency – whether it is a matter of informing clients about potential investment risks, ensuring the best execution of stock market orders or disclosing tax information to the authorities. As a result, the areas of the bank that support the client business now have to address increasingly complex and detailed questions. This has placed particular demands on the Legal, Compliance & Tax division, as well as on Risk Controlling and the IT departments. Against this backdrop, we have systematically invested in our IT systems over the last decade and today have a fully upgraded and efficient booking and settlement platform in place. This platform is extremely flexible in terms of its functional expansion and is highly scalable – offering the major advantage that we can now implement a large number of new regulations without any substantial impact on our cost structure. In 2014, we also completed our user workspace virtualization programme.

Activities relating to the implementation of the Foreign Account Tax Compliance Act (FATCA) to ensure a high level of transparency regarding the tax matters of US citizens were once again a dominant topic during the year under review, as was the US Tax Program. Vontobel opted to participate in the US Tax Program as a Category 3 institution, commissioned the requisite report from an independent auditor and submitted it to the relevant US authorities in autumn 2014. Category 3 financial institutions assume that they have not committed any US tax-related offenses and do not therefore expect to pay any financial penalties.

The recent announcement by the Swiss National Bank (SNB) that it was introducing negative interest rates on bank sight deposits in addition to discontinuing the minimum exchange rate for the Swiss franc against the euro is a reflection of the continuation of the extremely low interest rate environment. Even after repurchasing the shares held by Raiffeisen, Vontobel continues to have very solid balance sheet ratios and a strong liquidity position. During the year under review, Treasury invested slightly more excess liquidity in high-quality bonds. In addition to the increase in lending to clients, this reallocation is one of the reasons for the 5% increase in interest income at Group level.

The Corporate Center recorded a pre-tax result of CHF –58.6 million for the year under review, compared to CHF –65.9 million in the previous year. This improvement is mainly attributable to lower one-off expenses as well as the increase in interest income in Treasury. The repatriation of capital from the former bank in Austria had a negative impact of CHF 8.7 million on the 2014 result due to currency translation adjustments. Since the currency translation adjustments were already recognized in shareholders' equity, this reported loss did not impact on our IFRS capital.

Vontobel's Corporate Center comprises the support units Operations (IT, Facility Management & Services, Operations & Information Risk), Finance & Risk (Finance & Controlling, Treasury, Risk Control, Legal, Compliance & Tax and Investor Relations) and Corporate Services (Human Resources & Corporate Development, including Marketing, Communication, Citizenship), as well as the Board of Directors support unit.

Segment results

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Net interest income	**28.0**	28.2	(0.2)	(1)
Other operating income	**(3.3)**	(0.3)	(3.0)	
Operating income	**24.7**	27.9	(3.2)	(11)
Personnel expense	**111.9**	108.1	3.8	4
General expense	**84.8**	94.5	(9.7)	(10)
Services from/to other segment(s)	**(166.4)**	(161.9)	(4.5)	
Depreciation of property, equipment and intangible assets	**52.7**	47.8	4.9	10
Value adjustments, provisions and losses	**0.3**	5.3	(5.0)	(94)
Operating expense	**83.3**	93.8	(10.5)	(11)
Segment profit before taxes	**(58.6)**	(65.9)	7.3	

Personnel

	31-12-14	31-12-13	Change to 31-12-13	Change to 31-12-13 in %
Employees (full-time equivalents)	**433.0**	436.7	(3.7)	(1)

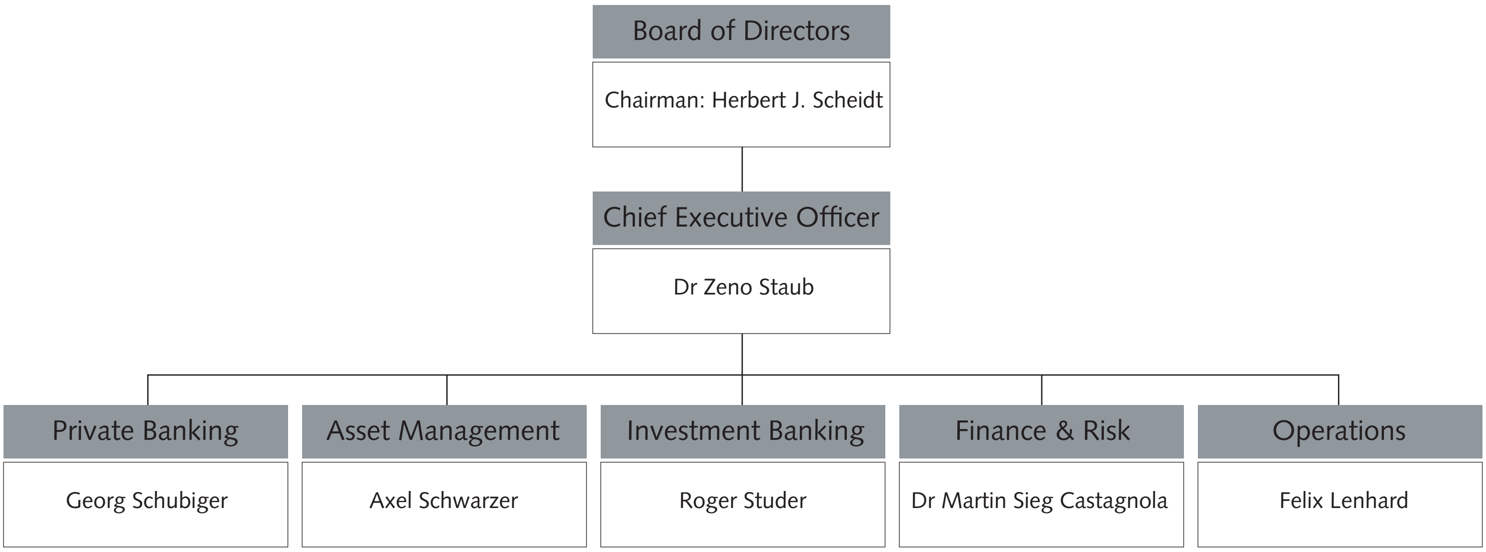
Information relating to Corporate Governance

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

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

1. Group structure and shareholders

1.1 Structure of Vontobel as of 31 December 2014



The most important Group companies that are to be consolidated (scope of consolidation) are listed in the Notes to the consolidated financial statements on page 200 together with details of the company name, registered office, share capital, stock exchange listing and the interest held by the Group.

1.2 Major shareholders and groups of shareholders with pooled voting rights

	31-12-14 Nominal CHF mn	31-12-14 Share in %	31-12-13 Nominal CHF mn	31-12-13 Share in %
With voting rights on share capital of CHF 65 mn of Vontobel Holding AG				
Dr Hans Vontobel	**11.8**	**18.1**	11.8	18.1
Community of heirs of Ruth de la Cour-Vontobel	**3.6**	**5.5**	3.6	5.5
Vontrust AG (Holding of the Vontobel family shareholders)	**8.1**	**12.5**	8.1	12.5
Other shares of family shareholders	**0.3**	**0.4**	0.3	0.5
Vontobel Foundation	**7.1**	**10.9**	7.1	10.9
Pellegrinus Holding AG (public utility foundation Corvus)[1]	**2.7**	**4.2**	2.7	4.2
Vontobel Holding AG including subsidiaries (own shares without voting rights)[2]	**10.0**	**15.3**	1.6	2.5
Executive members	**0.1**	**0.2**	0.5	0.8
Raiffeisen Switzerland	**-**	**-**	8.1	12.5
Total voting rights on share capital	**43.6**	**67.1**	43.8	67.4
of which members of the pool (with and without voting rights)	**43.6**	**67.1**	35.7	54.9
of which members of the pool (with voting rights)	**33.6**	**51.7**	34.0	52.4
of which pooled shares	**26.0**	**40.0**	26.0	40.0

1 Usufruct including voting right by Pellegrinus Holding AG, ownership by Vontobel Foundation
2 Excluding option rights amounting to 0.1% (previous year 0.1%) of shares outstanding

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

In the press release issued on 20 June 2014 in connection with the termination of the cooperation agreement by Raiffeisen Switzerland, Vontobel Holding AG announced its intention to make use of its contractual repurchase right and to acquire the entire 12.5% shareholding from Raiffeisen Switzerland in order to cancel these shares. The relevant disclosure notification to the SIX Swiss Exchange AG in accordance with the Swiss Stock Exchange Act regarding the change to the group of shareholders of Vontobel Holding AG after Raiffeisen Switzerland ceased to be part of the group was made on 31 July 2014.

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

Walter Temperli, Oberweningen, withdrew from the shareholder pooling agreement as of 9 April 2014. Information on the disclosure notifications concerning significant shareholders of the Company in accordance with the Swiss Stock Exchange Act can be found on the SIX Swiss Exchange AG website at: http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

Shareholder pooling agreement

The major shareholders (Dr Hans Vontobel, community of heirs of Ruth de la Cour-Vontobel, Vontrust AG, other family shareholders, Vontobel Foundation, Pellegrinus Holding AG, Vontobel Holding AG and executive members) are parties to a pooling agreement. This agreement encompasses specific Vontobel Holding AG shares held by these shareholders. As of 31 December 2014, 40% of all shares issued are bound by the pooling agreement. The members of the pool can freely dispose of any shares not specifically mentioned in the pooling agreement. Any sale of pooled Vontobel Holding AG shares requires prior approval by the pool members. If the members approve the intended sale, the pool member wanting to sell shares must first offer his or her shares to the other pool members for purchase. The other pool members have pre-emptive rights of purchase in proportion to each member's pooled interest. If a pool member declines to exercise or transfer all or part of his or her rights of purchase, the unexercised rights will be allocated among the remaining pool members willing to exercise said rights, in proportion to each member's respective interests. The rules governing the sale of pooled shares held by executive members differ in that Vontobel Holding AG has pre-emptive rights to purchase their shares. The parties to the shareholder pooling agreement exercise their rights at the General Meeting of Shareholders uniformly in accordance with the prior resolutions passed by the pool. The shareholder pooling agreement is valid until 31 December 2017. It will be renewed automatically for three years at a time, provided notice to terminate the agreement is not given beforehand.

Registered shareholders as at 31 December 2014	Number of shareholders	in %	Number of shares	in %
Natural persons	5,432	95.7	23,490,748	36.1
Legal persons	242	4.3	23,705,299	36.5
Unregistered shares[1]	–	–	17,803,953	27.4
Total	**5,674**	**100.0**	**65,000,000**	**100.0**

1 Of which 10.0 million shares (15.3%) owned by Vontobel Holding AG and its subsidiaries

Shareholding of Raiffeisen Switzerland related to long-term cooperation agreement

In connection with the long-term cooperation between Vontobel Holding AG and Raiffeisen Switzerland, Raiffeisen Switzerland and the members of the aforementioned shareholder pooling agreement (including Vontobel Holding AG) signed an agreement on 7 June 2004 governing the shareholding in Vontobel Holding AG acquired by Raiffeisen Switzerland (the "participation agreement"). Under the participation agreement, several pool members – particularly Vontobel Holding AG – sold 12.5% of outstanding Vontobel Holding AG shares to Raiffeisen Switzerland for total consideration of CHF 225 million. The price per share was based on the volume-weighted average price paid for Vontobel shares during the 60 trading days prior to 17 May 2004, the reference date set by the parties to the agreement. After the signing of the cooperation agreements, the purchase transaction was conducted by Raiffeisen Switzerland and Vontobel Holding AG on 8 December 2004. Raiffeisen Switzerland has undertaken not to purchase any Vontobel Holding AG shares – in particular free float shares – prior to the termination of the participation agreement. This restriction does not apply to the purchase of shares by Raiffeisen Switzerland from pool members in accordance with the purchase rights defined in the participation agreement. On 14 December 2009, the existing cooperation agreement was extended until at least the end of June 2017.

In its letter of 20 June 2014, Raiffeisen Switzerland gave notice of the termination of the cooperation agreement with effect from the end of June 2017. In its press release of the same date, Vontobel Holding AG announced its intention to optimize its capital structure and to repurchase the Raiffeisen shareholding related to the cooperation agreement. Vontobel Holding AG subsequently exercised its contractual right to repurchase all of the shares held by Raiffeisen Switzerland for the purpose of a capital reduction and to cancel the shares. The legal and regulatory reporting and disclosure obligations associated with the repurchase transaction were fulfilled within the prescribed period. The repurchase of the shares in accordance with the terms of the participation agreement was completed as of 27 August 2014. Following the end of the participation, Vontobel will – in the interests of Raiffeisen clients – continue to provide and ensure the contractually agreed services within the framework of the existing cooperation agreement that will now expire at the end of June 2017 following its termination by Raiffeisen Switzerland. Vontobel will deliver the same high standards of quality during the remaining term of the cooperation agreement.

1.3 Cross shareholdings

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

2. Capital structure

2.1 Capital

The share capital of Vontobel Holding AG amounted to CHF 65,000,000 as of 31 December 2014. The registered shares of Vontobel Holding AG (security no. 1 233 554) are listed on the SIX Swiss Exchange and are included in the Swiss Performance Index SPI®. Further information on the composition of capital can be found in the Notes to the consolidated financial statements, note 27.

2.2 Details of contingent and authorized capital

Details of contingent and authorized capital can be found in the Notes to the consolidated financial statements, note 27.

2.3 Changes in capital

Information on the composition of capital, changes in capital during the past two years and authorized capital is given in the Statement of equity and in the Notes to the consolidated financial statements, note 27. For information on earlier periods, please refer to the relevant Annual Reports (2012 and 2013: note 27).

Vontobel repurchased the 12.5% shareholding related to the cooperation agreement (8.125 million registered shares of Vontobel Holding AG) from Raiffeisen Switzerland as of 27 August 2014. It will be proposed to the General Meeting of Shareholders of Vontobel Holding AG in spring 2015 that these shares be cancelled.

2.4 Shares and participation certificates

The share capital of Vontobel Holding AG is divided into 65,000,000 fully paid in registered shares with a par value of CHF 1.00 each. Vontobel Holding AG does not have any participation certificates outstanding.

2.5 Profit-sharing certificates

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

2.6 Restrictions on transferability and nominee registrations in the share register

This information is provided in section 6 “Shareholders’ participatory rights”.

2.7 Convertible bonds and options

There were no bonds or convertible bonds outstanding as of 31 December 2014. Information on the options on shares of Vontobel Holding AG issued by Vontobel is provided in the Notes to the consolidated financial statements, note 27. The volume of the entire share capital recorded for outstanding structured products and options amounts to 21,454 shares, net (previous year: 78,506 shares). This means that option rights issued by Vontobel amounting to 0.0% (previous year: 0.1%) of share capital were outstanding on 31 December 2014. No conditional capital is used to hedge these option rights; they are hedged through market transactions.

3. Board of Directors

3.1 Members of the Board of Directors as of 31 December 2014

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

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

Resignation in 2014	
Marcel Zoller	Member until 20-06-14

Dr Hans Vontobel has been Honorary Chairman of Vontobel Holding AG and Bank Vontobel AG since 1991.

No member of the Board of Directors of Vontobel Holding AG exercised any operational management functions for the Company or one of its subsidiaries in the year under review. Any previous executive functions are detailed below. Herbert J. Scheidt performed the function of CEO of Vontobel until 3 May 2011, when he was elected Chairman of the Board of Directors of Vontobel Holding AG. He has a seat on the Board of Directors of Helvetia Holding AG as part of Vontobel's cooperation with Helvetia. Bruno Basler is Vice-Chairman of the Board of Trustees of the Vontobel Foundation and thus represents the interests of the majority shareholders. Marcel Zoller represented Raiffeisen Switzerland on the Board of Directors of Vontobel Holding AG until Raiffeisen Switzerland announced the termination of its cooperation agreement with Vontobel (see note 39). Vontobel and Raiffeisen Switzerland have a long-term cooperation agreement that will terminate on 30 June 2017 (see note 39).

As of 31 December 2014, the majority of members of the Board of Directors of Vontobel Holding AG met the independence criteria prescribed in the FINMA Circular 08/24 "Supervision and Internal Control at Banks" mn. 20–24. They are: Herbert J. Scheidt, Dr Frank Schnewlin, Dominic Brenninkmeyer, Nicolas Oltramare, Peter Quadri and Clara C. Streit.

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

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

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

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

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

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

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

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

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

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

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

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

Dominic Brenninkmeyer
Member of the Board of Directors and Member of the Risk and Audit Committee
born 1957, Dutch and British citizen

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

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

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

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

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

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

Peter Quadri
Member of the Board of Directors and Member of the Risk and Audit Committee
born 1945, Swiss citizen

Education:
lic. oec. publ. University of Zurich, Switzerland

Professional background:
1970–2007 IBM (International Business Machines) in various functions in systems engineering, sales and management. Assignments in the US, Denmark, Germany and Austria.
1996–2007 Member of the Executive Board with overall responsibility for the service business
1998–2007 CEO and Chairman of the Board of Directors of IBM Switzerland

Chairman of the Board of Directors of Unitectra (until May 2014)
Member of the Board of Directors of Swiss Life Holding AG (until April 2014)
Member of the Board of Directors of Bühler AG
Member of the Board of Directors of Run my Accounts AG
Member of the Board of Directors Verve Capital Partners AG

Clara C. Streit

Member of the Board of Directors and Member of the Nomination and Compensation Committee

born 1968, German and US citizen

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

Professional background:
1992–2012 McKinsey & Company
1998 Elected as Principal (Partner)
2003 Elected as Director (Senior Partner)
Responsibilities at McKinsey included:

- Chair Global Principal Candidate Evaluation Committee
- Partner responsible for EMEA recruiting
- Head of Financial Institutions Practice Germany/Austria

Since 2013 Adjunct of Management, The Lisbon MBA, Nova and Católica Universities, Lisbon, Portugal

Member of the Board of Trustees of the Bundesstiftung Kinderhospiz, Germany
Member of the Supervisory Board of Delta Lloyd NV, Amsterdam, Netherlands
Member of the Supervisory Board of Deutsche Annington Immobilien SE, Bochum
Member of the Board of Directors of Coface SA, Paris, France

3.2 Other activities and functions

See section 3.1 “Members of the Board of Directors”.

3.3 Rules in the Articles of Association governing the number of permitted activities in accordance with Art. 12, para. 1, item 1 of the Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV)

Article 25 of the Articles of Association of Vontobel Holding AG states that no member of the Board of Directors may perform more than nine additional mandates outside the Vontobel Group, of which no more than four additional mandates may be performed in listed companies. Additionally, a member of the Board of Directors may perform up to ten mandates in not-for-profit or charitable legal entities outside the Vontobel Group.

The following mandates are not subject to these restrictions:

a) Mandates in companies controlled by the Company or that control the Company;
b) Mandates that a member of the Board of Directors performs upon the instruction of the Company or companies controlled by it.

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

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

3.4 Election and term of office

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

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

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

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

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

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

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

3.5 Internal organization

Board of Directors

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

The Board of Directors may delegate some of its duties to committees. The standing committees are: the Nomination and Compensation Committee and the Risk and Audit Committee. Their duties and powers of authorization are defined in the Articles of Association and in internal regulations. Information on the composition of the individual committees can be found in the table in section 3.1 "Members of the Board of Directors".

Nomination and Compensation Committee (NCC)

Internal Organizational Regulations state that the Compensation Committee, which is governed by the Articles of Association, forms part of the Nomination and Compensation Committee, which comprises at least three non-executive members.

In principle, the Compensation Committee has the following duties and powers in respect of compensation matters relating to the Board of Directors and the Group Executive Management:

(a) Developing and regularly reviewing the compensation system for the members of the Board of Directors and the Group Executive Management and submitting it to the Board of Directors in order for a resolution to be passed on this matter;
(b) Monitoring compliance with the compensation principles of the Company and the Group and informing the Board of Directors about the compensation policy and compensation matters;
(c) Submitting proposals to the Board of Directors for resolutions and for the proposal of motions to the General Meeting of Shareholders by the Board of Directors regarding the maximum aggregate compensation (fixed and performance-related compensation) of the Board of Directors and the Group Executive Management;
(d) Submitting proposals to the Board of Directors for the motions that will be proposed to the General Meeting of Shareholders by the Board of Directors regarding amendments to compensation-related provisions in the Articles of Association;
(e) Preparing the Compensation Report and presenting it to the Board of Directors in order for a resolution to be passed on this matter;
(f) Within the framework of the requirements of the Articles of Association, setting out detailed regulations governing participation-based compensation (share participation plan), defining the applicable objectives and evaluating the achievement of those objectives.

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

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

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

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

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

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

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

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

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

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

Attendance of meetings of the Board of Directors and the Committees 2014

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

1 Member of the Board of Directors until 20 June 2014

In addition, training was provided in the course of the ordinary meetings of the Board of Directors.

The Chairman of each committee informs the Board of Directors about the committee's activities at the next meeting of the Board of Directors. When necessary, ad-hoc committees are formed to deal with specific topics, such as mergers and acquisitions projects. No ad-hoc committees were formed during the year under review.

Internal Audit

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

3.6 Powers of authorization

Board of Directors

The Board of Directors of the holding company is responsible for the overall direction of the Company and exercises supervision and control over its executive body unless prescribed otherwise by legislation, the Articles of Association or internal Organizational Regulations. The delegation of powers between the Board of Directors and the Group Executive Management is set out in the Group's Organizational Regulations (www.vontobel.com/agm).

In particular, it discharges the following duties and has the following powers:

1. Overall direction of the holding company and the Group and issuing of the necessary directives – particularly through the approval and periodic revision of the Mission Statement and the strategy of the holding company and the Group;
2. Defining the organizational structure of the holding company and the Group, and issuing and amending the Organizational Regulations and the assignment of powers;

3. Determining the principles for accounting, financial control and financial planning for the holding company and the Group to the extent that this is required for the management of the Company. This includes the approval of the annual budget, annual targets, capital planning and medium-term planning as the multi-year income and capital expenditure planning for various scenarios regarding the operating environment. This also encompasses the approval of the combined Group-wide stress test results and measures to ensure that risk exposures and risk capacity are adequately aligned as part of capital planning;
4. Appointing or removing the CEO and other members of the Group Executive Management as well as the Head of Internal Audit; the Board of Directors bases its decision on the recommendations of the Nomination and Compensation Committee when discharging this duty;
5. Appointing or removing individuals entrusted with representing the holding company (and particularly with its management) and determining their signatory powers. The principle of joint signatory powers (dual authorization) applies;
6. Overall supervision and control of individuals with management responsibilities – particularly to ensure compliance with legislation and regulatory requirements, as well as with the Articles of Association, regulations and directives of the holding company and the Group;
7. Reporting to shareholders and, in particular, producing the Annual Report and the Compensation Report;
8. Preparing the General Meeting of Shareholders and implementing the motions approved by shareholders;
9. Defining the Group's risk policy and periodically analyzing its appropriateness;
10. Receiving reports on the existence, appropriateness and effectiveness of the internal control system;
11. Issuing, regularly reviewing and monitoring compliance with regulations governing risk policy, investment banking, asset and liability management (ALM), lending, operational risks, management transactions, ad-hoc publicity, Group compliance, internal audit and consolidated supervision. The Board of Directors is assisted by the Risk and Audit Committee when discharging this duty. The Board of Directors may issue further regulations;
12. Issuing a human resources policy for the Group at the request of the CEO; the Board of Directors takes account of the recommendations of the Nomination and Compensation Committee when discharging this duty;
13. Monitoring and evaluating the internal audit process and periodically ensuring that Internal Audit has the appropriate resources and capabilities as well as the necessary independence and objectivity to conduct its audit function within the institution. Further details are defined in the internal audit regulations;
14. Deciding on strategic initiatives in the area of information technology (IT);
15. Notifying the judicial authorities in the event of overindebtedness;
16. Drawing up a capital increase report and implementing the corresponding amendments to the Articles of Association (Art. 652g of the Swiss Code of Obligations);
17. Appointing an interim Chairman of the Board of Directors, interim members of the Compensation Committee and the independent proxy ad interim for the period ending at the conclusion of the next Ordinary General Meeting of Share-

holders if the post of Chairman of the Board of Directors, of members of the Compensation Committee or of the independent proxy become vacant in the course of the year;

18. Purchase or sale of real estate by the holding company and Group companies in the amount of CHF 2 million or more if not included in the budget or in the amount of CHF 5 million or more if included in the budget;
19. Capital expenditure by Group companies in the amount of CHF 2 million or more per item if not included in the budget or in the amount of CHF 5 million or more per item if included in the budget;
20. Approving the following transactions:

a) Acquisition or disposal of participations by the holding company and Group companies;
b) Establishment or dissolution of Group companies as well as any subsidiaries, branch offices and representative offices of Group companies;
c) Raising of loans by the holding company and Group companies;
d) Issuing or authorization of secured and unsecured loans, bonds or guarantees by Group companies, where this duty falls within the remit of the Board of Directors of the holding company according to the lending regulations;
e) Approving decisions by the Group Executive Management relating to new products, business activities or markets, if they have a significant impact on the Group's business policy or risk profile;
f) Initiation of legal proceedings or filing of appeals, conclusion of composition agreements, settlement or recognition of lawsuits where the value in dispute exceeds CHF 2 million;
g) Election of members of the Board of Directors of Bank Vontobel AG, Zurich; the Chairman and the other members of the Board of Directors of Vontobel Holding AG are permitted to occupy a seat on the Board of Directors of Bank Vontobel AG, Zurich;
h) Conclusion or termination of strategically important cooperation agreements;
i) Approval of external mandates held by members of the Group Executive Management;
j) Approval of the promotion of members of senior management of a Group company, members of the Executive Board of a Group company or the Head of Internal Audit;
k) Approval of gestures of goodwill (accommodating measures without any legal obligation) and receiving reports on cases involving losses (out-of-court proceedings) exceeding CHF 500,000.

21. Annual evaluation of the achievement of the Board of Directors' objectives and of its working practices;
22. Other matters which, by law, fall exclusively within the remit of the Board of Directors.

Group Executive Management

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

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

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

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

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

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

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

3.7 Information and control instruments relating to the Group Executive Management
The Board of Directors meets at least four times a year as specified in the Organizational Regulations; in practice, there are six to eight meetings a year. The ordinary meetings usually last an entire day. These meetings are also attended by the CEO, the CFO and, depending on the items on the agenda, other members of the Group Executive Management or internal specialists. The Board of Directors receives monthly reports about the performance of the business and is informed about the development of risk as well as the Group's compliance with legal, regulatory and internal rules and requirements at least every six months. Its control instruments include semi-annual reporting requirements, the annual budgeting process and internal and external audits. The periodic reporting requirements include a monthly financial report, which provides information on the current performance of the business and the corresponding realization of targets at both Group level and business unit level (MIS), as well as information about the meetings of the Group Executive Management. As part of its risk reporting, Vontobel discloses information about the development of market, liquidity, credit, operational and reputational risks. Detailed information on the management and monitoring of these risks can be found in the Notes to the consolidated financial statements (pages 127 to 142). Internal Audit reports to the Chairman of the Board of Directors and the Risk and Audit Committee about its audit activities on an ongoing basis and provides the Board of Directors with consolidated reports twice annually. The external auditor produces its annual statutory report (report about the statutory audit) as well as further reports on audits addressing specific topics for submission to the Board of Directors. The statutory report is addressed to the Board of Directors and a copy of the report is submitted to the Swiss Financial Market Supervisory Authority (FINMA) as well as the Group Executive Management and the Head of Group Internal Audit.

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

4. Group Executive Management

4.1 Members of the Group Executive Management as of 31 December 2014

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

Dr Zeno Staub
Chief Executive Officer
born 1969, Swiss citizen

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

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

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

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

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

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

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

Felix Lenhard
Chief Operating Officer
born 1965, Swiss citizen

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

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

Georg Schubiger
Head of Private Banking
born 1968, Swiss citizen

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

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

Axel Schwarzer
Head of Asset Management
born 1958, German citizen

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

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

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

Roger Studer
Head of Investment Banking
born 1967, Swiss citizen

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

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

Vice President of the European Structured Investment Products Association (Eusipa), Brussels, Belgium
Member of the Cash Market Advisory Board of the SIX Swiss Exchange AG and of the Commission for Structured Products of SIX Structured Products Exchange AG

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

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

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

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

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

4.4 Management contracts
There are no management contracts.

5. Compensation, shareholdings and loans

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

6. Shareholders' participatory rights

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

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

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

b) if the acquirer, at the request of the Company, fails to confirm expressly that the shares were acquired in his/her own name and on his/her own account.

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

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

No exceptions were actually granted in the year under review.

No nominee registrations are made in the share register.

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

6.2 Statutory quorums

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

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

6.3 Convening of the General Meeting of Shareholders

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

6.4 Inclusion of an item on the agenda

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

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

6.5 Entry in the share register

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

7. Change of control and defence measures

7.1 Mandatory public takeover offer

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

– At present, 40% of voting rights are bound by a shareholder pooling agreement on a long-term basis (see section 1.2 "Major shareholders and groups of shareholders with pooled voting rights").
– The registration restrictions allow the Board of Directors to refuse to enter shareholders or a group of shareholders in the share register once their shareholdings exceed the 10% threshold (see section 6.1 "Voting rights: restrictions and representation").
– A change in the registration restrictions or the removal of more than one member of the Board of Directors in the course of one financial year must be approved by a qualified majority (see section 6.2 "Statutory quorums").

7.2 Clauses on changes of control

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

8. Statutory auditor/Group auditor

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

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

8.2 Audit fees

Fees paid to the auditor	**31-12-14 1,000 CHF**	31-12-13 1,000 CHF
Auditing fees billed by Ernst & Young	**2,644.4**	2,939.0
Additional fees billed by Ernst & Young for audit-related services	**221.5**	511.4
of which tax advice	**157.0**	199.3
of which other consulting services	**64.5**	312.1

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

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

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

9. Information policy

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

Details of sources of information, the financial calendar and contact addresses are listed on page 218 of the Annual Report.

Compensation report

Compensation philosophy and guiding principles

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

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

Architecture and governance when determining compensation

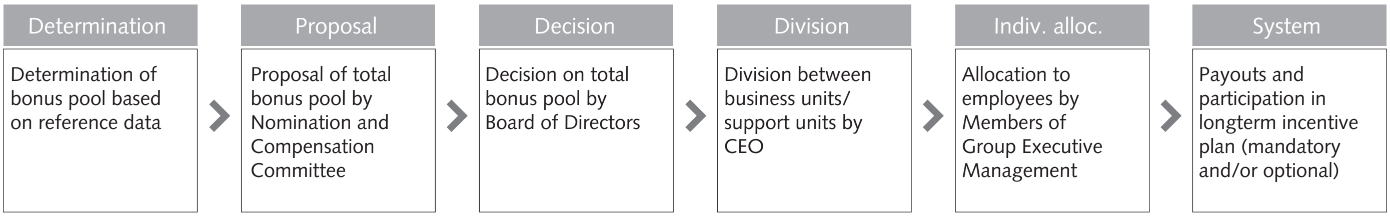
The Board of Directors of Vontobel Holding AG has overall responsibility for Vontobel's human resources policy and consequently also for its compensation policy. According to the Organizational Regulations of Vontobel Holding AG, which include details of the allocation of powers of authorization (see: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

– The Board of Directors of Vontobel Holding AG is responsible both for structuring the compensation system and for defining key parameters, including the size of the bonus pool for the Group. In addition, the Board of Directors determines (within the scope of – or subject to – the approvals by the General Meeting of Shareholders as set out in the Articles of Association) the maximum aggregate amount of the fixed compensation of members of the Board of Directors for the forthcoming term of office, the maximum aggregate amount of the performance–related compensation (bonus) of the Chairman of the Board of Directors for the prior financial year that has ended or, where applicable, the maximum aggregate amount of performance-related compensation of the entire Board of Directors (Art. 29 para. 2 of the Articles of Association) for the prior financial year that has ended, the maximum aggregate amount of performance shares of the Chairman of the Board of Directors relating to bonus shares of the prior financial year and that may be allocated to the Chairman of the Board of Directors after three years. The Chairman of the Board of Directors is not present during the discussion of items on the agenda that relate to him.
– The Nomination and Compensation Committee of the Board of Directors of Vontobel Holding AG is responsible for developing and regularly reviewing the compensation system for members of the Board of Directors and the Group Executive Management, and presenting it to the Board of Directors for a resolution. It monitors compliance with the compensation principles of the company and the Group and informs the Board of Directors about the compensation policy and compensation matters.

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

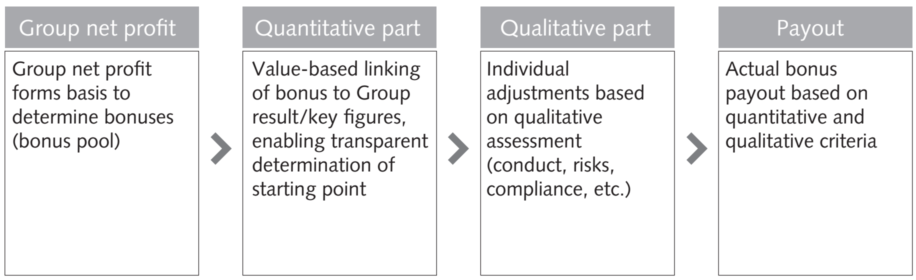
Each year, the Nomination and Compensation Committee conducts detailed discussions of the extent to which Group–wide performance targets have been achieved in quantitative and qualitative terms. It also examines the CEO's proposal concerning variable compensation levels. The CEO and, at times, also the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

Governance process for bonus and individual allocation



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

Process for the determination of bonuses



Compensation components

The Vontobel compensation system

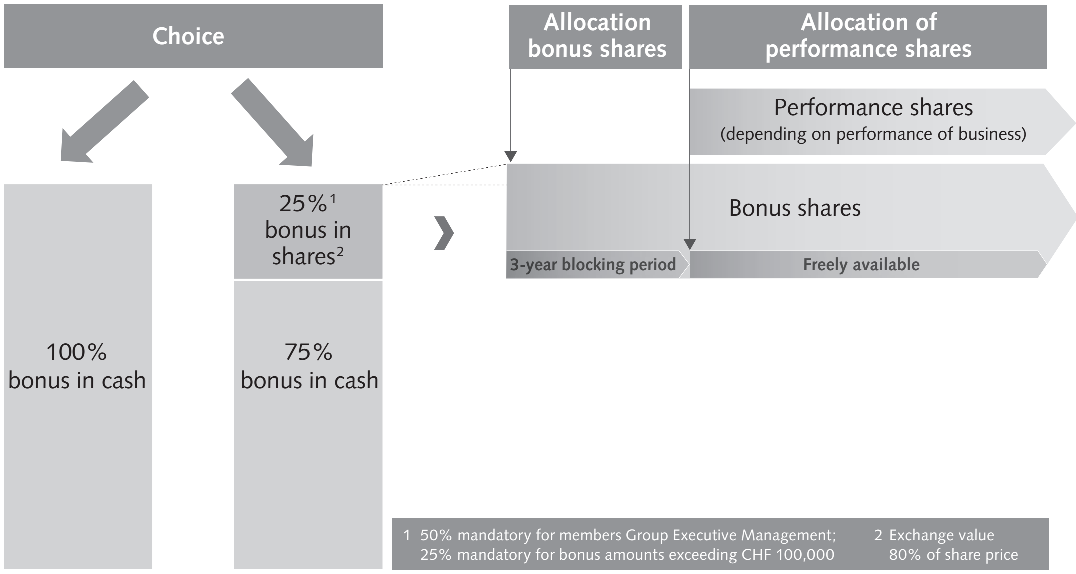
Employee compensation essentially comprises a fixed component and a performance-related component (bonus). The performance-related component (cash bonus and bonus shares) – which represents a short-term performance incentive – takes account of the financial results of the company and the organizational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

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

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

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

Share participation model



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

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

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

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

Other compensation components

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

Frequency of system reviews

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

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

Compensation awarded to the Board of Directors and the Group Executive Management

Board of Directors

With the exception of the Chairman of the Board of Directors, members of the Board of Directors are entitled to receive fixed compensation, with 50% of the defined compensation amount being paid in the form of shares that are blocked for a period of three years. In line with the provisions of the share participation plan, the cash amount is converted into a specific number of shares at 80% of the reference price (average price in December) set by the Board of Directors, or by the Nomination and Compensation Committee if so delegated.

In principle – and with the exception of para. 3 of this provision – performance-related compensation is not paid to members of the Board of Directors, but may be provided under certain circumstances and subject to the approval of the entire Board of Directors. In such cases, the allocation is made by analogy with Art. 30 of the Articles of Association.

The Chairman of the Board of Directors is entitled to receive fixed basic compensation that is to be paid in cash. Over and above this, and subject to the approval of the entire Board of Directors, the Chairman of the Board of Directors may also be paid compensation comprising the following components:

(a) performance-related compensation (bonus), of which 50% is to be paid in cash (cash bonus) and 50% in the form of shares (bonus shares)
(b) shares awarded in addition to the bonus shares depending on the achievement of the performance defined in the regulations governing Vontobel's share participation plan (performance shares).

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

Group Executive Management

The compensation paid to members of the Group Executive Management comprises the following:

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

The following general principles apply to the payment of a cash bonus and to the allocation of bonus shares to members of the Group Executive Management under the share participation plan:

(a) Members of the Group Executive Management are obliged to take 50% of the bonus amount in the form of bonus shares. The remaining bonus amount is paid out in cash.

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

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

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

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

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

Maximum amounts of loans and credits

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

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

Voting on compensation at the General Meeting of Shareholders

The General Meeting of Shareholders votes on whether to approve the motions proposed by the Board of Directors in respect of:

(a) The maximum aggregate amount of the fixed compensation of members of the Board of Directors for the forthcoming term of office;

(b) The maximum aggregate amount of the performance-related compensation (bonus) of the Chairman of the Board of Directors for the prior financial year that has ended or, where applicable, the maximum aggregate amount of performance-related compensation of the entire Board of Directors (Art. 29 para. 2 of the Articles of Association) for the prior financial year that has ended;

(c) The maximum aggregate amount of performance shares of the Chairman of the Board of Directors relating to bonus shares of the prior financial year and that may be allocated to the Chairman of the Board of Directors after three years. If, when the allocation is made, the approved aggregate amount is not sufficient to cover the full entitlement to the allocation of performance shares, a new vote will be held on any additional amount;

(d) The maximum aggregate amount of the fixed compensation of the Group Executive Management for the period from 1 July to 30 June of a calendar year;

(e) The maximum aggregate amount of the performance-related compensation of the Group Executive Management for the prior financial year that has ended;

(f) The maximum aggregate amount of performance shares relating to bonus shares of the prior financial year and that may be allocated to members of the Group Executive Management after three years. If, when the allocation is made, the approved aggregate amount is not sufficient to cover the full entitlement to the allocation of performance shares, a new vote will be held on any additional amount;

(g) If required, the sign-on bonuses pursuant to Art. 32 para. 2 of the Articles of Association paid to members of the Group Executive Management to compensate them for disadvantages incurred in the course of a change of employment, if these exceed the additional amount pursuant to Art. 32 para. 1 of the Articles of Association.

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

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

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

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

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

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

Vontobel compensation in 2014 (audited information)

Compensation of all Vontobel employees

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

Personnel expense	**31-12-14 CHF mn**	31-12-13 CHF mn
Salaries and bonuses	**417.1**	386.9
Pension and other employee benefit plans	**25.3**	24.7
Other social contributions	**27.4**	26.2
Other personnel expense	**14.2**	14.4
Total personnel expense	**484.0**	452.2
of which equity-settled deferred compensation	**18.6**	13.9
of which deferred compensation in cash	**7.5**	8.7

Blocked shares	Employees		Members of the Board of Directors and the Group Executive Management	
	31-12-14 Number	31-12-13 Number	**31-12-14 Number**	31-12-13 Number
Holdings of blocked shares at the beginning of the year	**1,145,832**	1,258,528	**536,035**	503,887
Allotted shares and transfers (addition)	**452,125**	385,342	**186,070**	194,513
Shares for which the holding period has lapsed	**(349,856)**	(440,282)	**(147,657)**	(158,158)
Shares of employees/members who have left the Group and transfers (reduction)	**(86,782)**	(57,756)	**(3,452)**	(4,207)
Holdings of blocked shares as at the balance sheet date	**1,161,319**	1,145,832	**570,996**	536,035
Charged as personnel expense in the year under review (CHF mn)	**0.8**	0.6	**(0.4)**	0.3
Charged as personnel expense in the preceding year (CHF mn)	**13.8**	11.1	**6.4**	5.6
Average price of shares upon allotment (CHF)	**32.15**	30.50	**32.14**	30.51
Fair value of blocked shares as at the balance sheet date (CHF mn)	**43.5**	42.3	**21.4**	19.8

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

Deferred compensation outstanding

Allocation of shares from the long-term employee share-based benefit program and rights to receive performance shares
Vontobel's compensation concept focuses on the achievement of sustained success. The awarding of performance shares is a long-term component of this compensation system. The number of shares allocated in the year under review is calculated on the basis of the number of bonus shares received for the financial year 2010 as well as the performance of the business in the years 2011 to 2013, measured in terms of the average return on equity (ROE) and the average risk profile (BIS tier 1 capital ratio). In accordance with the relevant IFRS rules, the cost per allocated share recorded as share-based compensation benefits was CHF 30.85 and was included on a pro rata temporis basis over the vesting period. The market price was CHF 32.15 on the allocation date in April 2014 and was CHF 37.50 as at the balance sheet date.

The expense relating to the performance share program is accrued over the respective vesting period and charged to personnel expense. The estimated cumulative charge to personnel expense for the remaining vesting periods takes account of expectations regarding the performance of the business (ROE and BIS tier 1 capital ratio) and the probability that employees will leave the company. In view of expectations regarding the performance of the business, the calculation of the number of rights is based on the assumption that between 83% and 111% (previous year between 75% and 87%) of the original number of bonus shares will be allocated as performance shares to eligible employees in connection with the individual programs.

If the ROE in 2015 and 2016 is 3 percentage points higher (lower) than expected due to an improvement (deterioration) in the performance of the business, between 83% and 131% (70% and 83%) of the original number of bonus shares will be granted as performance shares to eligible employees in connection with the individual programs. If the BIS tier 1 capital ratio in 2015 and 2016 is 2 percentage points higher (lower) than expected, these factors would be between 83% and 111% (83% and 111%). Further information is available at: www.vontobel.com/compensation-report (see brochure stock ownership plan). As a result, a reasonably possible deviation from the expected values would not have a significant impact on Vontobel's future personnel expense.

Performance shares	Employees 31-12-14 Number	31-12-13 Number	Chairman of the Board of Directors and members of the Group Executive Management 31-12-14 Number	31-12-13 Number
Holdings of rights at the beginning of the year	**938,267**	992,903	**434,873**	391,251
Allotted rights and transfers (addition)	**452,125**	385,342	**173,075**	190,151
Recorded performance shares	**(260,331)**	(331,327)	**(105,620)**	(113,543)
Forfeited rights and transfers (reduction)	**(70,777)**	(41,102)	**0**	0
Change of rights due to modified parameters	**47,238**	(67,549)	**19,945**	(32,986)
Holdings of rights as at the balance sheet date	**1,106,522**	938,267	**522,273**	434,873
	CHF mn	CHF mn	**CHF mn**	CHF mn
Personnel expense recorded over the vesting period for recorded performance shares	**8.0**	9.1	**3.3**	3.1
Market value of recorded performance shares on the allocation date	**8.4**	10.3	**3.4**	3.5
Charged as personnel expense in the year under review	**7.5**	7.6	**3.9**	3.4
Cumulative charge to personnel expense for outstanding rights to performance shares as at the balance sheet date	**12.2**	12.8	**6.1**	5.2
Estimated personnel expense for the remaining vesting periods including future terminations	**11.8**	8.4	**5.2**	4.1
Estimated personnel expense for the remaining vesting periods excluding future terminations	**13.8**	9.7	**6.1**	4.8
Other deferred compensation as at the balance sheet date				
In cash	**17.4**	13.4	**–**	–
Share-based compensation benefits	**6.7**	2.7	**–**	–
Number of shares	**408,519**	361,035	**–**	–
Personnel expense recorded in the year under review for share-based compensation	**3.5**	2.7	**–**	–
Estimated personnel expense for the remaining vesting periods	**9.1**	10.7	**–**	–

Board of Directors: compensation and shareholdings

In the financial year 2014, the Board of Directors of Vontobel Holding AG mainly supported the Group Executive Management in the area of strategic business development and in the achievement of important further developments in processes and tools that are of supervisory relevance, as well as in the implementation of the company's risk policy and in personnel-related matters. In this way, it had a decisive impact on Vontobel's strategy, structure and corporate culture.

The members of the Board of Directors received total compensation of CHF 3.4 mn for the financial year 2014, compared to CHF 3.6 mn in the previous year. Of this sum, CHF 2.4 mn was paid out in cash and CHF 1.0 mn in the form of share-based compensation (bonus shares). For 2014, the performance-related component paid to the Chairman of the Board of Directors amounted to 186% (previous year: 214%) of his basic compensation.

The performance shares awarded to the Chairman of the Board of Directors relate to the period 2011–2013, during which he served as CEO of Vontobel for 4 months and as Chairman of the Board of Directors of Vontobel Holding AG for 32 months.

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

	31-12-14 [1] **CHF mn**	31-12-13 [2] CHF mn	Change to 31-12-13 CHF mn	in %
Short-term employee benefits	**2.3**	2.4	(0.1)	(4)
Post-employment benefits	**0.1**	0.1	0.0	0
Other long-term benefits	**0.0**	0.0	0.0	
Termination benefits	**0.0**	0.0	0.0	
Equity compensation benefits bonus shares [3,4]	**1.0**	1.1	(0.1)	(9)
Total mandate-related compensation for the financial year [5]	**3.4**	3.6	(0.2)	(6)
Compensation for additional services	**0.0**	0.0	0.0	
Total compensation for the financial year [6]	**3.4**	3.6	(0.2)	(6)

1 Including compensation of one former member of the Board of Directors pro rata temporis.
2 Including compensation of two former members of the Board of Directors pro rata temporis and of two members since they joined the Board of Directors.
3 The members of the Board of Directors received a total of 33,363 (previous year 39,877) shares of Vontobel Holding AG as part of their compensation for the year under review, of which 22,276 (previous year 27,184) shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.
4 The cost of the performance shares is not included in the calculation of share-based compensation during the vesting period of the shares.
5 Excluding flat rate compensation for expenses and employer contribution to AHV/IV/ALV
6 The expense relating to performance shares is not included in "Total compensation for the financial year". The allocation of performance shares is shown separately in the "Allocation of shares from the long-term employee share-based benefit program" table on page 77.

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

Name	Function	Fixed compen-sation CHF 1,000	Variable compen-sation paid in cash CHF 1,000	Compensa-tion paid in shares[1] CHF 1,000	Other compen-sation CHF 1,000	**31-12-14 Total CHF 1,000**	31-12-13 Total CHF 1,000
Herbert J. Scheidt	Chairman	700.0	650.0	650.0	118.2[2]	**2,118.2**	2,318.2
Dr Frank Schnewlin	Vice-Chairman	170.0	0.0	50.0	18.5	**238.5**	240.4
Bruno Basler	Member	130.0	0.0	50.0	32.3	**212.3**	197.5
Dominic Brenninkmeyer	Member[3]	110.0	0.0	50.0	16.6	**176.6**	123.7
Nicolas Oltramare	Member[3]	110.0	0.0	50.0	32.8[4]	**192.8**	159.2[4]
Peter Quadri	Member	110.0	0.0	50.0	18.5	**178.5**	176.6
Clara C. Streit	Member	110.0	0.0	50.0	12.8	**172.8**	170.9
Marcel Zoller	Member[5]	42.2	0.0	23.4	0.8	**66.4**[7]	142.4[7]
Prof. Dr Ann-Kristin Achleitner	Member[6]	0.0	0.0	0.0	0.0	**0.0**	55.1
Dr Philippe Cottier	Member[6]	0.0	0.0	0.0	0.0	**0.0**	55.1
Total		1,482.2	650.0	973.4	250.5	**3,356.1**	3,639.1

1 Allocation of shares of Vontobel Holding AG that are subject to a holding period of three years, during which they cannot be sold.
2 Contribution to pension funds
3 From 23 April 2013
4 Including consultancy fees of CHF 20,048 (previous year: CHF 41,500) not directly related to the recipient's activities as a member of a governing body.
5 Until 20 June 2014
6 Until 23 April 2013
7 Of which payment of the cash component in the total amount of CHF 42,164 (previous year CHF 92,400) to Raiffeisen Schweiz

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

	31-12-14 CHF mn or number	31-12-13 CHF mn or number	Change to 31-12-13 CHF mn or number	in %
Market value of performance shares at the date on which they were allotted in CHF mn[1]	**1.1**	1.1	0.0	0
Number of performance shares allotted	**32,691**	34,878	(2,187)	(6)
thereof Herbert J. Scheidt[2]	**32,691**	34,878	(2,187)	(6)

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

1 In accordance with the relevant IFRS rules the cost recorded as equity compensation benefits was CHF 1.0 mn (previous year CHF 1.0 mn) and was included on a pro rata basis over the vesting period.
2 The performance shares awarded to Herbert J. Scheidt are based on the number of bonus shares that he received in his function as CEO of Vontobel as part of his bonus for the financial year 2010 (previous year 2009). Of the 36-month vesting period, Herbert J. Scheidt served Vontobel as CEO for 1 (13) months and as Chairman of the Board of Directors of Vontobel Holding AG and Bank Vontobel AG for 35 (23) months.

Notice periods and severance agreements

See page 72 for further information.

Holdings of shares and options

Name	Function	31-12-14 Shares Number	31-12-14 Options Number of shares at the time of exercise call options	31-12-14 Options Number of shares at the time of exercise put options	31-12-13 Shares Number	31-12-13 Options Number of shares at the time of exercise call options	31-12-13 Options Number of shares at the time of exercise put options
Herbert J. Scheidt	Chairman	**692,237**	**0**	**0**	632,362	0	0
Dr Frank Schnewlin	Vice-Chairman	**4,606**	**0**	**0**	2,793	0	0
Bruno Basler	Member	**10,237**	**0**	**0**	8,424	0	0
Dominic Brenninkmeyer	Member	**1,360**	**0**	**0**	0	0	0
Nicolas Oltramare	Member	**1,360**	**14,500**	**0**	0	14,500	0
Peter Quadri	Member	**10,737**	**0**	**0**	8,924	0	0
Clara C. Streit	Member	**2,695**	**0**	**0**	882	0	0
Member resigned							
Marcel Zoller	Member	**n/a**	**n/a**	**n/a**	429	0	0

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

Former members of the Board of Directors

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

Additional fees, related parties and similar information

None.

Group Executive Management: compensation and shareholdings

The members of the Group Executive Management received total compensation of CHF 12.1 mn, a decrease of 2% compared to the previous year. The variable bonus awarded to members of the Group Executive Management based on an evaluation of their achievement of individual objectives was, on average, 2.11 times their base salary (previous year: 2.28).

When evaluating the performance of the Group Executive Management and its individual members and when determining their respective compensation awards, the Nomination and Compensation Committee takes account of the principles of Vontobel's compensation philosophy, as explained on page 62ff.

The slight reduction in total compensation paid to members of the Group Executive Management shows that in addition to the importance assigned to Vontobel's net profit, further factors such as the achievement of individual objectives or other qualitative criteria are also considered when determining compensation. At CHF 134.5 mn, net profit was higher than in the previous year. In contrast, the variable compensation awarded to members of the Group Executive Management decreased by 5%. This is also reflected in the compensation awarded to the CEO, which was slightly lower than in the previous year and once again represents the highest-paid position in the Group Executive Management.

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

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Base salary	**3.6**	3.5	0.1	3
Other short-term employee benefits[1]	**0.3**	0.3	0.0	0
Cash component of bonus	**3.8**	4.0	(0.2)	(5)
Post-employment benefits	**0.6**	0.6	0.0	0
Other long-term benefits	**0.0**	0.0	0.0	
Termination benefits	**0.0**	0.0	0.0	
Equity compensation benefits bonus shares[2]	**3.8**	4.0	(0.2)	(5)
Total contract-related compensation for the financial year[3]	**12.1**	12.4	(0.3)	(2)
Compensation for additional services	**0.0**	0.0	0.0	
Total compensation for the financial year[4]	**12.1**	12.4	(0.3)	(2)
Number of persons receiving compensation	**6**	6	0	0

1 In the year under review and the previous year, other short–term employee benefits comprised compensation for disadvantages incurred in the course of a change of employment, as well as family allowance payments and preferential interest rates for mortgages.
2 A total of 130,231 (previous year 145,891) Vontobel Holding AG shares were allocated to members of the Group Executive Management. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.
3 Excluding flat rate compensation for expenses and employer contribution to AHV/IV/ALV
4 The expense relating to performance shares is not included in "Total compensation for the financial year". The allocation of performance shares is shown separately in the "Allocation of shares from the long-term employee share-based benefit program" table below.

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

	31-12-14 CHF mn or number	31-12-13 CHF mn or number	Change to 31-12-13 CHF mn or number	in %
Market value of performance shares at the date on which they were allotted in CHF mn[1]	**2.3**	2.4	(0.1)	(4)
Number of performance shares allotted	**72,929**	78,665	(5,736)	(7)
Number of persons receiving compensation	**4**	4	0	0

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

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

Highest total compensation for the financial year

Financial year	Name	Function	Base salary CHF 1,000	Bonus paid in cash CHF 1,000	Bonus paid in shares[1] CHF 1,000	Pension plan CHF 1,000	Other compen-sation CHF 1,000	**Total CHF 1,000**
2014	Dr Zeno Staub	CEO	700.0	900.0	900.0	103.1	3.0	**2,606.1**
2013	Dr Zeno Staub	CEO	700.0	975.0	975.0	103.1	3.0	**2,756.1**

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

1 The member of the Group Executive Management was awarded 30,844 shares (previous year 35,339) of Vontobel Holding AG as part of his compensation for the year under review. These shares are subject to a holding period of three years, during which they cannot be sold. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.

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

	31-12-14	31-12-13
Number of performance shares allotted	**22,633**	21,230

The number of performance shares allocated is calculated on the basis of the number of bonus shares received for the financial year 2010 (previous year 2009) as well as the performance of the business in the years 2011 to 2013 (2010 to 2012).

Notice periods and severance agreements

See page 72 for further information.

Holdings of shares and options

		31-12-14			31-12-13		
			Options Number of shares at the time of exercise			Options Number of shares at the time of exercise	
Name	Function	**Shares Number**	**call options**	**put options**	Shares Number	call options	put options
Dr Zeno Staub	CEO	**184,630**	**0**	**0**	172,658	0	0
Dr Martin Sieg Castagnola	CFO	**95,875**	**0**	**0**	88,545	0	0
Felix Lenhard	Member	**69,585**	**0**	**0**	50,800	0	0
Georg Schubiger	Member	**58,793**	**0**	**0**	35,045	0	0
Axel Schwarzer	Member	**99,820**	**0**	**0**	63,574	0	0
Roger Studer	Member	**144,779**	**0**	**0**	115,667	0	0

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

Former members of the Group Executive Management

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

Additional fees, related parties and similar information: None.

Loans to members of governing bodies

See the notes to the consolidated financial statements, note 29.

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 5 February 2015

Report of the statutory auditor on the remuneration report

We have audited the remuneration report dated 5 February 2015 of Vontobel Holding AG (pages 73 to 81) for the year ended 31 December 2014.

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

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

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

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

Opinion
In our opinion, the remuneration report for the year ended 31 December 2014 of Vontobel Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Patrick Schwaller	Marco Amato
Licensed audit expert	Licensed audit expert
(Lead auditor)	

Sustainability on the move

Sustainability remained a topic of discussion in the financial markets in 2014. Although progress has been made on a number of fronts, such as the increased integration of sustainability themes in financial analysis, there is still a need for further action in other areas.

The organization Swiss Sustainable Finance was established in 2014 to highlight Swiss strengths in this field and to provide instruments to further intensify the focus on sustainability criteria within the industry. Vontobel played a key role in setting up Swiss Sustainable Finance and hosts the organization. We are convinced that promoting a sustainable approach within the financial industry will offer a means of harnessing an important trend, thus opening up new and sustainable growth areas.

Sustainability is also a topic of debate internationally. The most recent example is the "Montreal Carbon Pledge" launched at the "Principles for Responsible Investment" (PRI) conference. Major institutional investors that have taken the pledge are calling for the improved measurement of the risks associated with climate change in investment strategies. The guiding principle for the financial sector worldwide must be to create transparency and take appropriate action.

Vontobel's activities in the area of sustainability were geared towards achieving this in 2014. As part of our transition to the latest version of the Global Reporting Initiative Sustainability Reporting Guidelines (G4), we focused more intensively on the principle of materiality when selecting our sustainability indicators. For the first time, the full Sustainability Report is contained in this section of the Annual Report. We are also endeavouring to ensure that sustainability is even more firmly integrated into our everyday business activities than before. To this end, we further expanded our efforts relating to citizenship in 2014 to enable us to strategically promote projects with a thematic link to the financial sector in the future. In terms of employee development, we took seriously and addressed the points raised in the 2013 employee survey. We improved internal communications by holding regular town hall meetings, and the processes for focused career development have been optimized.

It is our clients, in particular, who should benefit from our commitment to sustainability. Our specialists at various international locations are constantly identifying and analysing trends, using their findings to deliver innovative investment strategies and products. The successes we have achieved, such as being named "Best Private Bank in Switzerland" by the Swiss business magazine Bilanz and our performance in the Swiss Derivative Awards, are a source of further motivation in this context.

Dr Zeno Staub, CEO of Vontobel

Sustainability – firmly rooted in our strategy

The pursuit of a sustainable approach to business is an ongoing task – and one that Vontobel seeks to implement across all areas of the bank through appropriate processes, targets and measures, as well as the assumption of responsibility. We also committed to achieving continuous improvement. Responsibility at senior management level, strategic integration and transparent reporting form the basis for this approach.

Our sustainability strategy is reviewed annually by the Sustainability Committee, which is chaired by the CEO, and is underpinned by appropriate targets and measures. The Sustainability Management unit coordinates the implementation of these targets and measures, directly involving line managers in the corresponding business areas. Our fundamental values are enshrined in two key documents:
– The Code of Conduct, which defines basic principles that employees must observe to ensure that we perform our business activities in a fair and forward-looking manner.
– The Sustainability Guidelines, which define the areas in which we take action to implement our sustainability strategy.

We regularly evaluate the achievement of objectives using selected criteria. Our annual Sustainability Report provides comprehensive information about all the key data and changes. The scope of our reporting altered slightly in 2014 due to the transition to the GRI G4 guidelines and the "Core" option. No restatements or corrections were made versus 2013 (G4-22, 23). The process to identify material aspects and indicators that was introduced under G4 was carried out by Vontobel at various workshops and in interviews. Working together with our three business units – Private Banking, Asset Management and Investment Banking – and the Human Resources and Investor Relations departments, all of the GRI aspects and the specific Financial Sector Supplements were discussed and assessed with regard to their materiality for Vontobel. In a final review by the Sustainability Management unit, the following aspects were included in the 2014 Sustainability Report and were accompanied by the corresponding criteria (G4-18, 19):
– Economic performance
– Indirect economic impacts
– Materials
– Energy
– Emissions
– Employment
– Training and education
– Diversity and equal opportunity
– Non-discrimination
– Anti-corruption
– Compliance
– Product and service labelling
– Customer privacy
– Product portfolio
– Active ownership

Unless stated otherwise, the report boundary encompasses the Vontobel Group with all its locations and the subsidiaries listed in the consolidated annual financial statements. As a provider of financial products, we also seek to incorporate sustainability aspects in our products and services, as well as in our partnerships and relationships with suppliers. More detailed information can be found in the following sections (G4-20, 21). Information on the scope of consolidation can be found on page 200-201 of the Annual Report (G4-17).

Open dialogue is important to us in order to gain a better understanding of the needs of our clients, employees, suppliers and cooperation partners, and to take account of the concerns of local communities and non-governmental organizations. We want to engage with our stakeholders by providing clear and comprehensible information on the different challenges and opportunities relating to environmental, social and governance (ESG) issues. Regular surveys among our employees and clients are key tools in this context, as are specific discussions with our suppliers. In the year under review, we implemented measures based on the results of the 2013 employee and client survey. Issues raised by employees included calls for enhanced internal communication and targeted support in the area of career development. The majority of clients indicated they were very satisfied with Vontobel, but we nonetheless want to achieve improvements in this area and further strengthen client trust in our company (G4-24, 25, 26, 27).

Focusing on clients

Our business philosophy is centred on achieving client satisfaction and on gaining and maintaining client trust. This task has become more complex in view of the increasing demands being placed on the financial sector and more stringent regulatory requirements (both in Switzerland and worldwide). At the same time, clients have become more discerning, and the demand for individually tailored solutions has increased. Sustainability aspects are playing a more significant role in this context, even purely in terms of economic risk considerations.

Offering each of our clients the right product or best possible service is therefore the primary task of our three business units – Private Banking, Asset Management and Investment Banking. Private Banking offers a comprehensive range of services to address a wide variety of financial matters, from portfolio management, to investment advice and inheritance planning. Asset Management has a multi-boutique approach with five independent centres of competence, and focuses on active asset management. Investment Banking ranks among the leading issuers of derivatives and structured products in Switzerland and Europe. Our range of services is rounded off with securities and forex trading, as well as the securities services provided by Transaction Banking. Compliance with the product naming requirements defined by regulators is mandatory for all our business units. As well as being one of the leading issuers of structured products in Switzerland, we play a pioneering role in this business: since 1 October 2014, Vontobel Financial Products has also been transparently disclosing the issuer margin of its own structured products in addition to the distribution fees, thus setting a new industry standard in terms of cost transparency.

Equally, Vontobel assigns the highest importance to protecting client data and to complying with all the statutory provisions. The Legal & Compliance department is responsible for regulating and monitoring both of these aspects throughout Vontobel. There were no cases involving the violation of client privacy in 2014.

In Private Banking, the individual service offered by Vontobel forms the cornerstone our good relationship with clients. Our relationship managers take time to understand the wishes and needs of each client and make a structured assessment of their personal circumstances in order to offer them services that are tailored to their individual re-quirements. To ensure that our clients only purchase products that are suitable and appropriate for them in terms of their personal financial market experience and risk ca-pacity, the new risk profile that was developed in 2013 was further enhanced to take into account specific market requirements. This enables relationship managers to issue investment recommendations that are in line with the risk profile of the client in question, incorporating both their personal experience and the expected development of the market. This makes it possible to address our clients and their needs more specifically. We conduct a survey of our private clients every two years where possible. The 2013 survey indicated that client satisfaction was already high at 84%, and our goal is to continue to achieve improvements in this area.

Vontobel began to introduce retrocession-free share classes in portfolio management in 2013, and systematically pursued these efforts in 2014. This measure is partly aimed at further enhancing cost transparency in portfolio management mandates, and is also a key factor with regard to client satisfaction. Retrocession-free investment funds have been gradually phased in, taking into account the available investment opportunities.

To ensure that our relationship managers are ideally prepared to meet the needs of our clients, we again invested in a range of training programmes in 2014. The focus here was primarily on specialist expertise and advisory skills. Our e-learning platform has proved to be an effective tool that can be used across different countries. Opportunities for learning are not restricted to our employees, however. Our magazine for private clients, which is published three times per year, and our Investor's Outlook publication cover a range of fascinating topics for a broad and interested audience. The three issues of the private clients magazine published in 2014 – "Technology", "Trust is liberating" and "Rising stars face change" – focused on these key areas affecting movements and trends in the financial market, while also highlighting the growing importance of sustainability.

Vontobel also held a range of client events to promote direct dialogue. For example, at the breakfast event organized in conjunction with the magazine "Die Stiftung", we focused on the question of how foundations can operate professionally while implementing sustainability principles. Vontobel has extensive experience in supporting foundations as well as in the field of sustainable investments, and the event provided an ideal platform to demonstrate how these two competences ideally complement one another. As part of a shareholder engagement initiative, we visited Burckhardt Compression AG in Winterthur during the year under review. Ethos, the Swiss Foundation for Sustainable Development, organized the event. The Ethos Foundation examines investment processes from the perspective of environmental, social and corporate governance aspects, and works with fund management companies to promote dialogue between shareholders and the boards of directors and management teams. "Vontobel Fund (CH) II – Ethos Equities Swiss Mid & Small", a fund that was recently also opened up to private individuals, was used as an example to offer an insight into shareholder engagement, and give a more detailed view of the interplay between companies, asset managers and investors.

Our services and funds once again received various awards in 2014. In the private banking test conducted by the investor magazine "€uro", Vontobel was assigned the highest rating of "excellent" for its investment proposal. In conjunction with the Munich-based Institut für Vermögensaufbau (IVA), the magazine €uro conducted its seventh annual private banking test of 20 banks in Germany. The test was based on "mystery shopping" research conducted with real test clients, and it assessed how well the investment proposal put forward by the private banks corresponded to the needs of the clients. The discussion with the test client was successful, with no questions left unanswered. Vontobel also performed well in the mystery shopping test carried out by the Swiss business magazine "Bilanz", which named it the "Best Private Bank in Switzerland 2014".

Sharper focus on opportunities and risks in the investment business

Vontobel's business model is based on an integrated approach that combines the key competencies of the three business units Private Banking, Asset Management and Investment Banking. This approach is particularly beneficial when it comes to continuously improving our products and services. The integration of sustainability aspects into the product and services portfolio significantly leverages our efforts to promote sustainable business practices, and is therefore part of our sustainability strategy.

Each business unit performs tasks relating to product development, client communication and marketing to ensure continued developments in this area. The Principles of Responsible Investments (PRI) provide guidance in this area, and we also comply with the requirements of the European SRI Transparency Code.

The Global Leaders funds select companies that deliver a high cash flow return on invested capital. We are convinced that in an increasingly globalized and dynamic world, companies that actively address resource-related and social challenges have better prospects of success, and gain a competitive advantage over other firms that focus solely on the short-term generation of profits. To ensure that the selected companies are attractive over the long term, the fundamental analysis also incorporates sustainability criteria. This process was developed by financial analysts based on their extensive knowledge of the industry and the companies in question and incorporates ESG criteria. The assessment of ESG themes is one of the four main elements in the investment approach of our Global Thematic boutique, the other three being profitability, industry position, and intrinsic value. Our analysts evaluate sector-specific ESG criteria in nine different thematic areas, based on information from external research agencies (Vigeo, GMI, Bloomberg, Inrate), reports from Hermes, and publicly accessible NGO opinions. The minimum standard framework (MSF) uses a traffic light system, showing green for all investments that were found to be acceptable. The amber category comprises investments that comply with the MSF requirements but are still under regular observation. Finally, the red category features all those investments that do not meet the MSF requirements, and in which Vontobel does not invest. The current MSF evaluations are discussed at regular meetings, and are incorporated into the investment process. In addition to the analysis of new investments, existing MSFs are regularly monitored to allow investment risks to be identified at an early stage.

Vontobel regularly asserts its voting rights for the companies in which its funds invest. To ease the burden on our portfolio managers in exercising voting rights, Vontobel has been working with Hermes Equity Ownership Services (HEOS) since 2011. The HEOS service covers all of Vontobel's sustainable and global thematic trends equity funds: Sustainable Global Leaders, Sustainable Emerging Markets Leaders, Sustainable Asia ex Japan Equity, Sustainable Swiss Equity, New Power, Clean Technology and Future Resources. All other funds come under the internal "Management Company Voting" policy.

Whenever voting rights are exercised, the decision-making authority always lies with Vontobel, which checks the proposals put forward by HEOS on voting and engagement. These proposals may also be amended or rejected. The guidelines followed by HEOS have also been reviewed and approved by Vontobel. In 2013, votes were cast on over 2,324 individual motions at more than 230 annual general meetings on behalf of our sustainable and global thematic trends equity funds. Almost 58% of these votes were cast in favour of the items proposed on the agenda, with around 41% comprising votes against the proposals, and around 1% abstentions. We held discussions about critical issues with around 48 companies included in these funds, focusing primarily on governance issues. In addition to formal engagement processes, our analysts also sought direct contact with individual companies, Google being one example. This type of dialogue provides our equity analysts with important findings regarding the opportunities and risks facing these companies. Further information about this topic is available in our Engagement & Voting Report at: https://www.vontobel.com/CH/EN/Vontobel-Group-Sustainability-Sustainable-Investments.

By taking sustainability criteria into account, we enable our clients to invest in future-oriented themes and to thus achieve a financial return while contributing to sustainable development. The primary focus here is on a range of funds that use different approaches to address aspects of global change and sustainable business.

All Vontobel funds that take account of sustainability aspects bear the Eurosif transparency logo, which guarantees that investors are fully informed about the funds' investment processes and selection criteria. In total, the Global Leaders funds reported CHF 932 mn of assets under management at the end of 2014. Regular discussions with portfolio managers in other areas ensure that the relevant recommendations are also incorporated into other products such as balanced mandates.

In addition to the Global Leaders products, Vontobel offers the New Power, Future Resources and Clean Technology theme funds, which address current trends such as the restructuring of the energy system, the more efficient use of resources and the supply of clean technologies. As at the end of 2014, these three funds had a total volume of CHF 407 mn.

Vontobel Asset Management also manages sustainability and theme funds with a volume of CHF 3,243 mn for various cooperation partners. Through its involvement in responsAbility, an organization specializing in social investments and microfinance investing, Vontobel supports the provision of microfinance funds and other innovative financial products.

In addition to its ESG approach, Vontobel consistently excludes investments in companies that manufacture controversial weapons. Appropriate processes are in place to ensure that none of our investment funds or actively managed assets are invested in manufacturers of cluster munitions or land mines, and that such companies are excluded on principle from investment recommendations to clients.

Sustainable and theme funds managed by Vontobel	**2014**	2013
Volume of sustainable funds (CHF mn)	**4,106**	3,118
Volume of theme funds (CHF mn)	**476**	483

Sustainable investments	**2014**	2013
Volume of sustainable investments (CHF mn)[1]	**5,659**	4,381
Share of sustainable investments (in % of AuM)[2]	**4.5**	3.8

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

There was a marked increase in the volume of sustainable investments managed by Vontobel, which rose by 29% in 2014 compared to the previous year. This segment grew more strongly than all other investments. Measured as a proportion of total assets under management, sustainable investments increased by 0.7 of a percentage point to 4.5%.

For more than a decade, clients have been able to lend their support to a variety of projects focusing on social issues, culture, ecology, education or medicine through Vontobel's charitable foundation.

For the second year in succession, the foundation is supporting the "Making intelligent use of biodiversity" project being conducted by the Research Institute of Organic Agriculture (FiBL) in Frick. This project aims to develop new cultivation processes to find economically efficient means to support beneficial insects through the use of flowering plants. Increasing awareness of the new approach will also ensure its more widespread use, thus contributing to more sustainable agriculture.

Another foundation that received support in 2014 was "Bildungswerkstatt Bergwald" (BWBW), which promotes the development of a more active and holistic relationship between the population – in particular young people – and nature and their social environment. Practical project weeks outdoors give young people the opportunity to perform work to protect the forest and cultural landscape in mountain regions.

More than half the costs of each project week are self-financed via contributions from participants and from income earned as a result of the work carried out.

Support for employees

The skills and expertise of Vontobel's 1,449 employees, who work at five locations in Switzerland and 16 locations internationally, are vital to Vontobel's success today and in the future. The competition for skilled employees is especially evident in the financial industry. As a medium-sized bank, Vontobel has to compete with the major global players. Individual career planning and suitable training and further education opportunities are therefore especially important in positioning Vontobel as an attractive employer. Other key aspects include a pleasant and inclusive working environment that is free from discrimination and provides equal opportunities.

To ensure these requirements are addressed properly, employees have been assigned an increased role in determining their own professional development. Annual performance evaluations and the definition of individual goals (business objectives), which are carried out using an online tool, also include the option of drawing up an individual development plan that is agreed between employees and their line managers. Vontobel expects employees to show initiative, and they can call on the support of the Human Resources department as well as the business partners at the individual business units responsible for career planning.

Attracting more women to the financial sector is challenging. As part of its efforts to plan the future development of its workforce, Vontobel specifically wants to attract young female graduates, as well as female members of senior management. Vontobel commissioned a study on diversity and inclusion at the end of 2014 to enable it to define specific measures based on the findings. This study takes account of additional demographic factors such as age and nationality, in line with the bank's requirements, and is to be incorporated in a specific plan of action in 2015.

In addition to such aspects, equal opportunities are another key criterion determining employee satisfaction. They not only comprise equal career opportunities, but also include equal pay. Vontobel does not measure wage equality in specific cases or by gender, since salaries are set solely on the basis of the employee's abilities and function. Vontobel's compensation system therefore focuses on promoting the Group's long-term success, and a proportion of the variable compensation awarded to employees is deferred to encourage and reward responsible and risk-conscious conduct that is in the best interests of the company. Further information on this topic can be found in the Compensation Report (page 61ff.).

Of a total of 1,449 employees, 1,219 were employed in full-time positions. In addition to employees with permanent contracts, a total of four temporary employees worked for Vontobel as of the end of 2014. These individuals either have fixed-term contracts or are available on an "on call" basis to assist the company when needed. Total headcount increased by around 3% year-on-year.

Number of employees by domicile

	Number of women	Number of men	31-12-14 Total	Number of women	Number of men	31-12-13 Total
Switzerland	353	845	**1,198**	341	812	1,153
Germany	36	49	**85**	33	44	77
USA	30	35	**65**	28	30	58
Austria	3	1	**4**	19	8	27
U.A.E	2	10	**12**	2	11	13
Italy	6	6	**12**	6	6	12
Luxembourg	9	8	**17**	9	9	18
Liechtenstein	9	5	**14**	9	4	13
United Kingdom	5	6	**11**	4	7	11
Hong Kong	9	8	**17**	4	8	12
Singapore	3	7	**10**	0	8	8
Sweden	0	1	**1**	0	1	1
Spain	0	2	**2**	0	2	2
Cayman Islands	1	0	**1**	1	0	1
Total	**466**	**983**	**1,449**	456	950	1,406

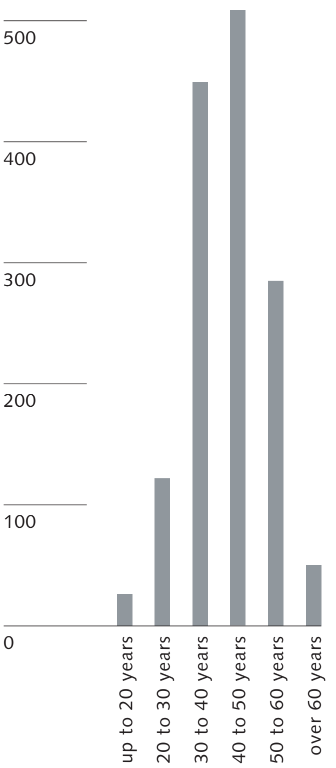
Numbers include trainees

Long-term succession planning that addresses the needs of the business units is an essential part of Vontobel's long-term planning in the area of human resources. Particular attention is paid here to promoting team diversity. The number of different nationalities was largely stable in 2014 compared with the previous year. The age structure shows that most employees are aged between 30 and 50 years old. Targeted support is an important factor in aligning the potential of this age group with the staffing needs of the business units.

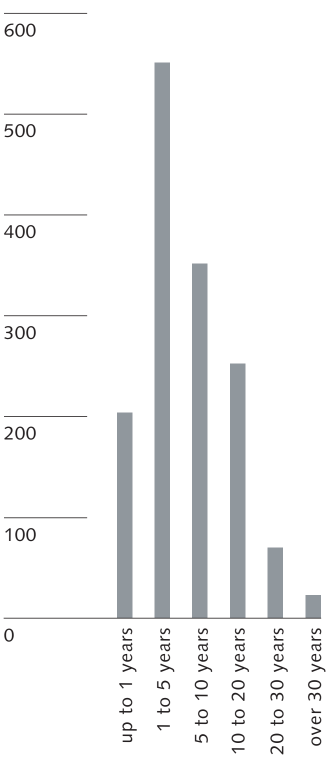
In 2014, training and education measures therefore focused on redesigning the leadership curriculum, the range of sales training programmes (negotiating skills) and employee onboarding. The latter was further enhanced with the Vontobel Ambassador Programme, a platform centred on e-learning that focuses on client benefits in addition to key products and services. Meanwhile, the Vontobel Academy once again offered a wide range of internal and external courses in 2014, covering specialist subjects, personal development and leadership. Expenditure on training increased year on year as a result, both in absolute terms and per employee.

In addition to structured employee development, Vontobel is committed to offering attractive working conditions. One example is the promotion of a healthy work/life balance. The benefits granted to working parents go beyond the statutory minimum in terms of both maternity and paternity leave. After completing six years of service, female employees benefit from six months of maternity leave on full pay, while members of staff who have been with the company for a shorter period of time are entitled to four months of maternity leave. New fathers are granted five days of paternity leave. Vontobel is a long-standing member of Childcare Service, an organization that advises parents on childcare issues and runs a group of nurseries. Vontobel is also a

Age structure 2014



Seniority structure 2014



member of kcc group (globegarden) that offers families complete childcare solutions. Wherever possible from an operational perspective, Vontobel endeavours to meet requests for part-time working arrangements from employees, including members of middle management.

Nationalities of employees	Number	31-12-14 in %	Number	31-12-13 in %
Switzerland	1,000	69	959	68
Germany	168	12	167	12
Austria	17	1	37	3
Italy	50	3	51	4
USA	59	4	54	4
Spain	11	1	10	1
France	20	1	16	1
United Kingdom	24	2	22	1
Other	100	7	90	6
Total	**1,449**	**100**	1,406	100

Age structure	Number	31-12-14 in %	Number	31-12-13 in %
Up to 20 years old	26	2	19	1
20 to 30 years old	122	8	124	9
30 to 40 years old	450	31	467	33
40 to 50 years old	516	36	497	36
50 to 60 years old	285	20	256	18
More than 60 years old	50	3	43	3
Total	**1,449**	**100**	1,406	100

Age structure Board of Directors	Number	31-12-14 in %	Number	31-12-13 in %
40 to 50 years old	1	14	1	12
50 to 60 years old	3	43	4	50
More than 60 years old	3	43	3	38
Total	**7**	**100**	8	100

Seniority structure	Number	31-12-14 in %	Number	31-12-13 in %
Up to 1 year	202	14	166	12
1 to 5 years	551	38	519	37
5 to 10 years	351	24	389	28
10 to 20 years	252	17	240	17
20 to 30 years	71	5	72	5
More than 30 years	22	2	20	1
Total	**1,449**	**100**	1,406	100

Vontobel also assigns considerable importance to the issue of employee health. The employee restaurant at Vontobel's head office therefore serves healthy meals every day and fresh fruit is provided in the workplace on a daily basis. In addition, Vontobel's own sports club gives employees various opportunities to exercise as a means of striking a balance with their work.

Proportion of males/females at different levels of management in 2014

	Number of women	Proportion of women	Number of men	Proportion of men
Employee	127	53%	112	47%
Middle management	226	47%	259	53%
Senior management	113	16%	606	84%
Group Executive Management	0	0%	6	100%
Total	**466**	**32%**	**983**	**68%**
Board of Directors	1	14%	6	86%

Proportion of males/females in part-time positions in 2014

	Number of women	Proportion of women	Number of men	Proportion of men	Total number	Proportion of total
20 – 49%	25	5%	4	0%	29	2%
50 – 79%	60	13%	35	4%	95	7%
80 – 99%	62	13%	44	4%	106	7%
100%	319	69%	900	92%	1,219	84%
Total	**466**	**100%**	**983**	**100%**	**1,449**	**100%**

There was virtually no overall change in the proportion of employees who worked on a part-time basis in 2014 compared with 2013: the proportion of female employees working part-time decreased slightly from 33% to 31%, while the proportion of male employees in part-time positions rose from 7% to 8%.

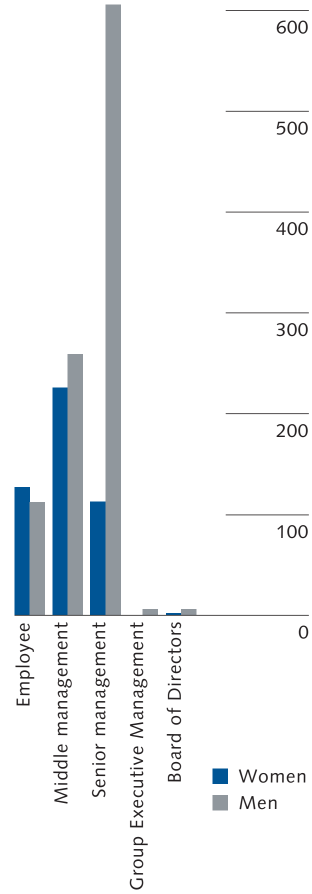
Turnover and training	**2014**	2013
Fluctuation rate (in %)	**6.7**	7.2
Training costs (CHF 1,000)	**1,720**	1,529
Training costs (CHF/FTE)	**1,178**	1,087
Number of trainees	**24**	21

There was a further decline in the fluctuation rate to 6.7% in 2014 compared with previous years. A total of 57 female employees and 114 male employees left the bank in 2014. Meanwhile a total of 208 new employees were hired during the year under review (75 women and 133 men).

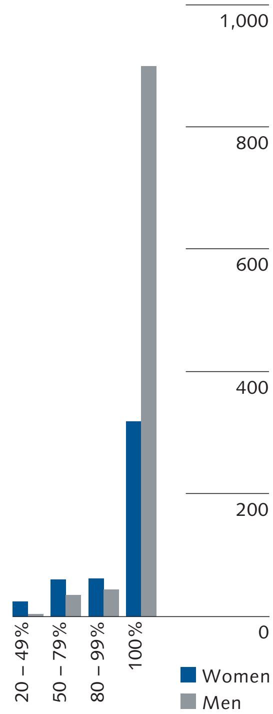
Vontobel once again provided attractive training positions for young people in the form of 24 apprenticeships in 2014 (including one trainee position). This, in turn, benefits Vontobel by providing it with access to a pool of well-qualified young professionals who can be offered a permanent position.

In Switzerland, all employees up to and including middle management are covered by the Agreement on Conditions of Employment for Bank Employees (VAB) issued by

Male/female proportion per management level 2014



Male/female proportion in part time positions 2014



Employers Association of Banks in Switzerland (AVG). The regular "Welcome Day" events were expanded further in 2014 with a view to giving all new employees worldwide a personal introduction to the company and offering them an insight into the business units and Vontobel's strategy, objectives and culture.

Employee satisfaction was most recently evaluated in 2013 as part of a global employee survey. This attracted a high level of interest, as reflected in the good response rate of 79%. In addition to positive feedback, such as a high level of employee identification with Vontobel's corporate values, and a high level of trust in the Executive Board, some criticisms were also voiced about leadership skills within the company. Other aspects highlighted included the further scope for improvement in internal communications and in the area of individual career planning.

To strengthen internal communications, a total of 12 town hall meetings were held in 2014. These dialogue platforms are aimed at enhancing the exchange of information and views between the Executive Board and employees. Further progress was also made in the structured implementation of personal professional training goals in the online employee evaluation process. The new Leadership Curriculum ensures that line managers and the Executive Board are involved in the programmes. The first round of courses will be held in 2015, as will the next employee survey. This will then enable us to make an even better assessment of the success of the measures introduced.

Environmental and climate protection

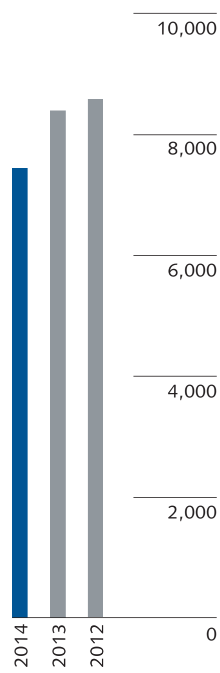
Vontobel is committed to reducing the environmental and climate-related impacts of its activities through the use of appropriate processes. We gather comprehensive environmental data each year in order to measure our progress. When conducting our operations, we strive to use materials as sparingly as possible and place an emphasis on energy efficiency and the reduction of greenhouse gas emissions. We also specifically monitor environmental risks with a view to reducing our environmental footprint at product level. Our findings are incorporated in the development of sustainable investment strategies.

The Sustainability Committee is responsible for the strategic management of these aspects, with the related measures being coordinated by the Sustainability Management unit. The Committee, which is chaired by the CEO, meets twice a year. Representatives of Human Resources, Operations, Legal & Compliance and the business units attend the meetings. The agenda is set by the head of the Sustainability Management unit in conjunction with the CEO. Line managers are directly responsible for implementing the decisions taken by the Committee. In addition to diversity management and the revision of the sustainability criteria, the Sustainability Committee's main focus in 2014 was on further measures to reduce CO_2 emissions. Travel management in particular is to be improved further given that there was no significant year-on-year reduction in business travel, either in absolute terms or per employee (see table of environmental key figures below).

Environmental key figures absolute	2014[1]	2013[1]	2012[1]
Total energy consumption (MWh)	**10,273**	11,141	11,973
Electricity consumption (MWh)	**6,837**	7,447	8,525
Heat consumption (MWh)	**3,059**	3,469	3,166
District heating usage (MWh)	**377**	225	282
Business travel (1,000 km)	**16,734**	16,812	13,678
Paper consumption (t)	**161**	198	172
Proportion of recycled paper used (%)	**19**	13	12
Proportion of FSC-label paper used (%)	**88**	80	81
Water consumption (drinking water, m³)	**13,687**	17,509	19,657
Volume of waste (t)	**265**	254	288
Recycling ratio (%)	**67**	67	66
Total greenhouse gas emissions (CO_2 equivalents in t)[2]	**3,910**	3,978	3,554
Greenhouse gas emissions: scope 1 and 2 (CO_2 equivalents in t)[2]	**1,353**	1,383	1,324
Greenhouse gas emissions: scope 3 (CO_2 equivalents in t)[2]	**2,557**	2,595	2,230

1 The figures are based on the period from 1 October in the previous year to 30 September
2 Definition according to GHG Protocol

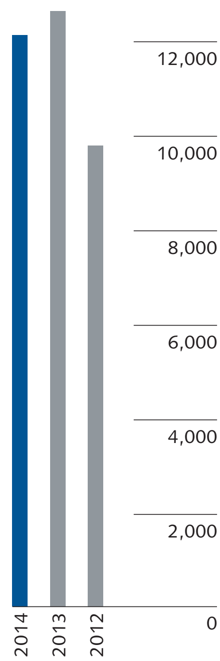
Total energy consumption per employee (kWh/FTE)



Environmental key figures per employee (in FTE[2])	2014[1]	2013[1]	2012[1]
Total energy consumption (kWh/FTE)	**7,445**	8,390	8,581
Electricity consumption (kWh/FTE)	**4,955**	5,608	6,110
Heat consumption (kWh/FTE)	**2,217**	2,612	2,269
District heating usage (kWh/FTE)	**273**	170	202
Business travel (km/FTE)	**12,127**	12,660	9,803
Paper consumption (kg/FTE)	**116**	149	123
Water consumption (drinking water, l/FTE)	**9,918**	13,185	14,088
Volume of waste (kg/FTE)	**192**	191	206
Total greenhouse gas emissions (CO_2 equivalents in kg/FTE)[3]	**2,833**	2,996	2,548
Greenhouse gas emissions: scope 1 and 2 (CO_2 equivalents in kg/FTE)[3]	**980**	1,042	949
Greenhouse gas emissions: scope 3 (CO_2 equivalents in kg/FTE)[3]	**1,853**	1,954	1,599

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

Business travel per employee (km/FTE)



When selecting and renovating premises, we systematically focus on environmentally friendly and energy-efficient measures to save energy. We transferred a data centre to a more energy-efficient location with state-of-the-art technology in 2014, and this enabled us to further reduce the use of electricity and heating. Vontobel's efforts to group workspaces together within a smaller number of locations both in Zurich and abroad also helped to increase efficiency. Specifically, three of our offices were merged, and some employees were transferred to our modern offices on Bleicherweg. When Vontobel leases new buildings, we ensure that they meet high standards of energy efficiency and that the building envelopes are well insulated. In the interior of our buildings, energy-saving LED lighting is installed as standard. As regards the technical infrastructure, the computer screens installed all feature the most efficient technology available.

To offset our CO_2 emissions, the entire Vontobel Group has been carbon neutral since 2009, this being achieved through the purchase of reduction certificates. Working with our partner Southpole, we thus support projects that promote renewable energy. Examples include a geothermal project in Turkey, the construction of micro hydro-power stations in rural areas of China, and the building of various wind parks in India. Detailed information on the individual projects is available on our website.

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

Paper consumption decreased again in 2014 compared to the previous year, despite the fact that client-related usage and increasing regulation are very paper-intensive. Printing the Vontobel Chronicle led to a one-off rise in paper consumption in our anniversary year of 2013, and the absence of this had a positive impact in 2014. To date, Vontobel has not imposed any internal rules governing paper consumption. One exception is its goal of ensuring that over 90% of the paper used bears the FSC label or has been produced using recycled paper. We are, nevertheless, seeking to achieve further reductions in paper usage, and have therefore launched the "Vontobel SquareMobile Private Banking" project. It is based on the concept of increasing usage of digital media, and of developing a multi-channel strategy for client communications. In future, clients will be able to use Vontobel's digital offering to view and analyse their portfolios, check account transactions, read research and market information or search for investment ideas. They will also be able to communicate with their relationship manager via a secure channel – at any time and from any location on a paperless basis.

The Vontobel employee restaurant adopted the "One Two We" programme in 2013, and the "One Climate Menu" that was subsequently introduced proved very popular in 2014. On average, our partner SV Group served 633 meals per day. "One Two We" is a sustainability programme launched in conjunction with WWF Switzerland. The aim is to offer more meals that mainly use seasonal produce and include fewer products that are transported by air and less meat, while making increased use of different types of cereals as an alternative to rice – thus reducing the carbon footprint in the food chain. To make the offering more climate-friendly but also more attractive, the range of vegetarian options was extended in 2014. SV Group now offers vegetarian meals at our employee restaurant based on the style of cuisine served by the restaurant chain Hiltl. To this end, the executive chef and two other cooks attended the introductory course run by Hiltl.

Vontobel has maintained its commitment to sustainable mobility. Demand for parking spaces fell slightly following the introduction of higher parking fees in 2013. Our participation in the «Bike to Work» programme was also a success once again, with 17 teams and 68 employees cycling to work despite the wet conditions in summer 2014. The small fleet of two «Twizy» electric vehicles for commuting between office locations proved so popular that a third vehicle was purchased. Monthly travel statistics should make it possible to examine the need for trips more closely in future and help make savings in this regard. It is also intended that employees will increasingly use video conferences as an alternative to business travel.

Social responsibility generates added value

Vontobel is part of the global economic system but nonetheless has strong local roots in Zurich. We therefore strive to assume our social responsibility on a number of different levels. We believe we have an obligation to deal responsibly with our various stakeholders in all the locations in which we operate. The fundamental structural changes in the banking sector and society's increasingly critical view of our industry present us with new challenges. To assume our responsibilities, we as a bank must always stay fully focused on the needs of our clients and take account of risks, while operating successfully as a business in the long term. In doing so, and by complying with ethical business standards, we make a contribution to the economy as a whole. The corporate taxes that have to be paid every year form part of these social responsibilities, as are the payment of salaries and the provision of financial services to private and institutional clients. Vontobel also makes a contribution in its role as a purchaser, awarding contracts for products or services including catering, cleaning and the printing of publications to local suppliers. Our focus here is on establishing long-term business relationships with our partners.

Added value increased by 7% year-on-year, resulting in a 20% increase of taxes paid. As a result of the improvement in net profit in 2013, Vontobel Holding AG once again increased its dividend payout.

External stakeholders	**2014**	2013
Added value (CHF mn)[1]	**658.5**	615.0
Taxes and dues (CHF mn)[2]	**41.2**	34.4
Dividends paid (CHF mn)	**83.5**	77.1

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

The bank regards compliance with applicable laws as an inherent part of its business activities, and as an essential measure – especially to avoid reputation risks. All business areas are monitored continuously as part of its Group-wide risk analysis, using appropriate compliance processes to detect any possible legal infringements. One of the primary areas of focus on the client side is risks arising from money laundering (including the financing of terrorism). In this regard, politically exposed persons are subject to a special monitoring process.

To ensure our internal compliance guidelines are enforced, all employees receive appropriate training upon joining Vontobel, and are issued with an Employee Handbook that contains specific regulations and instructions, as well as the Code of Conduct. It also clearly sets out the principle of non-discrimination, in line with our commitment to ensuring a working environment that is free from discrimination. In the case of any incidents, the “Whistleblowing Hotline” is one of the points of contact available. No incidents or infringements were identified or reported in 2014.

Thanks to regular training, our employees remain informed of compliance aspects of both existing and new statutory and regulatory requirements, thus preventing infringements of internal and external rules and regulations. In 2014, training was provided throughout the Group on FATCA (Foreign Account Tax Compliance Act), and courses were held on selected topics in specific areas. FATCA is aimed at ensuring the taxation of accounts held abroad by persons who are US taxpayers. As an extra-territorial application of US tax law, it essentially requires all foreign financial institutions to regularly and automatically report to the US authorities the identity and assets of the US clients they serve. Other key topics covered included the prevention of money laundering (clarifying transactions, Know Your Customer, preventing the financing of terrorism) and compliance with cross-border regulations. Vontobel also issued a Group-wide policy on anti-corruption and gifts. Private Banking provided training on this issue, and more courses are planned for 2015.

We want to give some of the value we create back to society. Vontobel supports cultural, environmental and educational activities through donations and sponsorship contributions. As a member of the Swiss Climate Foundation, we donate a significant part of our re-distributed CO_2 levies to the foundation, which then uses these funds to support climate protection projects at small and medium-sized Swiss enterprises. The modernization of facilities and improved infrastructure promote product innovation and efficient logistics, which in turn have a positive impact on economic growth and lead to efficiency gains for Swiss businesses. Many of these projects would not be implemented were it not for the Swiss Climate Foundation. Other sponsorship activities included the NZZ Podium and the Lucerne Festival. Vontobel made donations totalling CHF 708,121 in 2014. For every Christmas card sent by Vontobel in 2014, the bank made a donation to the Biovision Foundation, which supports people in developing regions. These donations support the valuable work of the foundation, while also meeting with a positive response from our clients and business partners.

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

Vontobel purchases a large quantity of products and services from external providers – ranging from facility management services and IT infrastructure to the design and production of printed materials. We consider it important to discuss environmental and social issues with our suppliers and partners, and to make them aware of the need to comply with our own sustainability principles, such as guaranteeing high employment standards, respecting human rights, preventing corruption, and making careful use of natural resources. The corresponding requirements are set down in our general purchasing guidelines.

With a view to promoting an active exchange of experience, Vontobel participates in various organizations and networks, and is committed in particular to ensuring that greater attention is paid to sustainability issues in the financial industry.

Organizations committed to the sustainable development of the economy and finance industry of which Vontobel is a member:

- **Swiss Sustainable Finance** (SSF), an organization that works together with service providers, investors, public-sector organizations, universities and other NGOs to promote a sustainable financial centre in Switzerland. Vontobel supported the setting up of this new platform, and makes office space available to it.
- **Climate Foundation Switzerland**, an organization that provides financial support for projects to improve energy efficiency in small and medium-sized enterprises. Vontobel is one of its founding members.
- **Öbu**, an association of Swiss companies that addresses sustainability and management topics. It offers practical tools and knowhow to promote a sustainable approach to business.
- **Energy Agency for the Economy** (EnAW), which was founded by business associations with the aim of enhancing energy efficiency among its members and encouraging them to reduce their level of CO_2 emissions.
- **Principles for Responsible Investment**, a UN initiative. As one of its signatories, Vontobel has pledged to gradually implement six principles relating to the broad-based integration of sustainability criteria into investment processes.
- **Sustainable Investment Forum** (FNG), an industry association that promotes sustainable investing in Germany, Austria and Switzerland. Vontobel is represented on its Management Board and coordinates the activities of the Swiss branch of the organization.
- **Forum per la Finanza Sostenibile**, the Italian forum for sustainable investing.

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G4-EN5	Energy intensity	w.	k.	p. 97
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G4-EN7	Reduction of energy requirements for products and services	n.w.		
G4-EN8	Total water withdrawal	n.w.		
G4-EN9	Affected water sources	n.w.		
G4-EN10	Water recycled and reused	n.w.		
G4-EN11	Operational sites in or adjacent to protected areas	n.w.		
G4-EN12	Impacts of activities on biodiversity in protected areas	n.w.		
G4-EN13	Habitats protected or restored	n.w.		
G4-EN14	Total number of IUCN Red List species in areas of operation	n.w.		
G4-EN15	Direct Greenhouse Gas Emissions	w.	k.	p. 97
G4-EN15-FS	Business travel related direct Greenhouse Gas Emissions	w.	k.	**
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G4-EN21	NOx, SOx, and other significant emissions	n.w.		
G4-EN22	Total water discharge	n.w.		
G4-EN23	Total weight of waste	n.w.		
G4-EN23-FS	Percentage of paper and IT products waste	n.w.		
G4-EN24	Number and volume of significant spills	n.w.		
G4-EN25	Hazardous waste	n.w.		
G4-EN26	Waste water and biodiversity	n.w.		
G4-EN27	Mitigation of products and services related environmental impacts	n.w.		
G4-EN28	Reclaimed products and packaging materials	n.w.		
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Dimensions/Indicators		Materiality	External Assurance	Page in Annual Report
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G4-EN31	Environmental protection expenditures and investments	n.w.		
G4-EN32	New suppliers screened using environmental criteria	n.w.		
G4-EN33	Environmental impacts in the supply chain	n.w.		
G4-EN34	Grievances regarding environmental impacts	n.w.		
	Labor practices and decent work			
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G4-LA2	Employee benefits	w.	k.	p. 94, *****
G4-LA3	Post parental leave retention	n.w.		
G4-LA4	Notice periods regarding significant operational changes	n.w.		
G4-LA5	Employee representatives in health and safety committees	n.w.		
G4-LA6	Injuries, occupational diseases, lost days and work-related fatalities	n.w.		
G4-LA7	Risk-control and programs regarding serious diseases	n.w.		
G4-LA8	Health and safety topics covered with trade unions	n.w.		
G4-LA9	Average annual number of hours for education and training	n.w.		
G4-LA10	Continued Learning Training programs	w.	k.	p. 93
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G4-LA12	Staff and managment structure	w.	k.	p. 94, p. 95
G4-LA13	Basic salary ratio of women to men	n.w.		
G4-LA14	New suppliers screened using labor practices criteria	n.w.		
G4-LA15	Significant impacts regarding labor practices in the supply chain	n.w.		
G4-LA16	Grievances regarding labor practices	n.w.		
	Human Rights			
G4-HR1	Investment agreements subject to human rights clauses or screening	n.w.		
G4-HR1-FS	Assets under management tested for adherence to human rights aspects	n.w.		
G4-HR2	Business-related human rights issues training	n.w.		
G4-HR3	Corporate changes compared to the previous year	w.	k.	p. 100
G4-HR4	Threats to exercising freedom of association and the right to collective bargaining	n.w.		
G4-HR5	Risk of child labor	n.w.		
G4-HR6	Risk of forced or compulsory labor	n.w.		
G4-HR7	Percentage of security personnel trained with respect to human rights aspects	n.w.		
G4-HR8	Number of incidents in which the rights of indigenous peoples have been violated	n.w.		
G4-HR9	Business sites which are assessed in terms of human rights violations	n.w.		
G4-HR10	New suppliers screened using human rights criteria	n.w.		
G4-HR11	Human rights abuses in the supply chain and actions taken	n.w.		
G4-HR12	Grievances concerning human rights violations	n.w.		
	Society			
G4-SO1	Programs and procedures for involving local communities	n.w.		
G4-SO2	Impact of business operations on local communities	n.w.		

Dimensions/Indicators		Materiality	External Assurance	Page in Annual Report
	Society (continuation)			
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FS14	Initiatives to improve access to financial services in disadvantaged areas	n.w.		
G4-SO3	Operations assessed for risks related to corruption	w.	k.	p. 100
G4-SO4	Anti-Corruption employee training	w.	k.	p. 100
G4-SO5	Incidents of corruption and actions taken	n.w.		
G4-SO6	Donations to politicians and political parties	n.w.		
G4-SO7	Grievances regarding anti-competitive behavior	n.w.		
G4-SO8	Monetary value of significant fines	n.w.		
G4-SO9	New Suppliers screened using criteria regarding impacts on society	n.w.		
G4-SO10	Impacts on society in the supply chain	n.w.		
G4-SO11	Grievances pertaining to impacts on society	n.w.		
	Product Responsibility			
G4-PR1	Product and service categories tested for safety and health implications	n.w.		
G4-PR2	Violation of regulations and codes of conduct concerning products and services related health and safety aspects	n.w.		
G4-PR3	Product and service information	w.	k.	p. 87
G4-PR4	Violation of product labeling regulations	n.w.		
G4-PR5	Customer satisfaction surveys	w.	k.	p. 88
G4-PR6	Sale of banned or controversial products	n.w.		
G4-PR7	Breach of marketing and competition related regulations	n.w.		
G4-PR8	Loss of customer privacy and data	w.	k.	p. 88
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	Financial Sector specific indiactors			
FS6	Business lines by region, size and sector	w., p.A.		p. 21, p. 23, p. 25
FS7	Contribution of products and services to the facilitation of social capital	w., p.A.		p. 89
FS8	Contribution of products and services to ecological advancement	n.w.		
FS10	Portfolio-based commitment to social and environmental issues	w.	k.	p. 90-91
FS11	Assets subject to environmental or social screening	w.	k.	p. 91

a. = general standard disclosures (reporting mandatory)
w. = relevant for Vontobel
n.w. = not relevant for Vontobel
1 = no external assurance
e. = external assurance
k. = no external assurance
FS = Financial Sector: specific GRI indicators for the finance sector
p.A. = Partial coverage: due to limited data availability this indicator is only partially covered. We strive to increase the data coverage in the coming years.
* = 01.01.2014 to 31.12.2014 / Environmental data covers the period of 01.10.2013 - 30.09.2014, unless stated differently
** = 98 t CO_2 from business travel with own fleet
*** = 1918 t CO_2 from business travel by air, rental car and train
**** = Fluctuation by age: -24: 6; 25-39: 72; 40-54: 77; 55-64: 15; 65+: 1 / New hires by age: -24: 19; 25-39: 93; 40-54: 87; 55-64: 8; 65+: 1
***** = Part-time employees in principle receive the same benefits as full time employees. For temporary employees or replacements different benefits apply.

Consolidated financial statements

Consolidated income statement

	Note	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Interest income		**54.1**	51.6	2.5	5
Interest expense		**3.5**	3.3	0.2	6
Net interest income	1	**50.6**	48.3	2.3	5
Fee and commission income		**785.0**	754.2	30.8	4
Fee and commission expense		**156.7**	157.9	(1.2)	(1)
Net fee and commission income	2	**628.3**	596.3	32.0	5
Trading income	3	**206.2**	198.9	7.3	4
Other income	5, 6	**(0.7)**	5.8	(6.5)	(112)
Total operating income		**884.4**	849.3	35.1	4
Personnel expense	7	**484.0**	452.2	31.8	7
General expense	8	**164.0**	177.8	(13.8)	(8)
Depreciation of property, equipment and intangible assets	9	**61.9**	56.5	5.4	10
Value adjustments, provisions and losses	10	**1.7**	9.4	(7.7)	(82)
Operating expense		**711.6**	695.9	15.7	2
Profit before taxes		**172.8**	153.4	19.4	13
Taxes	11	**38.3**	31.1	7.2	23
Group net profit		**134.5**	122.3	12.2	10
of which allocated to minority interests		**0.0**	0.0	0.0	
of which allocated to shareholders of Vontobel Holding AG		**134.5**	122.3	12.2	10

Share information

Basic earnings per share (CHF)[1]	13	**2.24**	1.92	0.32	17
Diluted earnings per share (CHF)[1]	13	**2.19**	1.89	0.30	16

1 Basis: weighted average number of shares

Consolidated statement of comprehensive income

	Note	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Group net profit according to the income statement		**134.5**	122.3	12.2	10
Other comprehensive income, net of tax	12				
Other comprehensive income that will be reclassified to the income statement					
Currency translation adjustments					
Income during the reporting period		**8.7**	0.6	8.1	
Gains and losses transferred to the income statement		**9.0**	0.0	9.0	
Total currency translation adjustments		**17.7**	0.6	17.1	
Financial investments carried at fair value (“available-for-sale”)					
Income during the reporting period		**19.9**	25.9	(6.0)	(23)
Gains and losses transferred to the income statement		**(2.9)**	(1.1)	(1.8)	
Total financial investments carried at fair value		**17.0**	24.8	(7.8)	(31)
Total other comprehensive income that will be reclassified to the income statement		**34.7**	25.4	9.3	37
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit pension plans					
Total gains/(losses) on defined benefit pension plans		**(27.4)**	5.5	(32.9)	(598)
Total other comprehensive income that will not be reclassified to the income statement		**(27.4)**	5.5	(32.9)	(598)
Total other comprehensive income, net of tax		**7.3**	30.9	(23.6)	(76)
Comprehensive income		**141.8**	153.2	(11.4)	(7)
of which allocated to minority interests		**0.0**	0.0	0.0	
of which allocated to shareholders of Vontobel Holding AG		**141.8**	153.2	(11.4)	(7)

Consolidated balance sheet

Assets	Note	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Cash		**3,275.2**	4,086.7	(811.5)	(20)
Due from banks		**907.8**	1,197.8	(290.0)	(24)
Cash collateral for reverse-repurchase agreements	21	**1,387.4**	1,574.3	(186.9)	(12)
Trading portfolio assets	14	**2,049.4**	2,088.3	(38.9)	(2)
Positive replacement values	14, 37	**181.7**	144.5	37.2	26
Other financial assets at fair value	14	**6,156.5**	6,486.2	(329.7)	(5)
Securities lent or delivered as collateral	14, 16, 22	**161.1**	214.7	(53.6)	(25)
Due from customers	15	**2,167.2**	1,839.7	327.5	18
Accrued income and prepaid expenses		**183.1**	194.6	(11.5)	(6)
Financial investments	16	**1,623.8**	1,406.4	217.4	15
Investments in associates	17	**0.5**	0.5	0.0	0
Property and equipment	18	**185.3**	192.5	(7.2)	(4)
Goodwill and other intangible assets	19	**116.2**	124.2	(8.0)	(6)
Current tax assets		**15.0**	29.0	(14.0)	(48)
Deferred tax assets	11	**12.3**	10.6	1.7	16
Other assets	20	**50.3**	53.2	(2.9)	(5)
Total assets		**18,472.8**	19,643.2	(1,170.4)	(6)

Liabilities and equity	Note	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Due to banks		**464.9**	694.1	(229.2)	(33)
Cash collateral from securities lending agreements	21	**0.0**	2.5	(2.5)	(100)
Trading portfolio liabilities	14	**830.4**	894.7	(64.3)	(7)
Negative replacement values	14, 37	**614.7**	515.2	99.5	19
Other financial liabilities at fair value	14	**5,687.7**	6,140.5	(452.8)	(7)
Due to customers	24	**8,986.5**	9,303.8	(317.3)	(3)
Accrued expenses and deferred income		**341.9**	342.6	(0.7)	(0)
Current tax liabilities		**9.3**	2.8	6.5	232
Deferred tax liabilities	11	**48.1**	50.9	(2.8)	(6)
Provisions	26	**22.1**	25.2	(3.1)	(12)
Other liabilities	25	**55.7**	44.9	10.8	24
Total liabilities		**17,061.3**	18,017.2	(955.9)	(5)
Share capital	27	**65.0**	65.0	0.0	0
Treasury shares	27	**(337.0)**	(60.4)	(276.6)	
Capital reserve		**135.1**	131.3	3.8	3
Retained earnings		**1,480.9**	1,457.3	23.6	2
Other components of shareholders' equity		**67.5**	32.8	34.7	106
Shareholders' equity		**1,411.5**	1,626.0	(214.5)	(13)
Minority interests		**0.0**	0.0	0.0	
Total equity		**1,411.5**	1,626.0	(214.5)	(13)
Total liabilities and equity		**18,472.8**	19,643.2	(1,170.4)	(6)

Statement of equity

CHF mn	Share capital	Treasury shares	Capital reserve
Balance as of 01-01-13	65.0	(50.3)	123.3
Impact of changes to the accounting principles			
Balance as of 01-01-13 after adjustments	65.0	(50.3)	123.3
Group net profit			
Translation differences during the reporting period			
Translation differences transferred to the income statement			
Income from available-for-sale financial investments during the reporting period			
Income from available-for-sale financial investments transferred to the income statement			
Defined benefit pension plans			
Other comprehensive income, net of tax	0.0	0.0	0.0
Comprehensive income	0.0	0.0	0.0
Dividend payment[2]			
Purchase of treasury shares		(55.5)	
Sale of treasury shares		45.4	6.4
Employee share based benefit programs			1.6
Ownership-related changes	0.0	(10.1)	8.0
Balance as of 31-12-13	65.0	(60.4)	131.3
Balance as of 01-01-14	65.0	(60.4)	131.3
Impact of changes to the accounting principles			
Balance as of 01-01-14 after adjustments	65.0	(60.4)	131.3
Group net profit			
Translation differences during the reporting period			
Translation differences transferred to the income statement			
Income from available-for-sale financial investments during the reporting period			
Income from available-for-sale financial investments transferred to the income statement			
Defined benefit pension plans			
Other comprehensive income, net of tax	0.0	0.0	0.0
Comprehensive income	0.0	0.0	0.0
Dividend payment[2]			
Purchase of treasury shares		(328.9)	
Sale of treasury shares		52.3	(0.3)
Employee share based benefit programs			4.1
Ownership-related changes	0.0	(276.6)	3.8
Balance as of 31-12-14	65.0	(337.0)	135.1

1 “Net unrealized gains/(losses) on available-for-sale-financial investments” and “Currency translation adjustments” are reported in the balance sheet item “Other components of shareholders’ equity”.
2 Vontobel Holding AG paid a dividend of CHF 1.30 (previous year CHF 1.20) per registered share with a par value of CHF 1.00 in April 2014.
3 In the financial year 2014, cumulative negative currency translation differences in the amount of CHF 9.0 mn were transferred from shareholders’ equity to the income statement (item: “Other income”). This did not have any impact on consolidated comprehensive income and is mainly attributable to the discontinuation of the business activities of Bank Vontobel Österreich AG.

Retained earnings	Net unrealized gains/ (losses) on available-for-sale financial investments[1]	Currency translation adjustments[1]	**Shareholders' equity**	Minority interests	**Total equity**
1,406.6	58.5	(51.1)	**1,552.0**	0.0	**1,552.0**
			0.0		**0.0**
1,406.6	58.5	(51.1)	**1,552.0**	0.0	**1,552.0**
122.3			**122.3**	0.0	**122.3**
		0.6	**0.6**	0.0	**0.6**
		0.0	**0.0**	0.0	**0.0**
	25.9		**25.9**	0.0	**25.9**
	(1.1)		**(1.1)**	0.0	**(1.1)**
5.5			**5.5**	0.0	**5.5**
5.5	24.8	0.6	**30.9**	0.0	**30.9**
127.8	24.8	0.6	**153.2**	0.0	**153.2**
(77.1)			**(77.1)**	0.0	**(77.1)**
			(55.5)	0.0	**(55.5)**
			51.8	0.0	**51.8**
0.0			**1.6**	0.0	**1.6**
(77.1)	0.0	0.0	**(79.2)**	0.0	**(79.2)**
1,457.3	83.3	(50.5)	**1,626.0**	0.0	**1,626.0**
1,457.3	83.3	(50.5)	**1,626.0**	0.0	**1,626.0**
			0.0		**0.0**
1,457.3	83.3	(50.5)	**1,626.0**	0.0	**1,626.0**
134.5			**134.5**	0.0	**134.5**
		8.7	**8.7**	0.0	**8.7**
		9.0[3]	**9.0**	0.0	**9.0**
	19.9		**19.9**	0.0	**19.9**
	(2.9)		**(2.9)**	0.0	**(2.9)**
(27.4)			**(27.4)**		**(27.4)**
(27.4)	17.0	17.7	**7.3**	0.0	**7.3**
107.1	17.0	17.7	**141.8**	0.0	**141.8**
(83.5)			**(83.5)**	0.0	**(83.5)**
			(328.9)	0.0	**(328.9)**
			52.0	0.0	**52.0**
0.0			**4.1**	0.0	**4.1**
(83.5)	0.0	0.0	**(356.3)**	0.0	**(356.3)**
1,480.9	100.3	(32.8)	**1,411.5**	0.0	**1,411.5**

Consolidated cash flow statement

	31-12-14 CHF mn	31-12-13 CHF mn
Cash flow from operating activities		
Group net profit (incl. minorities)	**134.5**	122.3
Reconciliation to net cash flow from operating activities		
Non-cash positions in Group results		
Depreciation and value adjustments of property, equipment and intangible assets	**61.9**	56.5
Credit loss expense	**(0.7)**	0.3
Income from investments in associates	**0.0**	0.0
Deferred taxes	**1.6**	(2.5)
Change in provisions	**(3.2)**	7.6
Net income from investing activities	**4.4**	29.5
Net income from disposal of property, equipment and intangible assets	**0.1**	0.0
Other non-cash income	**9.0**	0.0
Net (increase)/decrease in assets relating to banking activities		
Due from/to banks, net	**95.3**	(1,389.0)
Reverse-repurchase agreements, cash collateral for securities borrowing agreements	**187.0**	194.7
Trading positions and replacement values, net	**(32.6)**	(589.1)
Other financial assets/liabilities at fair value, net	**(102.8)**	29.5
Due from/to customers, net	**(644.9)**	1,283.9
Accrued income, prepaid expenses and other assets	**(48.8)**	16.6
Net increase/(decrease) in liabilities relating to banking activities		
Repurchase agreements, cash collateral from securities lending agreements	**(2.5)**	2.5
Accrued expenses, deferred income and other liabilities	**74.6**	86.0
Taxes paid	**(17.8)**	(36.2)
Cash flow from operating activities	**(284.9)**	(187.4)
Cash flow from investing activities		
Investments in subsidiaries and associates	**(0.4)**	0.0
Purchase of property, equipment and intangible assets	**(46.5)**	(58.7)
Disposal of property, equipment and intangible assets	**0.5**	0.0
Investment in financial instruments	**(456.0)**	(799.1)
Divestment of financial instruments	**364.3**	300.4
Cash flow from investing activities	**(138.1)**	(557.4)
Cash flow from financing activities		
Net movements in treasury shares	**(274.0)**	(6.1)
Dividends paid	**(83.5)**	(77.1)
Cash flow from financing activities	**(357.5)**	(83.2)
Effects of exchange rate differences	**3.5**	(0.7)
Net increase/(decrease) in cash and cash equivalents	**(777.0)**	(828.7)
Cash and cash equivalents, beginning of the year	**4,830.8**	5,659.5
Cash and cash equivalents as at the balance sheet date	**4,053.8**	4,830.8

	31-12-14 CHF mn	31-12-13 CHF mn
Cash and cash equivalents comprise at year end		
Cash	**3,275.2**	4,086.7
Due from banks on demand	**778.6**	744.1
Total	**4,053.8**	4,830.8
Further information:		
Dividends received	**34.1**	34.1
Interest received	**221.8**	242.1
Interest paid	**11.0**	10.5

1. Basis of presentation

Vontobel's consolidated financial statements comprise the accounts of Vontobel Holding AG and its subsidiaries. They have been prepared in accordance with the International Financial Reporting Standards (IFRS), which are published by the International Accounting Standards Board (IASB). The accounting principles applied are the same as in the consolidated financial statements dated 31 December 2013, the only exceptions being the changes referred in section 4.

2. Estimates, assumptions and judgement by management

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

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

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

3. Summary of the most important accounting principles

3.1 Consolidation principles

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

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

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

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

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

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

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

3.2 General principles

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

When drawing up the consolidated financial statements, the balance sheets of Vontobel companies that are denominated in a foreign currency are translated into Swiss francs at the closing exchange rates. Average exchange rates for the period under review are used for items of the income statement, other comprehensive income and cash flows. Currency translation adjustments that result from changes in exchange rates between the beginning and the end of the year, as well as the difference between the annual profit at average rates and at year-end rates, are recognized in other comprehensive income. On the loss of control of a subsidiary, the currency translation differences previously recognized in other comprehensive income are reclassified from other comprehensive income to the income statement.

Business segments
External segment reporting reflects the organizational structure of Vontobel as well as internal management reporting, which forms the basis for the assessment of the financial performance of the segments and the allocation of resources to the segments. Vontobel comprises three business units – Private Banking, Asset Management and Investment Banking – which reflect the types of products and services offered to clients. The three business units constitute the operating and reportable segments as defined in IFRS 8. The support units Operations, Finance & Risk, Corporate Services and the Board of Directors support unit supply core services to the business units and are grouped within the Corporate Center.

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

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

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

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

3.3 Financial instruments

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

Determining fair value and recognition of "Day 1 Profit"
Please refer to note 32 "Fair value of financial instruments" for information on the determination of the fair value of financial instruments, the fair value hierarchy, the valuation methods and the day 1 profit.

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

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

Within the scope of the issuing business, Vontobel reports structured products containing a debt instrument and one or more embedded derivatives in the balance sheet item "Other financial liabilities at fair value" and reports interest rate instruments that were acquired for the purpose of reinvesting the issue proceeds and hedging the interest rate risks of these structured products in the balance sheet item "Other financial assets at fair value". In addition, certain designated portfolios of equity instruments and shares in funds outside the trading business are also reported in the item "Other financial assets at fair value".

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

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

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

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

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

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

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

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

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

– The available collateral is valued at the liquidation value, taking account of the price effect in the case of liquidation and also deducting any reductions in value, holding costs and liquidation costs.

– If part of the loan is no longer secured against collateral, i.e. if the total loan exceeds the liquidation value of the collateral, Vontobel assesses the creditworthiness of the borrower. If it concludes that there are objective signs of impairment, a valuation adjustment is recorded for the relevant loan. The impairment is recorded under "Valuation adjustments, provisions and losses".

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

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

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

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

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

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

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

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

Derivative financial instruments
Derivative instruments are stated at fair value and presented as positive and negative replacement values. Realized and unrealized gains and losses are recognized in the item "Trading income". No hedge accounting was applied neither in the year under review nor in the previous year.

3.4 Other basic principles

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

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

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

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

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

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

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

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

Goodwill and other intangible assets
The goodwill arising from the acquisition of a subsidiary (see section 3.1 "Consolidation principles" for details) is recognized as an asset in the balance sheet and assigned to one or more cash-generating units and is, in principle, subject to an annual impairment test. If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently to determine whether the book value of the relevant cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the book value of the cash-generating unit exceeds the recoverable amount, a goodwill impairment is recorded. Reversals of impairments are not recorded. This also applies if an impairment recorded in the first half of the year is partly or completely offset by a reversal of impairment in the second half of the year. Please refer to note 19 for details of the impairment test.

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

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

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

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

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

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

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

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

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

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

4. Changes in financial reporting

4.1 Changes in accounting principles

4.1.1 Standards and interpretations that have been implemented

The following new and revised standards and interpretations did not have any impact on Vontobel or were not relevant to Vontobel when applied for the first time in 2014:
- IFRS 10 – Investment Entities;
- IAS 32 – Offsetting of financial instruments;
- IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting;
- IFRIC 21 – Levies.

4.1.2 Other changes

None.

4.2 Changes in estimates

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

5. Standards and interpretations that have not yet been implemented

Various new and revised standards and interpretations have to be applied with effect from 1 January 2015 or a later date. Vontobel has not made use of the option of applying the following standards and interpretations prior to the effective dates.

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

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

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

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

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

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

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

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

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

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

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

IFRS 15 has to be applied from 1 January 2017. Vontobel is currently analyzing the impacts of the new provisions.

IAS 19 – Defined benefit pension plans: employee contributions
As a result of the revision of IAS 19, companies have the option of recognizing contributions paid by employees or third parties that are linked to service and that are independent of the number of years of service as a reduction of service costs in the corresponding periods of service.
The changes must be applied retrospectively to financial years beginning on or after 1 July 2014. The rule may be applied prior to the effective date. Vontobel will not make use of the available option.

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

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

Other new standards and interpretations
Based on initial analyses, the following new and revised standards and interpretations are not expected to have any significant impact on Vontobel's net profit, comprehensive income and shareholders' equity or are not expected to be relevant to Vontobel:
- IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations;
- 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 2010 – 2012;
- Annual Improvements 2011 – 2013;
- Annual Improvements 2012 – 2014.

Risk management and risk control

1. Risk policy

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

In its risk policy, Vontobel defines the relevant risk categories and the corresponding risk profiles, as well as the powers of authorization, organizational structure, methods and processes relating to the management and control of risks. The appropriateness of the risk policy is reviewed at least once annually by the Board of Directors. The Risk Management and Risk Control units ensure that all risks are managed and monitored with the utmost care.

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

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

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

Independent control functions as well as adequate human and technical resources
The Risk Control unit reports directly to the Head of the "Finance & Risk" support unit, who is independent from the business units and is a member of the Group Executive Management.

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

In addition, the Legal, Compliance & Tax division has an important role to play as regards operational risks in particular. It also reports to the Head of the "Finance & Risk" support unit.

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

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

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

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

The Group Executive Management and the Board of Directors are informed in full about any changes in individual risk factors and the Group's risk profile via consolidated periodic risk reports. The valuation principles are set out in note 32.

2. Market risk

2.1 General information

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

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

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

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

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

2.2 Market risks related to Investment Banking and other securities holdings

2.2.1 Value at Risk (VaR)

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

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

The following table shows the VaR for Vontobel as a whole, as well as for Investment Banking. The average VaR for the year under review totalled CHF 10.0 mn for Vontobel as a whole, of which CHF 5.9 mn related to Investment Banking (2013: average VaR of CHF 12.3 mn for Vontobel and of CHF 8.0 mn for Investment Banking).

The table also shows the relative importance of the VaR of the individual risk factors as a proportion of total VaR. In the year under review, the methodology was adapted so that both total VaR and the VaR for each risk factor were determined individually. The figures for the prior year were adapted accordingly. The average VaR figures indicate that in the case of Vontobel, equity risks and interest rate risks (including issuer-specific credit spread risks) represent the most significant risk factors and are comparable in scale. Currency and commodities risks are of secondary importance.

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

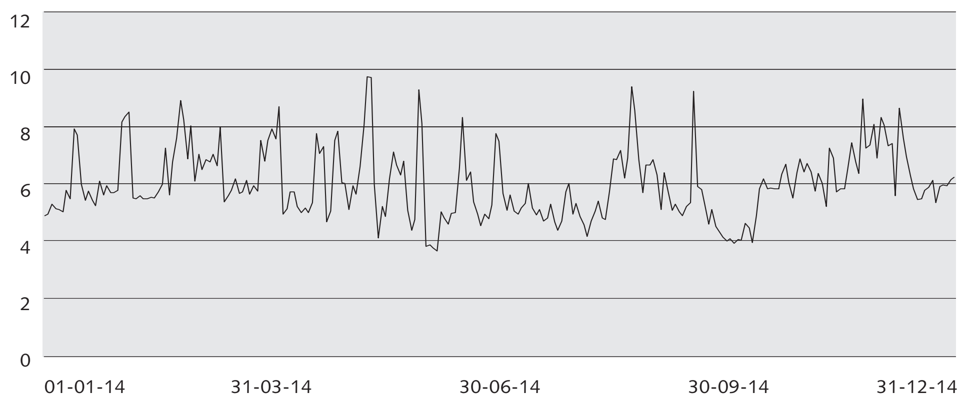
	Equities[2] CHF mn	Interests incl. credit spread CHF mn	Currencies[3] CHF mn	Commodities CHF mn	Diversification CHF mn	31-12-14 Total CHF mn
Vontobel:	9.8	7.2	3.5	0.2	(7.8)	**12.9**
Average	7.4	6.7	3.4	0.2	(7.7)	**10.0**
Minimum	4.2	5.7	2.3	0.1	n/a[4]	**7.1**
Maximum	12.0	8.1	6.4	0.7	n/a[4]	**15.4**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

	Equities[2] CHF mn	Interests incl. credit spread CHF mn	Currencies[3] CHF mn	Commodities CHF mn	Diversification CHF mn	31-12-13 Total CHF mn
Vontobel:	7.4	7.1	3.1	0.2	(7.2)	**10.6**
Average	7.8	7.5	2.8	0.3	(6.1)	**12.3**
Minimum	6.2	5.6	0.9	0.2	n/a[4]	**10.0**
Maximum	9.7	9.4	5.5	0.4	n/a[4]	**16.6**
of which Investment Banking:	3.0	4.9	0.8	0.1	(2.8)	**6.0**
Average	2.8	6.8	2.4	0.1	(4.1)	**8.0**
Minimum	1.2	4.0	0.7	0.1	n/a[4]	**5.0**
Maximum	6.9	10.8	7.4	0.2	n/a[4]	**11.0**

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

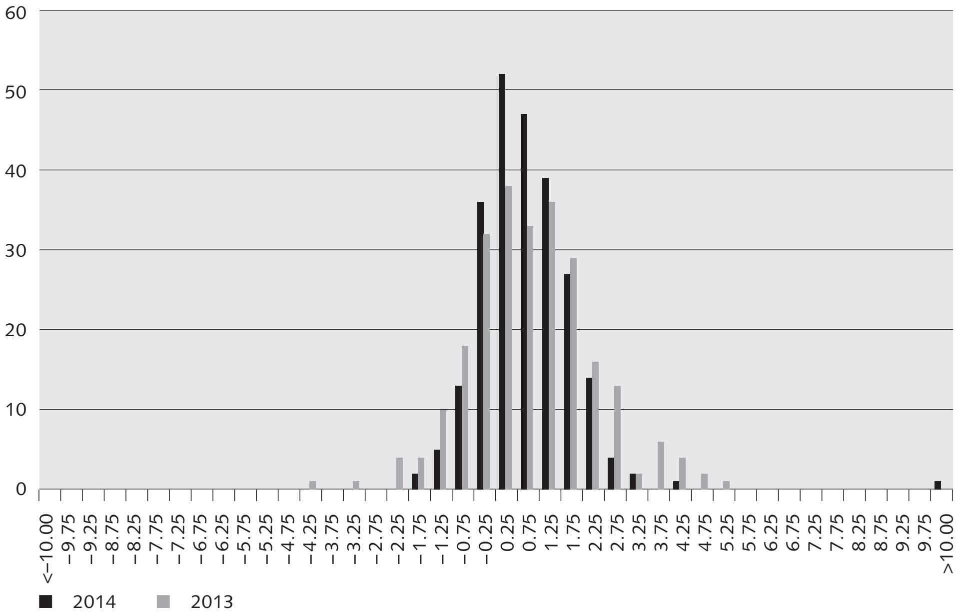
The graph below shows the development over time of 1-day VaR for the positions of Investment Banking/Financial Products of Vontobel. There is also a graph to show the frequency distribution of daily gains and losses for the years 2014 and 2013.

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



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

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



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

2.2.2 Stress exposure

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

2.3 Market risks related to the balance sheet structure

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

2.3.1 Interest rate risk

Interest rate and foreign-exchange risks arise in balance sheet management through differing interest commitments and foreign currencies on the asset and liability side of the balance sheet and of off-balance-sheet items. These risks are managed and monitored at an aggregated level. The interest rate sensitivities of the market value of shareholders' equity (and broken down to show positions within and outside Investment Banking) are presented in the tables on the next two pages. The table shows the gains and losses by currency and maturity range, assuming a +/–100 basis point change in interest rates in accordance with the reporting of interest rate risks prescribed by FINMA Circular 08/6. Assuming additive aggregation between individual currencies, the sensitivity to a +100 basis point change corresponds to CHF +29.7 mn for the current year and CHF +37.1 mn for the previous year.

Interest rate risk

					Interest sensitivity as of 31-12-14	
	up to 1 month CHF mn	1 to 3 months CHF mn	3 to 12 months CHF mn	1 to 5 years CHF mn	more than 5 years CHF mn	**Total CHF mn**
Interest rate risk						
+100 basis points						
CHF: Vontobel	0.3	(1.6)	5.9	9.1	4.3	**18.0**
of which IB	0.0	(1.6)	3.7	(10.3)	5.4	**(2.8)**
of which non-IB	0.3	0.0	2.2	19.4	(1.1)	**20.8**
USD: Vontobel	(0.1)	(0.1)	3.8	(9.5)	(3.6)	**(9.5)**
of which IB	0.0	0.0	1.7	(0.2)	1.3	**2.8**
of which non-IB	(0.1)	(0.1)	2.1	(9.3)	(4.9)	**(12.3)**
EUR: Vontobel	0.0	(2.5)	5.1	15.9	(1.0)	**17.5**
of which IB	0.1	(2.3)	3.3	2.5	0.5	**4.1**
of which non-IB	(0.1)	(0.2)	1.8	13.4	(1.5)	**13.4**
Others: Vontobel	0.1	0.0	0.8	2.8	0.0	**3.7**
of which IB	0.0	0.0	0.3	(1.5)	0.0	**(1.2)**
of which non-IB	0.1	0.0	0.5	4.3	0.0	**4.9**
–100 basis points						
CHF: Vontobel	0.0	0.1	(0.2)	0.2	(2.0)	**(1.9)**
of which IB	0.0	0.1	(0.2)	0.1	(2.3)	**(2.3)**
of which non-IB	0.0	0.0	0.0	0.1	0.3	**0.4**
USD: Vontobel	0.0	0.1	(1.4)	11.8	3.7	**14.2**
of which IB	0.0	0.1	(0.6)	(0.2)	(1.5)	**(2.2)**
of which non-IB	0.0	0.0	(0.8)	12.0	5.2	**16.4**
EUR: Vontobel	(0.1)	0.1	(0.3)	(3.1)	0.3	**(3.1)**
of which IB	(0.1)	0.1	0.0	(1.1)	(0.4)	**(1.5)**
of which non-IB	0.0	0.0	(0.3)	(2.0)	0.7	**(1.6)**
Others: Vontobel	0.0	0.0	(0.3)	1.5	0.0	**1.2**
of which IB	0.0	0.0	(0.3)	1.5	0.0	**1.2**
of which non-IB	0.0	0.0	0.0	0.0	0.0	**0.0**

IB = Investment Banking

	up to 1 month CHF mn	1 to 3 months CHF mn	3 to 12 months CHF mn	1 to 5 years CHF mn	more than 5 years CHF mn	Interest sensitivity as of 31-12-13 Total CHF mn
Interest rate risk						
+100 basis points						
CHF: Vontobel	0.1	10.9	2.6	12.4	(7.2)	**18.8**
of which IB	(0.1)	10.9	0.6	(7.9)	(5.6)	**(2.1)**
of which non-IB	0.2	0.0	2.0	20.3	(1.6)	**20.9**
USD: Vontobel	0.2	0.6	4.2	(1.0)	(1.4)	**2.6**
of which IB	0.0	0.7	2.4	(0.2)	0.5	**3.4**
of which non-IB	0.2	(0.1)	1.8	(0.8)	(1.9)	**(0.8)**
EUR: Vontobel	(0.1)	5.3	3.8	4.0	(2.4)	**10.6**
of which IB	(0.2)	5.7	2.4	(6.9)	1.6	**2.6**
of which non-IB	0.1	(0.4)	1.4	10.9	(4.0)	**8.0**
Others: Vontobel	0.1	1.0	0.9	3.3	(0.2)	**5.1**
of which IB	0.0	1.0	0.4	(1.0)	(0.2)	**0.2**
of which non-IB	0.1	0.0	0.5	4.3	0.0	**4.9**
–100 basis points						
CHF: Vontobel	0.1	(6.5)	1.1	(1.6)	6.2	**(0.7)**
of which IB	0.1	(6.5)	1.3	2.6	4.5	**2.0**
of which non-IB	0.0	0.0	(0.2)	(4.2)	1.7	**(2.7)**
USD: Vontobel	0.0	(0.5)	(1.4)	12.6	1.2	**11.9**
of which IB	0.0	(0.5)	(0.9)	0.9	(0.8)	**(1.3)**
of which non-IB	0.0	0.0	(0.5)	11.7	2.0	**13.2**
EUR: Vontobel	(0.1)	(6.2)	(1.4)	(0.8)	1.1	**(7.4)**
of which IB	(0.1)	(6.3)	(0.9)	5.1	(3.1)	**(5.3)**
of which non-IB	0.0	0.1	(0.5)	(5.9)	4.2	**(2.1)**
Others: Vontobel	0.0	(0.6)	(0.4)	0.0	0.3	**(0.7)**
of which IB	0.0	(0.6)	(0.4)	1.0	0.3	**0.3**
of which non-IB	0.0	0.0	0.0	(1.0)	0.0	**(1.0)**

IB = Investment Banking

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

If interest rates changed by +100 (–100) basis points, the impact on pre-tax profit in Investment Banking would be CHF +2.9 mn as of 31-12-14 and CHF +4.1 mn as of 31-12-13 (31-12-14: CHF –4.8 mn, 31-12-13: CHF –4.3 mn) and the pre-tax impact on consolidated shareholders' equity would be CHF –44.5 mn as of 31-12-14 and CHF –34.1 mn as of 31-12-13 (31-12-14: CHF +35.0 mn, 31-12-13: CHF +31.5 mn).

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

2.3.2 Currency risk

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

Currency risk

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

						Currency sensitivity as of 31-12-13
	USD 1,000 CHF	EUR 1,000 CHF	JPY 1,000 CHF	GBP 1,000 CHF	Precious metals 1,000 CHF	Others 1,000 CHF
+5%						
Vontobel	3,270.1	6,794.2	(560.2)	(22.6)	723.6	387.9
of which IB	(804.2)	(1,436.5)	(559.2)	(39.7)	771.8	119.6
of which non-IB	4,074.3	8,230.7	(1.0)	17.1	(48.2)	268.3
–5%						
Vontobel	(5,603.3)	(9,754.6)	254.7	(12.5)	(1,203.9)	(633.6)
of which IB	(1,529.0)	(1,523.9)	253.7	4.6	(1,252.1)	(365.3)
of which non-IB	(4,074.3)	(8,230.7)	1.0	(17.1)	48.2	(268.3)

IB = Investment Banking

3. Liquidity risk and refinancing

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

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

The maturity structure of assets and liabilities is shown in note 31. Liquidity has to be provided for the daily market making required for the issuing and trading business. Consequently, the balance sheet positions “Trading portfolio assets”, “Positive replacement values”, “Other financial assets at fair value”, “Trading portfolio liabilities”, “Negative replacement values” and “Other financial liabilities at fair value” are not broken down into individual cash flows and divided into different maturity ranges but are, instead, reported at fair value in the “Demand” column. In the case of the other financial balance sheet positions, the book values are reported in the maturity range which represents the earliest point at which payment can be demanded according to the contractual provisions. In view of the predominantly short maturities, the breakdown of these positions into individual cash flows would provide an only marginally different view.

4. Credit risk

4.1 General information

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

Vontobel is, in principle, not active in the commercial and mortgage lending business.

4.2 Lending to private and institutional investment clients

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

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

As of 31-12-14, gross exposures to private clients and institutional investment clients totalled CHF 2,442.5 mn (31-12-13: CHF 2,025.7 mn), of which CHF 2,397.8 mn (31-12-13: CHF 1,995.0 mn) was secured by recognized financial collateral (after risk discounts) and CHF 44.7 mn (31-12-13: CHF 30.7 mn) was not secured by recognized financial collateral.

Lending to private and institutional investment clients[1]

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

	Covered by recognized collateral CHF mn	Not covered by recognized collateral CHF mn	**31-12-13 Total CHF mn**
Lending exposure	1,995.0	30.7	**2,025.7**

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

4.3 Exposures to professional counterparties and issuer risk

Vontobel has both secured and unsecured exposures to professional counterparties.

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

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

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

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

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

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

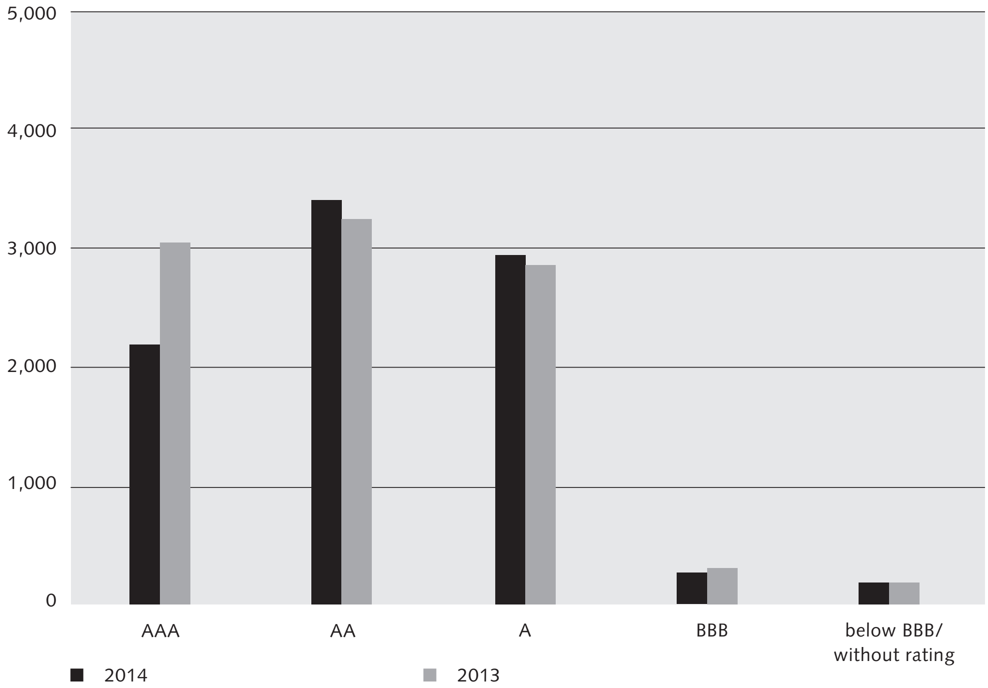
Breakdown of unsecured counterparty and issuer risks by rating[1]

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

	AAA CHF mn	AA CHF mn	A CHF mn	BBB CHF mn	below BBB/ without rating CHF mn	**31-12-13 Total CHF mn**
Issuer risk from debt instruments[2]	2,884.2	3,086.0	2,515.4	315.6	178.6	**8,979.8**
Money market and accounts[3]	135.4	106.8	167.4	3.0	4.6	**417.2**
Other financial receivables[4]	3.8	36.3	166.1	3.0	1.7	**210.9**
Total	**3,023.4**	**3,229.1**	**2,848.9**	**321.6**	**184.9**	**9,607.9**
Share (%)	31.5	33.6	29.7	3.3	1.9	**100.0**

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Incl. positions in credit default swaps (synthetic bond positions) in the amount of CHF 523.1 mn as of 31-12-14 or CHF 894.7 mn as of 31-12-13.
3 The cash account of CHF 3,239.1 mn as of 31-12-14 or CHF 3,980.3 as of 31-12-13 deposited at the SNB has been excluded.
4 Securities lending & borrowing, repo transactions, collateral management, derivatives, guarantees and pledged capital life insurance policies

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



The exposures mainly relate to the rating categories "AAA" and "AA", as shown in the previous table and graph: as of 31-12-14, 62% (31-12-13: 65%) of the exposures related to these categories of high creditworthiness. 95% of the exposures comprised a rating of "A" or above (31-12-13: 95%). The proportion of exposures with a rating of less than "BBB" or with no rating was 2% (31-12-13: 2%). The cash account of CHF 3,239.1 mn (31-12-13: CHF 3,980.3 mn) deposited at the SNB has been excluded.

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

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

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

	Banks CHF mn	Other corporations/ institutions without bank status CHF mn	Govern-ments/ public sector bodies CHF mn	**31-12-13 Total CHF mn**
Issuer risk from debt instruments[2]	3,451.8	1,568.9	3,959.1	**8,979.8**
Money market and accounts[3]	261.2	16.1	139.9	**417.2**
Other financial receivables[4]	19.9	187.4	3.6	**210.9**
Total	**3,732.9**	**1,772.4**	**4,102.6**	**9,607.9**

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Incl. positions in credit default swaps (synthetic bond positions) in the amount of CHF 523.1 mn as of 31-12-14 or CHF 894.7 mn as of 31-12-13.
3 The cash account of CHF 3,239.1 mn as of 31-12-14 or CHF 3,980.3 as of 31-12-13 deposited at the SNB has been excluded.
4 Securities lending & borrowing, repo transactions, collateral management, derivatives, guarantees and pledged capital life insurance policies

In terms of counterparty type, a large proportion of unsecured counterparty and issuer risks relates to governments and banks, as expected. As of 31-12-14, governments, including public sector bodies, accounted for CHF 3,341.4 mn (31-12-13: CHF 4,102.6 mn) of a total of CHF 8,971.0 mn (31-12-13: CHF 9,607.9 mn) or 37% (31-12-13: 43%). Banks accounted for CHF 3,812.6 mn (31-12-13: CHF 3,732.9 mn) of a total of CHF 8,971.0 mn (31-12-13: CHF 9,607.9 mn) or 42% (31-12-13: 39%). The cash account of CHF 3,239.1 mn (31-12-13: CHF 3,980.3 mn) deposited at the SNB has been excluded.

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

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

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

	Switzerland CHF mn	Europe excl. Switzerland CHF mn	North America CHF mn	Asia CHF mn	Others CHF mn	**31-12-13 Total CHF mn**
Issuer risk from debt instruments[2]	1,223.5	5,029.1	955.8	1,630.5	140.9	**8,979.8**
Money market and accounts[3]	106.2	261.0	42.1	6.3	1.6	**417.2**
Other financial receivables[4]	23.4	173.3	12.2	0.2	1.8	**210.9**
Total	**1,353.1**	**5,463.4**	**1,010.1**	**1,637.0**	**144.3**	**9,607.9**

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Incl. positions in credit default swaps (synthetic bond positions) in the amount of CHF 523.1 mn as of 31-12-14 or CHF 894.7 mn as of 31-12-13.
3 The cash account of CHF 3,239.1 mn as of 31-12-14 or CHF 3,980.3 as of 31-12-13 deposited at the SNB has been excluded.
4 Securities lending & borrowing, repo-transactions, collateral management, derivatives, guarantees, and pledged capital life insurance policies

In geographical terms, the unsecured credit and issuer risks mainly relate to the regions of Europe (excl. Switzerland) and Switzerland. Exposures in the regions of North America and Asia account for a much smaller proportion of these risks. The cash account of CHF 3,239.1 mn (31-12-13: CHF 3,980.3 mn) deposited at the SNB has been excluded.

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

5. Operational risks

5.1 Definition of operational risks

Operational risks – which are primarily regarded as the residual exposures to the traditional risk categories of market and credit risks – represent the risk of losses resulting from the inadequacy or failure of internal processes, people and systems or from external events.

5.2 Operational risk concept

In order to identify and restrict operational risks, appropriate measures such as internal control systems (ICS) as well as the selection, training and supervision of employees are implemented within the individual units. A uniform framework is used throughout Vontobel to provide a shared understanding of the concept and to ensure the comparability of results. The concept is based on several dimensions:
– A generic, hierarchical process model forms the basic framework
– The qualitative assessment of risks leads to an aggregation of subjective evaluations
– The quantitative measurement of risks completes the picture
– After being assessed and measured, the risks are prioritized and appropriate measures are taken to mitigate them

At both a quantitative and a qualitative level, risk thresholds – representing risk tolerances – are defined and monitored where appropriate. The identification, analysis and measurement of operational risks is an iterative, ongoing process conducted throughout the organization.

5.2.1 Process model
Operational risks are the risks that occur in a company's value creation chain and are therefore identified in its core business processes. A generic process model that is applied to all business units as well as to the Group on a consolidated basis thus forms the basic framework for the management of operational risks. This process view constitutes the basis for the qualitative and quantitative examination of risks as well as for the Internal Control System.

5.2.2 Qualitative risk assessment method
The qualitative risk assessment method takes account of risks that are difficult or impossible to quantify. These risks include potential losses that don't directly result in financial gains or losses at the time of the loss event but indirectly impact the company's earnings position at a later date.

The qualitative risk assessment method is based on the view that the most accurate picture can be obtained primarily through subjective evaluations by internal specialists in the relevant fields. Subjective estimates are produced using various methods of data collection.

Within the operational risk concept, the method used for this assessment and qualitative evaluation of risks is founded on the Key Risk Indicator (KRI) process – comprising risk assessment workshops and surveys of experts – which is based on an industry-wide approach that is recognized from a regulatory perspective.

Classification of operational risks
The possibility that an operational risk event could occur is implicit in every business activity. At Vontobel, the presentation and assessment of operational risks is based on the classification of these risks according to the two dimensions "frequency" and "impact".

– "Frequency": denotes the probability that a loss event will occur, i.e. how often a specific event can be expected to happen.
– "Impact": denotes the magnitude of the loss event. This risk dimension is expressed in directly quantifiable terms (profit/loss; opportunity costs) as well as in (external) terms that are difficult to quantify (e.g. reputation, level of resources tied up internally, external investigations and proceedings, etc.).

Risks are classified as follows, based on the various possible combinations of these two risk dimensions:

Low Operational Risk
- **Low Frequency/Low Impact:** Loss events that rarely occur and have a low loss potential.

Medium Operational Risk
- **Low Frequency/High Impact:** Loss events that rarely occur but have a high loss potential. For example, a loss event could lead to the breakdown of one or more business-critical process entities and thus render one or more core business processes and business functions impossible, resulting in a significant loss of income. This risk category has to be monitored very carefully due to the high loss potential involved.
- **High Frequency/Low Impact:** Loss events that have an insignificant loss potential when they occur individually and do not directly jeopardize core business processes and functions. In view of the frequency with which these loss events occur, this combination is nevertheless of relevance to the business and can lead to a significant loss of income. This risk category has to be monitored very carefully due to the high loss potential involved.

High Operational Risk
- **High Frequency/High Impact:** Loss events that have a high loss potential and occur very frequently. Their impact ranges from a very significant loss of income to the unavoidable discontinuation of business activities. If risks in this category occur, they can have exceptionally far-reaching implications for the Group and are therefore of the utmost importance in terms of risk management.

5.2.3 Quantitative risk assessment
A quantitative risk assessment is performed with the aim of recording all the actual or potential operational risks that occur in the company in the form of numerical values. As well as ensuring compliance with all regulatory and legislative requirements, the primary objective of this risk assessment is to create transparency and expertise regarding the company-wide operational risk situation and the active management of risk.

5.2.4 Risk mitigation
Vontobel assigns particular importance to operational risks that are classified as medium or high-level operational risks in the qualitative risk assessment. From an economic and risk-related perspective, the aim is to transform higher-level risks into lower-level risks. This process involves identifying and analyzing potential sources and transmitters of risk and planning appropriate measures to reduce the frequency with which the loss events occur and/or their impact. The following strategies are applied in this context:
- Risk prevention: selective approach to business activities to prevent risk
- Risk reduction: reduction of risk through improvements in processes, systems and controls
- Risk transfer: transfer of risks to third parties through the conclusion of suitable insurance policies or sourcing agreements

In order to mitigate risks, it is absolutely imperative to have an ICS as well as an iterative process to ensure the ICS functions effectively and to keep it up to date.

Capital

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

1. Capital management

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

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

2. Regulatory requirements

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

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

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

As a result of the recognition of the fair value option by FINMA in accordance with section XVI. of the FINMA circular 13/1 (Eligible equity capital – banks), unrealized gains and losses are included in the calculation of tier 1 capital. This excludes the valuation adjustments of own liabilities recorded in accordance with IFRS rules due to a change in own creditworthiness. As a result, tier 1 capital totalled CHF 1,117.3 mn and the BIS tier 1 ratio was 21.3%. The BIS tier 1 ratio thus substantially exceeds the minimum capital ratio.

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

Eligible and required capital

	Basel III 31-12-14 CHF mn	Basel III 31-12-13 CHF mn
Eligible capital		
Equity according to balance sheet	**1,411.5**	1,626.0
Paid-in capital	**65.0**	65.0
Disclosed reserves	**1,549.0**	1,499.1
Net profit for the current financial year	**134.5**	122.3
Deduction for treasury shares	**(337.0)**	(60.4)
Deduction for minority interests	**0.0**	0.0
Deduction for dividends, as proposed by the Board of Directors	**(88.2)**	(84.5)
Deduction for goodwill	**(97.9)**	(97.9)
Deduction for intangible assets	**(18.3)**	(26.3)
Deduction for deferred tax assets	**(12.3)**	(10.6)
Deduction (addition) for gains (losses) due to changes in own credit risk	**22.6**	19.2
Deduction for unrealised gains related to financial investments AFS	**(102.1)**	(87.5)
Deduction for defined benefit pension fund assets (IAS 19)	**(1.9)**	(24.4)
Other adjustments	**3.9**	34.2
Net eligible BIS common equity tier 1 capital (CET1)	**1,117.3**	1,348.2
Additional tier 1 capital (AT1)	**0.0**	0.0
Net eligible BIS tier 1 capital	**1,117.3**	1,348.2
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)	**1,117.3**	1,348.2

Risk-weighted positions		
Credit risks	**1,584.9**	1,463.3
Receivables	**1,345.0**	1,215.9
Price risk relating to equity instruments in the banking book	**239.9**	247.4
Non-counterparty related risks	**185.1**	192.1
Market risks	**1,996.5**	2,178.7
Interest rates	**1,350.5**	1,555.0
Equities	**223.8**	230.2
Currencies	**297.2**	266.7
Gold	**25.5**	31.0
Commodities	**99.5**	95.8
Operational risk	**1,469.6**	1,460.0
Total risk-weighted positions (BIS)	**5,236.1**	5,294.1

	31-12-14	31-12-13
Capital ratios in accordance with FINMA Circular 08/22		
CET1 capital ratio (minimum requirement BIS Basel III: reporting year 4.0%, previous year 3.5%)[1]	**21.3%**	25.5%
Tier 1 capital ratio (minimum requirement BIS Basel III: reporting year 5.5%, previous year 4.5%)[2]	**21.3%**	25.5%
Total capital ratio (minimum requirement BIS Basel III: 8%)[3]	**21.3%**	25.5%
CET1 available to cover minimum and buffer requirements after deduction of AT1 and T2 capital requirements which are filled by CET1 (as a percentage of risk-weighted positions)	**17.3%**	21.0%
CET1 available (as a percentage of risk-weighted positions)	**17.1%**	21.3%
T1 available (as a percentage of risk-weighted positions)	**18.9%**	23.1%
Eligible capital available (as a percentage of risk-weighted positions)	**21.3%**	25.5%

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

The capital conservation buffer and countercyclical buffer requirements (as a percentage of risk-weighted positions) are 0%.
All equity investments in the financial sector (< 10%) are risk-weighted for CAD calcuations (CHF 90.5 mn).

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

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

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

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

Credit risks broken down by region

	Switzerland CHF mn	Europe excl. Switzerland CHF mn	North America CHF mn	Asia CHF mn	Others CHF mn	**31-12-14 Total CHF mn**
Balance sheet						
Due from banks	477.6	391.6	19.7	14.8	4.1	**907.8**
Due from customers	495.7	1,088.2	166.1	113.7	303.5	**2,167.2**
Debt instruments AFS	118.3	652.5	503.1	95.3	40.0	**1,409.2**
Other assets	450.9	54.7	1.9	37.8	3.4	**548.7**
Positive replacement values after netting	17.4	39.2	4.0	0.5	8.5	**69.6**
Total balance sheet	**1,559.9**	**2,226.2**	**694.8**	**262.1**	**359.5**	**5,102.5**
Off balance sheet						
Contingent liabilities/guarantee credits	126.4	135.0	9.9	4.7	21.8	**297.8**
Irrevocable commitments	7.7	0.0	0.0	0.0	0.0	**7.7**
Add-ons and credit valuation adjustment	29.2	86.8	10.2	1.4	11.6	**139.2**
Total off balance sheet	**163.3**	**221.8**	**20.1**	**6.1**	**33.4**	**444.7**
Total	**1,723.2**	**2,448.0**	**714.9**	**268.2**	**392.9**	**5,547.2**

	Switzerland CHF mn	Europe excl. Switzerland CHF mn	North America CHF mn	Asia CHF mn	Others CHF mn	**31-12-13 Total CHF mn**
Balance sheet						
Due from banks	710.5	436.5	34.3	7.2	9.3	**1,197.8**
Due from customers	442.2	972.0	138.6	94.5	192.4	**1,839.7**
Debt instruments AFS	144.3	711.9	284.3	70.5	33.2	**1,244.2**
Other assets	491.0	29.9	0.7	0.1	0.6	**522.3**
Positive replacement values after netting	8.8	48.0	5.5	3.5	2.5	**68.3**
Total balance sheet	**1,796.8**	**2,198.3**	**463.4**	**175.8**	**238.0**	**4,872.3**
Off balance sheet						
Contingent liabilities/guarantee credits	62.1	130.8	23.2	1.4	23.7	**241.2**
Irrevocable commitments	6.7	0.0	0.0	0.0	0.0	**6.7**
Add-ons and credit valuation adjustment	22.6	119.4	10.1	3.6	2.5	**158.2**
Total off balance sheet	**91.4**	**250.2**	**33.3**	**5.0**	**26.2**	**406.1**
Total	**1,888.2**	**2,448.5**	**496.7**	**180.8**	**264.2**	**5,278.4**

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

Credit risks broken down by sector or counterparty type

	Governments and central banks CHF mn	Banks CHF mn	Public bodies CHF mn	Private and institutional investors CHF mn	Others CHF mn	**31-12-14 Total CHF mn**
Balance sheet						
Due from banks	0.0	907.8	0.0	0.0	0.0	**907.8**
Due from customers	68.5	0.0	22.6	1,971.4	104.7	**2,167.2**
Debt instruments AFS	230.6	301.4	412.1	0.0	465.1	**1,409.2**
Other assets	6.7	36.8	0.5	367.5	137.2	**548.7**
Positive replacement values after netting	0.0	19.6	0.0	50.0	0.0	**69.6**
Total balance sheet	**305.8**	**1,265.6**	**435.2**	**2,388.9**	**707.0**	**5,102.5**
Off balance sheet						
Contingent liabilities/guarantee credits	0.1	1.8	0.3	187.9	107.7	**297.8**
Irrevocable commitments	0.0	0.0	0.0	0.0	7.7	**7.7**
Add-ons and credit valuation adjustment	0.0	59.2	0.0	80.0	0.0	**139.2**
Total off balance sheet	**0.1**	**61.0**	**0.3**	**267.9**	**115.4**	**444.7**
Total	**305.9**	**1,326.6**	**435.5**	**2,656.8**	**822.4**	**5,547.2**

	Governments and central banks CHF mn	Banks CHF mn	Public bodies CHF mn	Private and institutional investors CHF mn	Others CHF mn	**31-12-13 Total CHF mn**
Balance sheet						
Due from banks	0.0	1,197.8	0.0	0.0	0.0	**1,197.8**
Due from customers	83.3	0.0	69.0	1,601.7	85.7	**1,839.7**
Debt instruments AFS	313.0	377.3	326.4	0.0	227.5	**1,244.2**
Other assets	4.1	15.9	0.1	301.5	200.7	**522.3**
Positive replacement values after netting	0.0	21.1	0.0	47.2	0.0	**68.3**
Total balance sheet	**400.4**	**1,612.1**	**395.5**	**1,950.4**	**513.9**	**4,872.3**
Off balance sheet						
Contingent liabilities/guarantee credits	0.1	45.9	0.4	194.8	0.0	**241.2**
Irrevocable commitments	0.0	0.0	0.0	0.0	6.7	**6.7**
Add-ons and credit valuation adjustment	0.0	68.3	0.0	89.9	0.0	**158.2**
Total off balance sheet	**0.1**	**114.2**	**0.4**	**284.7**	**6.7**	**406.1**
Total	**400.5**	**1,726.3**	**395.9**	**2,235.1**	**520.6**	**5,278.4**

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

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

	0%/2% CHF mn	20% CHF mn	50% CHF mn	75% CHF mn	100% CHF mn	150% CHF mn	**31-12-14 Total CHF mn**
Balance sheet							
Due from banks	287.6	611.5	8.7	0.0	0.0	0.0	**907.8**
Due from customers	2,050.5	0.0	0.0	13.8	76.0	26.9	**2,167.2**
Debt instruments AFS	286.3	556.2	263.9	0.0	302.8	0.0	**1,409.2**
Other assets	6.7	1.2	16.6	0.0	440.0	84.2	**548.7**
Positive replacement values after netting	65.1	0.6	1.0	0.4	2.5	0.0	**69.6**
Total balance sheet	**2,696.2**	**1,169.5**	**290.2**	**14.2**	**821.3**	**111.1**	**5,102.5**
Off balance sheet							
Contingent liabilities/guarantee credits	131.5	0.0	0.2	17.3	148.8	0.0	**297.8**
Irrevocable commitments	0.0	0.0	0.0	0.0	7.7	0.0	**7.7**
Add-ons and credit valuation adjustment	79.4	7.6	35.3	0.6	16.3	0.0	**139.2**
Total off balance sheet	**210.9**	**7.6**	**35.5**	**17.9**	**172.8**	**0.0**	**444.7**
Total	**2,907.1**	**1,177.1**	**325.7**	**32.1**	**994.1**	**111.1**	**5,547.2**

	0%/2% CHF mn	20% CHF mn	50% CHF mn	75% CHF mn	100% CHF mn	150% CHF mn	**31-12-13 Total CHF mn**
Balance sheet							
Due from banks	608.0	528.9	60.9	0.0	0.0	0.0	**1,197.8**
Due from customers	1,657.9	0.0	0.0	12.6	169.2	0.0	**1,839.7**
Debt instruments AFS	333.7	513.4	188.6	0.0	208.5	0.0	**1,244.2**
Other assets	11.8	0.4	14.1	0.0	414.9	81.1	**522.3**
Positive replacement values after netting	56.0	3.4	1.5	0.4	7.0	0.0	**68.3**
Total balance sheet	**2,667.4**	**1,046.1**	**265.1**	**13.0**	**799.6**	**81.1**	**4,872.3**
Off balance sheet							
Contingent liabilities/guarantee credits	67.3	38.1	0.6	16.1	119.1	0.0	**241.2**
Irrevocable commitments	0.0	0.0	0.0	0.0	6.7	0.0	**6.7**
Add-ons and credit valuation adjustment	81.7	13.8	45.6	0.4	16.7	0.0	**158.2**
Total off balance sheet	**149.0**	**51.9**	**46.2**	**16.5**	**142.5**	**0.0**	**406.1**
Total	**2,816.4**	**1,098.0**	**311.3**	**29.5**	**942.1**	**81.1**	**5,278.4**

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

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

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

Counterparty	Rating	0% CHF mn	20% CHF mn	50% CHF mn	100% CHF mn	31-12-13 150% CHF mn
Governments and central banks	with rating	333.7	66.8	0.0	0.0	0.0
	without rating	0.0	0.0	0.0	0.0	0.0
Public bodies	with rating	-	88.9	0.0	0.0	0.0
	without rating	-	0.0	0.0	0.2	0.0
Banks	with rating	-	808.7	253.4	0.0	0.0
	without rating	-	3.0	0.0	0.0	0.0
Corporates	with rating	-	130.6	57.9	159.0	0.0
	without rating	-	0.0	0.0	173.1	0.0
Total	**with rating**	**333.7**	**1,095.0**	**311.3**	**159.0**	**0.0**
	without rating	**0.0**	**3.0**	**0.0**	**173.3**	**0.0**
Total		**333.7**	**1,098.0**	**311.3**	**332.3**	**0.0**

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

Credit risks broken down by credit risk mitigation methods

	Covered by recognized collateral CHF mn	Not covered by recognized collateral CHF mn	**31-12-14 Total CHF mn**
Balance sheet			
Due from banks	304.4	603.4	**907.8**
Due from customers	2,050.5	116.7	**2,167.2**
Debt instruments AFS	0.0	1,409.2	**1,409.2**
Other assets	0.0	548.7	**548.7**
Positive replacement values after netting	65.1	4.5	**69.6**
Total balance sheet	**2,420.0**	**2,682.5**	**5,102.5**
Off balance sheet			
Contingent liabilities/guarantee credits	131.5	166.3	**297.8**
Irrevocable commitments	0.0	7.7	**7.7**
Add-ons and credit valuation adjustment	79.4	59.8	**139.2**
Total off balance sheet	**210.9**	**233.8**	**444.7**
Total	**2,630.9**	**2,916.3**	**5,547.2**

	Covered by recognized collateral CHF mn	Not covered by recognized collateral CHF mn	**31-12-13 Total CHF mn**
Balance sheet			
Due from banks	661.2	536.6	**1,197.8**
Due from customers	1,657.9	181.8	**1,839.7**
Debt instruments AFS	0.0	1,244.2	**1,244.2**
Other assets	0.0	522.3	**522.3**
Positive replacement values after netting	56.0	12.3	**68.3**
Total balance sheet	**2,375.1**	**2,497.2**	**4,872.3**
Off balance sheet			
Contingent liabilities/guarantee credits	67.3	173.9	**241.2**
Irrevocable commitments	0.0	6.7	**6.7**
Add-ons and credit valuation adjustment	81.7	76.5	**158.2**
Total off balance sheet	**149.0**	**257.1**	**406.1**
Total	**2,524.1**	**2,754.3**	**5,278.4**

The above information on the mitigation of credit risks is based on the Basel III rules and thus represents the coverage ratios from a capital adequacy perspective. However, the disclosure of credit risk on page 136 provides a more appropriate basis for the assessment of the actual risk profile.

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

	IFRS book value CHF mn	Basel III credit equivalent before weighting CHF mn	**31-12-14** **Difference CHF mn**	Explanation of difference between IFRS and Basel III
Balance sheet				
Cash	3,275.2	0.0	**(3,275.2)**	No credit risk resp. no capital requirement
Due from banks	907.8	907.8	**0.0**	
Cash collateral for reverse-repurchase agreements	1,387.4	0.0	**(1,387.4)**	No credit risk resp. no capital requirement
Due from customers	2,167.2	2,167.2	**0.0**	
Debt instruments AFS	1,409.2	1,409.2	**0.0**	
Other assets	548.7	548.7	**0.0**	
Positive replacement values before/after netting	181.7	69.6	**(112.1)**	Gross IFRS book value, Basel III after netting
Total balance sheet	**9,877.2**	**5,102.5**	**(4,774.7)**	
Off balance sheet				
Contingent liabilities/guarantee credits	549.6	297.8	**(251.8)**	Basel III conversion into credit equivalents
Irrevocable commitments	38.7	7.7	**(31.0)**	Basel III conversion into credit equivalents
Add-ons and credit valuation adjustment	0.0	139.2	**139.2**	Basel III add-ons based on contract volumes of derivative instruments
Total off balance sheet	**588.3**	**444.7**	**(143.6)**	
Total	**10,465.5**	**5,547.2**	**(4,918.3)**	

	IFRS book value CHF mn	Basel III credit equivalent before weighting CHF mn	**31-12-13** **Difference CHF mn**	Explanation of difference between IFRS and Basel III
Balance sheet				
Cash	4,086.7	0.0	**(4,086.7)**	No credit risk resp. no capital requirement
Due from banks	1,197.8	1,197.8	**0.0**	
Cash collateral for reverse-repurchase agreements	1,574.3	0.0	**(1,574.3)**	No credit risk resp. no capital requirement
Due from customers	1,839.7	1,839.7	**0.0**	
Debt instruments AFS	1,244.2	1,244.2	**0.0**	
Other assets	522.3	522.3	**0.0**	
Positive replacement values before/after netting	144.5	68.3	**(76.2)**	Gross IFRS book value, Basel III after netting
Total balance sheet	**10,609.5**	**4,872.3**	**(5,737.2)**	
Off balance sheet				
Contingent liabilities/guarantee credits	482.5	241.2	**(241.3)**	Basel III conversion into credit equivalents
Irrevocable commitments	33.7	6.7	**(27.0)**	Basel III conversion into credit equivalents
Add-ons and credit valuation adjustment	0.0	158.2	**158.2**	Basel III add-ons based on contract volumes of derivative instruments
Total off balance sheet	**516.2**	**406.1**	**(110.1)**	
Total	**11,125.7**	**5,278.4**	**(5,847.3)**	

The tables on page 152 show the differences between the total amounts reported in accordance with FINMA Circular 08/22 and the book values of the corresponding balance sheet and off-balance-sheet positions reported in accordance with IFRS. When determining regulatory capital requirements, the balance sheet items "Trading portfolio assets" and "Other financial assets at fair value" are basically assigned to the trading book. This means that they do not entail any credit risks (but do entail a specific market risk) from a regulatory capital perspective and are therefore omitted from the tables shown above. A small number of items in the above-mentioned balance sheet positions are assigned to the banking book from a regulatory capital perspective. They are contained in the line item "Other assets".

4. Maximum credit risk before and after credit risk mitigation

	Credit risk before credit risk mitigation CHF mn	Credit risk mitigation[1] CHF mn	**31-12-14** **Credit risk after credit risk mitigation CHF mn**
Balance sheet			
Cash	3,266.4	0.0	**3,266.4**
Due from banks	907.8	304.4	**603.4**
Cash collateral for reverse-repurchase agreements	1,387.4	1,387.4	**0.0**
Trading portfolio assets (debt instruments)	491.3	0.0	**491.3**
Positive replacement values	181.7	177.2	**4.5**
Other financial assets at fair value (debt instruments)	6,206.4	0.0	**6,206.4**
Due from customers	2,167.2	2,050.5	**116.7**
Financial investments (debt instruments AFS)	1,409.2	0.0	**1,409.2**
Other assets	258.8	0.0	**258.8**
Exposure from credit default swaps[2]	1,400.3	0.0	**1,400.3**
Total balance sheet positions with credit risks	**17,676.5**	**3,919.5**	**13,757.0**

	Credit risk before credit risk mitigation CHF mn	Credit risk mitigation[1] CHF mn	**31-12-13** **Credit risk after credit risk mitigation CHF mn**
Balance sheet			
Cash	4,078.7	0.0	**4,078.7**
Due from banks	1,197.8	661.2	**536.6**
Cash collateral for reverse-repurchase agreements	1,574.3	1,574.3	**0.0**
Trading portfolio assets (debt instruments)	589.6	0.0	**589.6**
Positive replacement values	144.5	132.2	**12.3**
Other financial assets at fair value (debt instruments)	6,551.8	0.0	**6,551.8**
Due from customers	1,839.7	1,657.9	**181.8**
Financial investments (debt instruments AFS)	1,244.2	0.0	**1,244.2**
Other assets	262.9	0.0	**262.9**
Exposure from credit default swaps[2]	1,624.2	0.0	**1,624.2**
Total balance sheet positions with credit risks	**19,107.7**	**4,025.6**	**15,082.1**

1 Credit risk mitigation is presented on the basis of Basel III regulations and encompasses netting agreements, securities collateral and cash collateral.
2 Default risks relating to the reference entities of credit default swaps where Vontobel acts as the protection seller. Any credit risk vis-à-vis the counterparty of the credit default swap is included in the IFRS balance sheet in the position "Positive replacement values".

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

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

	Debt instruments CHF mn	Money market and accounts CHF mn	Other financial receivables CHF mn	**31-12-14 Total CHF mn**
Cash	0.0	3,266.4	0.0	**3,266.4**
Due from banks	0.0	603.4	0.0	**603.4**
Cash collateral for reverse-repurchase agreements	0.0	0.0	0.0	**0.0**
Trading portfolio assets (debt instruments)	491.3	0.0	0.0	**491.3**
Positive replacement values	0.0	0.0	4.5	**4.5**
Other financial assets at fair value (debt instruments)	6,206.4	0.0	0.0	**6,206.4**
Due from customers	0.0	116.7	0.0	**116.7**
Financial investments (debt instruments AFS)	1,409.2	0.0	0.0	**1,409.2**
Other assets	98.6	4.1	156.1	**258.8**
Exposure from credit default swaps	1,400.3	0.0	0.0	**1,400.3**
Total balance sheet assets with credit risk after mitigation	**9,605.8**	**3,990.6**	**160.6**	**13,757.0**
Unsecured credit risk from private and institutional investment clients[1]	0.0	44.7	0.0	**44.7**
Unsecured credit risk from professional counterparties and issuer risks[2]	8,400.3	309.2	261.5	**8,971.0**
Total according to tables "Credit risk"	**8,400.3**	**353.9**	**261.5**	**9,015.7**
Difference	**1,205.5**	**3,636.7**	**(100.9)**	**4,741.3**

	Debt instruments CHF mn	Money market and accounts CHF mn	Other financial receivables CHF mn	**31-12-13 Total CHF mn**
Cash	0.0	4,078.7	0.0	**4,078.7**
Due from banks	0.0	536.6	0.0	**536.6**
Cash collateral for reverse-repurchase agreements	0.0	0.0	0.0	**0.0**
Trading portfolio assets (debt instruments)	589.6	0.0	0.0	**589.6**
Positive replacement values	0.0	0.0	12.3	**12.3**
Other financial assets at fair value (debt instruments)	6,551.8	0.0	0.0	**6,551.8**
Due from customers	0.0	181.8	0.0	**181.8**
Financial investments (debt instruments AFS)	1,244.2	0.0	0.0	**1,244.2**
Other assets	115.7	3.2	144.0	**262.9**
Exposure from credit default swaps	1,624.2	0.0	0.0	**1,624.2**
Total balance sheet assets with credit risk after mitigation	**10,125.5**	**4,800.3**	**156.3**	**15,082.1**
Unsecured credit risk from private and institutional investment clients[1]	0.0	30.7	0.0	**30.7**
Unsecured credit risk from professional counterparties and issuer risks[2]	8,979.8	417.2	210.9	**9,607.9**
Total according to tables "Credit risk"	**8,979.8**	**447.9**	**210.9**	**9,638.6**
Difference	**1,145.7**	**4,352.4**	**(54.6)**	**5,443.5**

1 Paragraph 4.2 of the notes on risk management and risk control
2 Paragraph 4.3 of the notes on risk management and risk control

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

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

Notes to the consolidated financial statements
Details on consolidated income statement

1 Net interest income	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Interest income from banks and customers	**24.6**	22.3	2.3	10
Interest income from securities borrowing and reverse-repurchase agreements	**4.0**	5.0	(1.0)	(20)
Interest income from financial assets at amortized cost	**28.6**	27.3	1.3	5
Dividend income from financial assets available-for-sale	**8.3**	11.2	(2.9)	(26)
Interest income from financial assets available-for-sale	**17.2**	13.1	4.1	31
Interest and dividend income from financial assets at fair value	**25.5**	24.3	1.2	5
Total interest income	**54.1**	51.6	2.5	5
Interest expense from securities lending and repurchase agreements	**0.8**	0.7	0.1	14
Interest expense from other financial liabilities at amortized cost	**2.7**	2.6	0.1	4
Interest expense from financial liabilities at amortized cost	**3.5**	3.3	0.2	6
Total	**50.6**	48.3	2.3	5

2 Net fee and commission income	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Commission income from lending activities	**0.5**	0.3	0.2	67
Brokerage fees	**120.7**	127.1	(6.4)	(5)
Custody fees	**138.5**	127.6	10.9	9
Advisory and management fees	**496.0**	471.5	24.5	5
Corporate finance	**5.9**	5.8	0.1	2
Fiduciary transactions	**0.9**	1.0	(0.1)	(10)
Other commission income from securities and investment transactions	**20.7**	19.3	1.4	7
Total fee and commission income from securities and investment transactions	**782.7**	752.3	30.4	4
Other fee and commission income	**1.8**	1.6	0.2	13
Brokerage fees	**17.4**	16.1	1.3	8
Other commission expense	**139.3**	141.8	(2.5)	(2)
Total commission expense	**156.7**	157.9	(1.2)	(1)
Total	**628.3**	596.3	32.0	5

3 Trading income	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Securities	**157.2**	462.9	(305.7)	(66)
Other financial instruments at fair value	**12.8**	(279.4)	292.2	
Forex and precious metals	**36.2**	15.4	20.8	135
Total	**206.2**	198.9	7.3	4

Trading income as of 31-12-14 includes an income of CHF –10.6 mn (31-12-13: CHF –20.5 mn), which is attributable to changes in fair value due to a change in Vontobel's own credit risk. Of the total impact, CHF –7.2 mn were realized as of 31-12-14 (31-12-13: CHF –2.3 mn), while the remaining CHF –3.4 mn (31-12-13: CHF –18.2 mn) are unrealized and are shown in the balance sheet item "Other financial liabilities at fair value" as of 31-12-14. On a cumulative basis, the changes in own credit risk resulted in a cumulative profit/loss of CHF –14.1 mn, of which CHF 8.5 mn are realized and CHF –22.6 mn are unrealized. This unrealized impact will be completely reversed over the term of the relevant instruments provided they are not redeemed or repurchased prior to their contractual maturity.

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

4 Comprehensive income from financial instruments before tax

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Financial instruments held-for-trading	**157.2**	462.9	(305.7)	(66)
Other financial instruments at fair value	**12.8**	(279.4)	292.2	
Forex and precious metals	**36.2**	15.4	20.8	135
Trading income	**206.2**	198.9	7.3	4
Financial instruments available-for-sale	**29.3**	25.5	3.8	15
Loans and receivables	**29.2**	27.0	2.2	8
Financial liabilities measured at amortized cost	**(3.5)**	(3.3)	(0.2)	
Total financial instruments income statement	**261.2**	248.1	13.1	5
Unrealized gains/(losses) on available-for-sale financial instruments, recorded in other comprehensive income	**23.3**	27.2	(3.9)	(14)
(Gains)/losses on available-for-sale financial instruments, transferred from other comprehensive income to the income statement	**(3.5)**	(1.3)	(2.2)	
Comprehensive income before tax	**281.0**	274.0	7.0	3

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

5 Other income

	Note	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Real estate income		**0.0**	0.0	0.0	
Income from the sale of property and equipment		**(0.1)**	0.0	(0.1)	
Income from the sale of financial investments available-for-sale	6	**3.8**	1.2	2.6	217
Income from investments in associates	6	**0.1**	0.3	(0.2)	(67)
Other income		**(4.5)** [1]	4.3	(8.8)	(205)
Total		**(0.7)**	5.8	(6.5)	(112)

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

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

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Debt instruments	**3.5**	0.9	2.6	289
Equity instruments	**0.3**	0.3	0.0	0
Total	**3.8**	1.2	2.6	217

Income from investments in associates

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Share of profit	**0.1**	0.3	(0.2)	(67)
Impairments	**0.0**	0.0	0.0	
Total	**0.1**	0.3	(0.2)	(67)

7 Personnel expense

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Salaries and bonuses	**417.1**	386.9	30.2	8
Pension and other employee benefit plans	**25.3**	24.7	0.6	2
Other social contributions	**27.4**	26.2	1.2	5
Other personnel expense	**14.2**	14.4	(0.2)	(1)
Total	**484.0**	452.2	31.8	7

Personnel expense includes the expense for share-based compensation of CHF 20.4 mn, of which CHF 11.4 mn relates to performance shares and CHF 3.8 mn to the awarding of bonus shares at preferential terms and CHF 5.2 mn to other share-based compensation (previous year: performance shares CHF 11.2 mn, bonus shares CHF 3.3 mn, other CHF 2.7 mn; total CHF 17.2 mn).

8 General expense

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Occupancy expense	**34.1**	37.2	(3.1)	(8)
IT, telecommunications and other equipment	**53.5**	57.3	(3.8)	(7)
Travel and representation, public relations, marketing	**29.9**	31.8	(1.9)	(6)
Consulting and audit fees	**21.2**	22.1	(0.9)	(4)
Other general expense	**25.3**	29.4	(4.1)	(14)
Total	**164.0**	177.8	(13.8)	(8)

9 Depreciation of property, equipment and intangible assets

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Depreciation of property and equipment	**53.4**	48.2	5.2	11
Amortization of other intangible assets	**8.4**	8.2	0.2	2
Impairments of property and equipment	**0.1**	0.1	0.0	0
Total	**61.9**	56.5	5.4	10

10 Value adjustments, provisions and losses

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Impairments on credit risks	**0.0**	0.3	(0.3)	(100)
Decrease of allowances for credit losses	**(0.7)**	0.0	(0.7)	
Increase in provisions	**2.2**	10.3	(8.1)	(79)
Release of provisions	**(1.7)**	(0.2)	(1.5)	
Other	**1.9**	(1.0)	2.9	
Total	**1.7**	9.4	(7.7)	(82)

11 Taxes

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Statement of tax income				
Explanation of the relationship between tax expense and net profit before taxes:				
Current income taxes	**36.7**	33.6	3.1	9
Deferred income taxes	**1.6**	(2.5)	4.1	
Total	**38.3**	31.1	7.2	23
Profit before taxes	**172.8**	153.4	19.4	13
Expected income tax rate of 22%[1]	**38.0**	33.7	4.3	13
Explanations for higher (lower) tax expense:				
Applicable tax rates differing from expected rate	**8.0**	6.6	1.4	21
Tax losses not taken into account	**3.2**	3.6	(0.4)	(11)
Appropriation of non-capitalized deferred taxes on loss carryforwards	**0.0**	(1.6)	1.6	
Newly recognized deferred tax assets	**0.0**	(2.5)	2.5	
Other income with no impact on taxes	**(3.3)**	(2.8)	(0.5)	
Tax income unrelated to accounting period	**0.1**	0.0	0.1	
Participation relief granted on dividend income	**(8.1)**	(6.0)	(2.1)	
Other impacts	**0.4**	0.1	0.3	300
Income tax expense	**38.3**	31.1	7.2	23
Effective tax rate in %	**22.2**	20.3		
Composition of deferred taxes				
Tax loss carryforwards	**2.2**	5.1	(2.9)	(57)
Other	**10.1**	5.5	4.6	84
Total deferred tax assets[2]	**12.3**	10.6	1.7	16
Property and equipment	**0.3**	0.0	0.3	
Intangible assets	**3.7**	5.2	(1.5)	(29)
Other provisions	**29.2**	29.2	0.0	0
Unrealized gains on available-for-sale financial investments	**13.1**	9.7	3.4	35
Other	**1.8**	6.8	(5.0)	(74)
Total deferred tax liabilities[2]	**48.1**	50.9	(2.8)	(6)

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

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Changes in deferred tax assets and liabilities (net)				
Balance at the beginning of the year	**40.3**	41.2	(0.9)	(2)
Changes affecting the income statement	**0.8**	(3.8)	4.6	
Changes not affecting the income statement	**(4.7)**	2.8	(7.5)	(268)
Change in scope of consolidation	**0.1**	0.0	0.1	
Translation adjustments	**(0.7)**	0.1	(0.8)	(800)
Total as at the balance sheet date	**35.8**	40.3	(4.5)	(11)

Unrecognized tax loss carryforwards expire as follows:	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Within 1 year	**1.7**	0.4	1.3	325
From 1 to 5 years	**4.4**	6.7	(2.3)	(34)
After 5 years	**77.3**	60.5	16.8	28
Total	**83.4**	67.6	15.8	23

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

In the case of deferred taxes, the level of recognized tax assets depends on assumptions regarding available future taxable profits that are eligible for offset. The determination of deferred tax assets is essentially based on budget figures and mid-term planning. If a company has posted a series of financial losses in the recent past, the deferred tax assets are only recognized to the extent that the company has sufficient taxable temporary differences or has convincing other evidence that sufficient taxable profits will be available in future periods. Recognized deferred tax assets for loss carryforwards eligible for offset amounted to CHF 2.2 mn (31-12-14) or CHF 5.1 mn (31-12-13). Unrecognized loss carryforwards in the amount of CHF 83.4 mn (31-12-14) or CHF 67.6 mn (31-12-13) are subject to tax rates of 5% to 33% (31-12-14) or 5% to 33% (31-12-13). If recognized in full, the deferred tax assets for loss carryforwards eligible for offset would total CHF 26.5 mn (31-12-14) or CHF 25.3 mn (31-12-13).

12 Tax effects to other comprehensive income

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

	Amount before tax CHF mn	Tax yield/ Tax expense CHF mn	31-12-13 Amount net of tax CHF mn
Translation differences during the reporting period	0.6	0.0	0.6
Translation differences transferred to the income statement	0.0	0.0	0.0
Income from available-for-sale financial investments during the reporting period	27.2	(1.3)	25.9
Income from available-for-sale financial investments transferred to the income statement	(1.3)	0.2	(1.1)
Defined benefit pension plans	7.2	(1.7)	5.5
Total other comprehensive income	**33.7**	**(2.8)**	**30.9**

13 Earnings per share

	31-12-14	31-12-13	Change to 31-12-13	in %
Net profit (CHF mn)[1]	**134.5**	122.3	12.2	10
Weighted average number of shares issued	**65,000,000**	65,000,000	0	0
Less weighted average number of treasury shares	**4,957,729**	1,273,998	3,683,731	289
Weighted average number of shares outstanding (undiluted)	**60,042,271**	63,726,002	(3,683,731)	(6)
Dilution effect number of shares[2]	**1,366,158**	1,151,044	215,114	19
Weighted average number of shares outstanding (diluted)	**61,408,429**	64,877,046	(3,468,617)	(5)
Undiluted Group earnings per share (in CHF)	**2.24**	1.92	0.32	17
Diluted Group earnings per share (in CHF)	**2.19**	1.89	0.30	16

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

14 Financial instruments at fair value through profit and loss

Trading portfolio assets

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Debt instruments				
Debt instruments of governments and public sector entities	**157.3**	154.5	2.8	2
Debt instruments of financial institutions	**247.8**	375.7	(127.9)	(34)
Debt instruments of corporations	**86.2**	59.4	26.8	45
Total	**491.3**	589.6	(98.3)	(17)
of which listed	**491.3**	443.6	47.7	11
of which unlisted	**0.0**	146.0	(146.0)	(100)
Equity instruments				
Listed	**1,269.5**	1,246.2	23.3	2
Unlisted	**0.0**	0.4	(0.4)	(100)
Total	**1,269.5**	1,246.6	22.9	2
Units in investment funds				
Listed	**10.2**	12.5	(2.3)	(18)
Unlisted	**19.5**	26.0	(6.5)	(25)
Total	**29.7**	38.5	(8.8)	(23)
Precious metals	**282.7**	256.2	26.5	10
Total trading positions	**2,073.2**	2,130.9	(57.7)	(3)
of which lent or delivered as collateral	**23.8**	42.6	(18.8)	(44)

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

Trading portfolio liabilities	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Debt instruments	58.6	127.9	(69.3)	(54)
of which listed	58.6	127.8	(69.2)	(54)
of which unlisted	0.0	0.1	(0.1)	(100)
Equity instruments	771.8	766.6	5.2	1
of which listed	514.6	458.4	56.2	12
of which unlisted	257.2	308.2	(51.0)	(17)
Units in investment funds	0.0	0.2	(0.2)	(100)
of which unlisted	0.0	0.2	(0.2)	(100)
Total	830.4	894.7	(64.3)	(7)

Open derivative instruments	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Positive replacement values	181.7	144.5	37.2	26
Negative replacement values	614.7	515.2	99.5	19

Other financial assets at fair value through profit and loss	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Debt instruments				
Debt instruments of governments and public sector entities	728.5	1,297.8	(569.3)	(44)
Debt instruments of financial institutions	3,717.7	3,442.2	275.5	8
Debt instruments of corporations	1,760.2	1,811.8	(51.6)	(3)
Total	6,206.4	6,551.8	(345.4)	(5)
of which listed	5,576.4	5,505.7	70.7	1
of which unlisted	630.0	1,046.1	(416.1)	(40)
Equity instruments				
Listed	0.4	0.4	0.0	0
Total	0.4	0.4	0.0	0
Units in investment funds				
Unlisted	87.0	91.6	(4.6)	(5)
Total	87.0	91.6	(4.6)	(5)
Total other financial assets at fair value through profit and loss	6,293.8	6,643.8	(350.0)	(5)
of which lent or delivered as collateral	137.3	157.6	(20.3)	(13)

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

Other financial liabilities at fair value through profit and loss	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Structured products	**5,687.7**	6,140.5	(452.8)	(7)
of which listed	**4,667.1**	5,139.2	(472.1)	(9)
of which unlisted	**1,020.6**	1,001.3	19.3	2

15 Due from customers, net

15 Due from customers, net	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Mortgages	**3.4**	0.0	3.4	
Other accounts receivable	**2,167.9**	1,844.2	323.7	18
Less allowances for credit risks	**(4.1)**	(4.5)	0.4	
Total	**2,167.2**	1,839.7	327.5	18
Allowances for credit risks				
Balance at the beginning of the year	**(4.5)**	(3.3)	(1.2)	
Utilization in conformity with designated purpose	**1.0**	0.4	0.6	150
Doubtful interest income[1]	**(1.3)**	(1.3)	0.0	0
(Increase)/decrease recognized in the income statement, net	**0.7**	(0.3)	1.0	
Allowances as at the balance sheet date	**(4.1)**	(4.5)	0.4	
Impaired loans				
Impaired loans	**27.6**	28.9	(1.3)	(4)
Estimated proceeds of liquidating collateral	**15.0**	18.6	(3.6)	(19)
Impaired loans, net	**12.6**	10.3	2.3	22
Allowance for credit losses related to impaired loans	**(4.1)**	(4.5)	0.4	
Average impaired loans	**27.9**	28.0	(0.1)	(0)
Non-performing loans[1]				
Non-performing loans	**27.6**	28.9	(1.3)	(4)
Allowance for credit losses related to non-performing loans	**(4.1)**	(4.5)	0.4	
Average non-performing loans	**27.9**	28.0	(0.1)	(0)

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

Change in non-performing loans				
Non-performing loans at the beginning of the year	**28.9**	27.6	1.3	5
Net increase/(decrease)	**(1.3)**	1.3	(2.6)	(200)
Write-offs and disposals	**0.0**	0.0	0.0	
Non-performing loans as at the balance sheet date	**27.6**	28.9	(1.3)	(4)

16 Financial investments

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Carried at fair value (“available-for-sale”)				
Debt instruments				
Debt instruments of governments and public sector entities	**246.5**	277.9	(31.4)	(11)
Debt instruments of financial institutions	**579.3**	547.3	32.0	6
Debt instruments of corporations	**583.4**	419.0	164.4	39
Total	**1,409.2**	1,244.2	165.0	13
of which listed	**1,401.3**	1,243.7	157.6	13
of which unlisted	**7.9**	0.5	7.4	
Equity instruments and other participations				
Listed	**187.7**	155.0	32.7	21
Unlisted	**1.9**	0.7	1.2	171
Total	**189.6**	155.7	33.9	22
Units in investment funds				
Listed	**7.8**	6.9	0.9	13
Unlisted	**17.2**	14.1	3.1	22
Total	**25.0**	21.0	4.0	19
Total financial investments carried at fair value (“available-for-sale”)	**1,623.8**	1,420.9	202.9	14
of which lent or delivered as collateral	**0.0**	14.5	(14.5)	(100)

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

17 Investments in associates

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Balance at the beginning of the year	**0.5**	0.5	0.0	0
Decreases	**0.0**	0.0	0.0	
Equity income	**0.1**	0.3	(0.2)	(67)
Dividends paid	**(0.1)**	(0.3)	0.2	
Translation differences	**0.0**	0.0	0.0	
Total as at the balance sheet date	**0.5**	0.5	0.0	0

Subsidiary consolidated using the equity method	Domicile	Activity	Currency	Share capital mn	Interest held in % 31-12-14	31-12-13
Deutsche Börse Commodities GmbH	Frankfurt	Issues	EUR	1.0	**16**	16

18 Property and equipment

	Bank buildings CHF mn	IT systems CHF mn	Software CHF mn	Software in development CHF mn	Other fixed assets CHF mn	**Total fixed assets CHF mn**
Acquisition cost						
Balance as of 01-01-13	1.7	20.2	271.2	4.2	55.0	352.3
Additions	0.0	4.8	28.3	0.6	25.0	58.7
Disposals	0.0	(6.4)	(24.6)	(3.8)	(14.5)	(49.3)
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0	0.0	0.0	0.0
Balance as of 31-12-13	1.7	18.6	274.9	1.0	65.5	361.7
Additions	0.0	6.0	24.1	4.7	11.7	46.5
Disposals	0.0	(8.5)	(22.8)	0.0	(1.7)	(33.0)
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	0.0	0.2	0.0	0.0	0.3	0.5
Balance as of 31-12-14	**1.7**	**16.3**	**276.2**	**5.7**	**75.8**	**375.7**
Cumulative depreciation						
Balance as of 01-01-13	(0.3)	(11.6)	(126.2)	0.0	(32.2)	(170.3)
Depreciation	(0.1)	(5.2)	(37.4)	0.0	(5.5)	(48.2)
Impairment losses	0.0	0.0	0.0	0.0	(0.1)	(0.1)
Reversals	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	6.4	28.5	0.0	14.5	49.4
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0	0.0	0.0	0.0
Balance as of 31-12-13	(0.4)	(10.4)	(135.1)	0.0	(23.3)	(169.2)
Depreciation	(0.1)	(5.5)	(40.4)	0.0	(7.4)	(53.4)
Impairment losses	0.0	0.0	(0.1)	0.0	0.0	(0.1)
Reversals	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	8.5	22.8	0.0	1.3	32.6
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	0.0	(0.2)	0.0	0.0	(0.1)	(0.3)
Balance as of 31-12-14	**(0.5)**	**(7.6)**	**(152.8)**	**0.0**	**(29.5)**	**(190.4)**
Net carrying values 31-12-13	1.3	8.2	139.8	1.0	42.2	192.5
Net carrying values 31-12-14	**1.2**	**8.7**	**123.4**	**5.7**	**46.3**	**185.3**

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Additional information on property and equipment				
Tangible assets in finance lease	**0.0**	0.1	(0.1)	(100)
Fire insurance value of other fixed assets	**61.1**	67.3	(6.2)	(9)

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

19 Goodwill and other intangible assets

	Goodwill CHF mn	Other intangible assets CHF mn	**Total intangible assets CHF mn**
Acquisition cost			
Balance as of 01-01-13	97.9	82.5	180.4
Additions	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
Change in scope of consolidation	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0
Balance as of 31-12-13	97.9	82.5	180.4
Additions	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
Change in scope of consolidation	0.0	0.4	0.4
Translation differences	0.0	0.0	0.0
Balance as of 31-12-14	**97.9**	**82.9**	**180.8**
Cumulative depreciation			
Balance as of 01-01-13	0.0	(48.0)	(48.0)
Amortization		(8.2)	(8.2)
Impairment losses	0.0	0.0	0.0
Reversals		0.0	0.0
Disposals	0.0	0.0	0.0
Change in scope of consolidation	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0
Balance as of 31-12-13	0.0	(56.2)	(56.2)
Amortization		(8.4)	(8.4)
Impairment losses	0.0	0.0	0.0
Reversals		0.0	0.0
Disposals	0.0	0.0	0.0
Change in scope of consolidation	0.0	0.0	0.0
Translation differences	0.0	0.0	0.0
Balance as of 31-12-14	**0.0**	**(64.6)**	**(64.6)**
Net carrying values 31-12-13	97.9	26.3	124.2
Net carrying values 31-12-14	**97.9**	**18.3**	**116.2**

Capitalized goodwill amounted to CHF 97.9 mn as of 31-12-14 (previous year CHF 97.9 mn) and originated from the following business combinations:

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Banque Tardy, de Watteville & Cie SA	**18.2**	18.2	0.0	0
Harcourt Investment Consulting AG	**51.5**	51.5	0.0	0
Commerzbank (Schweiz) AG	**28.2**	28.2	0.0	0
Total	**97.9**	97.9	0.0	0

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

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Private Banking segment	**38.8** [1]	36.2	2.6	7
Latin Europe division	**15.6** [1]	18.2	(2.6)	(14)
Asset Management segment	**17.2**	17.2	0.0	0
Alternatives division	**26.3**	26.3	0.0	0
Total	**97.9**	97.9	0.0	0

1 As a result of an organizational change, goodwill of CHF 2.6 mn was reclassified from the Latin Europe division to the Private Banking segment in the financial year 2014.

The above goodwill positions are subject to an annual impairment test, which is conducted in the third quarter of each year. If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently to determine whether the book value of the relevant organizational unit exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the book value of the organizational unit exceeds the recoverable amount, a goodwill impairment is recorded.

When conducting an impairment test, Vontobel begins by comparing the book value of the organizational unit with its fair value less costs to sell. Assets under management are a key factor that is considered in the case of all the organizational units that are assessed because it has a significant impact on their future earnings potential. The implicit multiplier for assets under management is calculated on the basis of the market capitalization of companies engaging in similar business activities, less reported shareholders' equity. This implicit multiplier is adjusted to take account of the difference between the gross margins of the organizational unit under review and the peer group as well as other factors that are relevant for the impairment test. If the book value of the organizational unit exceeds the fair value calculated using the adjusted multipliers less costs to sell, the book value is subsequently compared with the value in use of the organizational unit.

In the financial year 2014, adjusted multipliers for assets under management were calculated for the different organizational units as follows: 1.6% (Asset Management segment unit), 1.5% (Private Banking segment unit), 2.6% (Latin Europe division) and 2.3% (Alternatives division). In the previous year, the corresponding figures were: 1.3% (Asset Management segment unit), 1.5% (Private Banking segment unit and Latin Europe division) and 2.6% (Alternatives division). The fair value calculated using these multipliers less costs to sell exceeded the book value of all organizational units both in the year under review and in the previous year. Management determined that no reasonably possible change in the assumptions would have resulted in the book value of an organizational unit significantly exceeding its recoverable amount.

All the input parameters that are relevant for the valuation can be observed. In the case of the fair value less costs to sell of the organizational units tested, this is a level 2 valuation.

20 Other assets

	Note	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Value-added tax and other tax receivables		**11.9**	7.6	4.3	57
Defined benefit pension asset	41	**1.9**	24.4	(22.5)	(92)
Settlement and clearing accounts		**0.1**	0.1	0.0	0
Other receivables		**25.3**	18.2	7.1	39
Other		**11.1**	2.9	8.2	283
Total		**50.3**	53.2	(2.9)	(5)

21 Securities lending and borrowing operations and securities repurchase and reverse-repurchase transactions

	31-12-14 Cash collateral for securities borrowing agreements CHF mn	31-12-14 Cash collateral for reverse-repurchase agreements CHF mn	31-12-13 Cash collateral for securities borrowing agreements CHF mn	31-12-13 Cash collateral for reverse-repurchase agreements CHF mn
Due from banks	**0.0**	**1,387.4**	0.0	284.3
Due from customers	**0.0**	**0.0**	0.0	1,290.0
Total balance sheet position cash collateral	**0.0**	**1,387.4**	0.0	1,574.3
Other financial instruments at fair value	**0.0**	**0.0**	0.0	0.0
Total	**0.0**	**1,387.4**	0.0	1,574.3

	31-12-14 Cash collateral from securities lending agreements CHF mn	31-12-14 Cash collateral from repurchase agreements CHF mn	31-12-13 Cash collateral from securities lending agreements CHF mn	31-12-13 Cash collateral from repurchase agreements CHF mn
Due to banks	**0.0**	**0.0**	2.5	0.0
Due to customers	**0.0**	**0.0**	0.0	0.0
Total	**0.0**	**0.0**	2.5	0.0

22 Transferred and pledged assets

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Securities lending, securities borrowing and repurchase transactions	**161.1**	214.7	(53.6)	(25)
Other transactions	**10.0**	13.4	(3.4)	(25)
Total transferred assets	**171.1**	228.1	(57.0)	(25)
Trading portfolio assets	**23.8**	47.0	(23.2)	(49)
Debt instruments	**6.0**	22.4	(16.4)	(73)
Equity instruments	**17.8**	24.6	(6.8)	(28)
Other	**0.0**	0.0	0.0	
Financial instruments at fair value	**147.3**	166.1	(18.8)	(11)
Debt instruments	**147.3**	166.1	(18.8)	(11)
Financial assets	**0.0**	15.0	(15.0)	(100)
Debt instruments	**0.0**	15.0	(15.0)	(100)
Other assets	**0.0**	0.0	0.0	
Total transferred assets	**171.1**	228.1	(57.0)	(25)
of which those where the right to sell or repledge the assets has been assigned without restriction	**161.1**	214.7	(53.6)	(25)
Pledged assets	**992.1**	917.7	74.4	8
Total pledged assets	**992.1**	917.7	74.4	8

The transferred or pledged assets mainly serve the contracting partners as collateral against Vontobel liabilities arising from securities borrowing, securities lending and repurchase transactions, or as collateral for settlement limits and margin accounts with central banks, clearing centres and stock exchanges, as well as for OTC contracts, collateral secured instruments (COSI) and due to customers. These assets remain on Vontobel's balance sheet because they do not fulfil the criteria for derecognition under IAS 39.20. The corresponding liabilities in the balance sheet amounted to CHF 1,071.9 mn (31-12-14) and CHF 1,928.1 mn (31-12-13).

In the case of transferred assets, the criteria for a transfer to the counterparty are fulfilled according to IAS 39.18. The counterparty generally has power of disposal over these assets, while Vontobel retains the associated risks and rewards. In the case of pledged assets, the criteria for a transfer to the counterparty are not fulfilled according to IAS 39.18. Vontobel retains power of disposal over these assets and retains the associated risks and rewards.

23 Saleable or pledgeable securities not recorded in the balance sheet

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Securities lending, securities borrowing and reverse-repurchase transactions	**1,748.2**	2,277.7	(529.5)	(23)
Other transactions	**70.1**	102.5	(32.4)	(32)
Total fair value of securities received that can be sold or repledged	**1,818.3**	2,380.2	(561.9)	(24)
of which securities sold or repledged	**364.2**	1,263.5	(899.3)	(71)

The table contains the fair value of the securities received, where the counterparty has assigned Vontobel the unrestricted right to sell or repledge them, and the fair value of those securities for which Vontobel has made use of this right.

24 Due to customers

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Due to customers in savings and deposit accounts	**0.0**	1.6	(1.6)	(100)
Other accounts due, on time and demand	**8,986.5**	9,302.2	(315.7)	(3)
Total	**8,986.5**	9,303.8	(317.3)	(3)

25 Other liabilities

	Note	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Defined benefit pension liabilities	41	**14.4**	0.0	14.4	
Value-added tax and other tax liabilities		**10.5**	11.9	(1.4)	(12)
Settlement and clearing accounts		**0.2**	0.5	(0.3)	(60)
Other liabilities		**20.3**	24.8	(4.5)	(18)
Others		**10.3**	7.7	2.6	34
Total		**55.7**	44.9	10.8	24

26 Provisions

	Other CHF mn	2014 Total CHF mn	2013 Total CHF mn
Balance at the beginning of the year	25.2	**25.2**	17.6
Utilization in conformity with designated purpose	(3.7)	**(3.7)**	(2.5)
Increase in provisions recognized in the income statement	2.2	**2.2**	10.3
Release of provisions recognized in the income statement	(1.7)	**(1.7)**	(0.2)
Change in scope of consolidation	0.0	**0.0**	0.0
Translation differences	0.1	**0.1**	0.0
Provisions as at the balance sheet date	22.1	**22.1**	25.2
Short-term provisions	5.3	**5.3**	6.1
Long-term provisions	16.8	**16.8**	19.1
Total	22.1	**22.1**	25.2

Other provisions consist of provisions for process risks and other liabilities.

A provision is recorded if, as a result of a past event, the Group has a current liability as of the balance sheet date that will probably lead to an outflow of funds, the level of which can be reliably estimated. When determining whether a provision should be recorded and whether the amount of the provision is appropriate, the best possible estimates and assumptions as of the balance sheet date are used; these estimates and assumptions may be adapted at a later date if necessary, based on new findings and circumstances.

Vontobel is involved in various legal proceedings in the course of its normal business operations. A provision is recorded in respect of current and potential legal proceedings if the above recognition criteria are met. In certain cases, external legal specialists are consulted to determine whether this is the case.

27 Share capital

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

The share capital is fully paid in.

Authorized capital
In the financial years 2013 and 2014 the Board of Directors did not apply for the creation of authorized capital.

Contingent share capital
There is no contingent share capital.

Treasury shares

	Number	CHF mn
Balance as of 01-01-13	1,630,645	50.3
Purchases	1,699,477	55.5
Disposals	(1,661,074)	(45.4)
Balance as of 31-12-13	1,669,048	60.4
Purchases	9,891,878	328.9
Disposals	(1,588,995)	(52.3)
Balance as of 31-12-14	**9,971,931**	**337.0**

As of 31-12-14 Vontobel held 18,167 (previous year 64,519) treasury shares to secure options and structured products.
Own shares were offset against shareholders' equity in accordance with IAS 32.

Options and structured products

	Underlying shares 31-12-14 Number	Underlying shares 31-12-13 Number
Call options	**(16,850)**	(16,400)
Put options	**0**	0
Structured products	**(4,604)**	(62,106)

In the case of these derivative instruments, which are issued by a Vontobel company, the underlying instrument is the share of Vontobel Holding AG. A negative (positive) symbol indicates that if the instrument is exercised, the Vontobel company that acted as issuer would be obliged to deliver (would receive delivery of) the corresponding number of shares of Vontobel Holding AG.

28 Unrealized gains and losses on financial investments

	31-12-14 Unrealized gains CHF mn	31-12-14 Unrealized losses CHF mn	31-12-13 Unrealized gains CHF mn	31-12-13 Unrealized losses CHF mn
Equity instruments and other participations	**97.1**	**0.0**	86.9	(0.1)
Units in investment funds	**3.3**	**0.0**	2.2	0.0
Debt instruments	**12.9**	**(2.9)**	7.7	(6.0)
Total before taxes	**113.3**	**(2.9)**	96.8	(6.1)
Taxes	**(11.1)**	**0.6**	(9.3)	1.3
Total net of tax[1]	**102.2**	**(2.3)**	87.5	(4.8)

1 The total amount net of tax includes exchange differences in the amount of CHF –0.4 mn (previous year CHF –0.6 mn).

29 Compensation and loans of governing bodies

The governing bodies of Vontobel comprise the members of the Board of Directors of Vontobel Holding AG and Group Executive Management. Additional information about the current members of governing bodies can be found in the Corporate Governance section of this annual report. Information on the compensation paid to governing bodies is available in the Vontobel compensation report on page 61ff.

Governing body loans and employee terms and conditions
Loans to members of Vontobel's governing bodies and to significant shareholders and the persons and companies related to them may only be granted in accordance with the generally recognized principles of the banking industry. Governing body members are generally treated like employees, and that particularly in regard to lending terms. Governing body loans must be approved by the Board of Directors of Vontobel Holding AG in addition to the levels of authority applicable to employees.

As of 31 December 2014 and 31 December 2013, no loans to members of Vontobel's governing bodies or related parties were outstanding. Margin calls fully secured against collateral relating to members of governing bodies and major shareholders and guarantees for members of governing bodies and major shareholders totalled CHF 0.3 mn as of 31 December 2014 (previous year: CHF 0.0 mn). No loans to former members of the Board of Directors or the Group Executive Management were outstanding that were not granted according to standard terms and conditions.

Vontobel does not grant mortgage loans to governing body members or employees. It provides mortgage loans to governing body members or employees with selected outside banks at a preferential rate of 1% below the usual rate up to a maximum loan amount of CHF 1 million per borrower. Vontobel does not assume any credit risks or other obligations in the process.

The members of the Board of Directors and Group Executive Management conduct usual banking transactions with Vontobel at the same conditions as employees.

30 Transactions with related companies and persons

Companies and persons are deemed related if one side is able to control the other or exert a substantial influence on the other's financial or operational decisions.

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Receivables	**0.9**	0.1	0.8	800
Liabilities	**194.1**	185.9	8.2	4

Vontobel Foundation and other members of the shareholder pool
The Vontobel Foundation conducts business with Bank Vontobel AG at the same terms and conditions offered to employees.

Pension funds of Vontobel
The assets of these pension funds are managed by Bank Vontobel AG.

31 Risk related to balance sheet positions

31-12-14	Demand CHF mn	Subject to notice CHF mn	Due within 3 months CHF mn	Due within 3 to 12 months CHF mn	Due within 1 to 5 years CHF mn	Due after 5 years CHF mn	**Total CHF mn**
Liquidity risk							
Maturity structure of assets and liabilities							
Assets							
Cash	3,275.2						**3,275.2**
Due from banks	778.6	2.7	117.8	8.7			**907.8**
Cash collateral for reverse-repurchase agreements			1,366.7	9.9	10.8		**1,387.4**
Trading portfolio assets	2,073.2						**2,073.2**
Positive replacement values	181.7						**181.7**
Other financial assets at fair value	6,293.8						**6,293.8**
Due from customers	0.1	273.3	1,341.2	308.2	230.0	14.4	**2,167.2**
Accrued income and prepaid expenses	183.1						**183.1**
Financial investments	214.6		19.4	39.6	1,200.6	149.6	**1,623.8**
Investments in associates[1]						0.5	**0.5**
Property and equipment[1]						185.3	**185.3**
Goodwill and other intangible assets[1]						116.2	**116.2**
Current tax assets	15.0						**15.0**
Deferred tax assets	12.3						**12.3**
Other assets	50.3						**50.3**
Total	**13,077.9**	**276.0**	**2,845.1**	**366.4**	**1,441.4**	**466.0**	**18,472.8**
Liabilities							
Due to banks	464.9						**464.9**
Cash collateral from securities lending agreements							**0.0**
Trading portfolio liabilities	830.4						**830.4**
Negative replacement values	614.7						**614.7**
Other financial liabilities at fair value	5,687.7						**5,687.7**
Due to customers	8,973.8		10.8	1.9			**8,986.5**
Accrued expenses and deferred income	341.9						**341.9**
Current tax liabilities	9.3						**9.3**
Deferred tax liabilities	48.1						**48.1**
Provisions	22.1						**22.1**
Other liabilities	55.7						**55.7**
Total liabilities	**17,048.6**	**0.0**	**10.8**	**1.9**	**0.0**	**0.0**	**17,061.3**
Off-balance sheet							
Contingent liabilities and irrevocable commitments	247.4	167.5	15.4	26.7	122.6	8.7	**588.3**

1 Immobilized

31-12-13	Demand CHF mn	Subject to notice CHF mn	Due within 3 months CHF mn	Due within 3 to 12 months CHF mn	Due within 1 to 5 years CHF mn	Due after 5 years CHF mn	**Total CHF mn**
Liquidity risk							
Maturity structure of assets and liabilities							
Assets							
Cash	4,086.7						**4,086.7**
Due from banks	744.1	331.5	121.0	1.2			**1,197.8**
Cash collateral for reverse-repurchase agreements			1,545.6		28.7		**1,574.3**
Trading portfolio assets	2,130.9						**2,130.9**
Positive replacement values	144.5						**144.5**
Other financial assets at fair value	6,643.8						**6,643.8**
Due from customers		264.1	1,086.8	318.5	153.7	16.6	**1,839.7**
Accrued income and prepaid expenses	194.6						**194.6**
Financial investments	176.7		94.5	98.2	906.2	145.3	**1,420.9**
Investments in associates[1]						0.5	**0.5**
Property and equipment[1]						192.5	**192.5**
Goodwill and other intangible assets[1]						124.2	**124.2**
Current tax assets	29.0						**29.0**
Deferred tax assets	10.6						**10.6**
Other assets	53.2						**53.2**
Total	**14,214.1**	**595.6**	**2,847.9**	**417.9**	**1,088.6**	**479.1**	**19,643.2**
Liabilities							
Due to banks	662.2	31.9					**694.1**
Cash collateral from securities lending agreements		2.5					**2.5**
Trading portfolio liabilities	894.7						**894.7**
Negative replacement values	515.2						**515.2**
Other financial liabilities at fair value	6,140.5						**6,140.5**
Due to customers	8,255.7		1,043.0	0.2	0.8	4.1	**9,303.8**
Accrued expenses and deferred income	342.6						**342.6**
Current tax liabilities	2.8						**2.8**
Deferred tax liabilities	50.9						**50.9**
Provisions	25.2						**25.2**
Other liabilities	44.9						**44.9**
Total liabilities	**16,934.7**	**34.4**	**1,043.0**	**0.2**	**0.8**	**4.1**	**18,017.2**
Off-balance sheet							
Contingent liabilities and irrevocable commitments	168.5	232.6	14.3	33.1	62.4	5.2	**516.1**

1 Immobilized

32 Fair value of financial instruments

a) Financial instruments recorded at fair value

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

Financial instruments recorded at fair value	Level 1 CHF mn	Level 2 CHF mn	Level 3 CHF mn	31-12-14 Total CHF mn
Assets				
Trading portfolio assets				
Equity instruments	1,269.5	-	0.0	**1,269.5**
Units in investment funds	29.4	0.1	0.2	**29.7**
Debt instruments	415.8	75.5	-	**491.3**
Precious metals	282.7	-	-	**282.7**
Positive replacement values	27.4	154.3	0.0	**181.7**
Other financial assets at fair value				
Equity instruments	0.4	-	0.0	**0.4**
Units in investment funds	34.7	43.9	8.4	**87.0**
Debt instruments[1]	5,141.0	1,065.4	-	**6,206.4**
Financial assets available-for-sale				
Equity instruments and other participations	187.7	-	1.9	**189.6**
Units in investment funds	25.0	0.0	0.0	**25.0**
Debt instruments	1,383.7	25.5	-	**1,409.2**
Total financial assets at fair value	**8,797.3**	**1,364.7**	**10.5**	**10,172.5**
Liabilities				
Trading portfolio liabilities[2]				
Equity instruments	38.6	733.2	0.0	**771.8**
Units in investment funds	0.0	0.0	0.0	**0.0**
Debt instruments	54.6	4.0	-	**58.6**
Negative replacement values	28.3	586.4	-	**614.7**
Other financial liabilities at fair value[2]	-	5,687.7	-	**5,687.7**
Total financial liabilities at fair value	**121.5**	**7,011.3**	**0.0**	**7,132.8**

1 In the case of interest rate instruments measured at fair value through profit and loss, the difference between the book value (fair value) and the contractually agreed redemption amount at maturity was CHF 216.2 mn.
2 Level 2 of the balance sheet items “Trading portfolio liabilities” and “Other financial liabilities at fair value” contains listed issued products with a fair value of CHF 476.0 mn and CHF 4,667.1 mn, respectively.

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

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

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

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

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

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

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

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

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

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

Level 3 instruments	Fair value financial instruments CHF mn	Available-for-sale financial instruments CHF mn	**31-12-14 Total CHF mn**	Fair value financial instruments CHF mn	Available-for-sale financial instruments CHF mn	31-12-13 Total CHF mn
Balance sheet						
Holdings at the beginning of the year	9.9	0.6	**10.5**	12.9	0.8	13.7
Investments	0.1	1.0	**1.1**	2.0	0.0	2.0
Disposals	(0.1)	0.0	**(0.1)**	(1.0)	0.0	(1.0)
Redemptions	(1.0)	0.0	**(1.0)**	(4.3)	0.0	(4.3)
Losses recognized in the income statement	(2.1)	0.0	**(2.1)**	(0.6)	(0.1)	(0.7)
Losses recognized as other comprehensive income	0.0	0.0	**0.0**	0.0	(0.1)	(0.1)
Gains recognized in the income statement	1.6	0.0	**1.6**	0.1	0.0	0.1
Gains recognized as other comprehensive income	0.0	0.3	**0.3**	0.0	0.0	0.0
Reclassifications to level 3	0.2	0.0	**0.2**	0.8	0.0	0.8
Reclassifications from level 3	0.0	0.0	**0.0**	0.0	0.0	0.0
Translation differences	0.0	0.0	**0.0**	0.0	0.0	0.0
Total book value at balance sheet date	8.6	1.9	**10.5**	9.9	0.6	10.5
Income in the financial year on holdings on balance sheet date						
Unrealized losses recognized in the trading income	(1.6)	0.0	**(1.6)**	(0.5)	0.0	(0.5)
Unrealized losses recognized in other income	0.0	0.0	**0.0**	0.0	0.0	0.0
Unrealized losses recognized as other comprehensive income	0.0	0.0	**0.0**	0.0	(0.1)	(0.1)
Unrealized gains recognized in the trading income	1.5	0.0	**1.5**	0.1	0.0	0.1
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	**0.3**	0.0	0.0	0.0

Of the gains and losses recorded in the income statement, CHF –0.5 mn (previous year CHF –0.5 mn) were included in trading income and CHF 0.0 mn (previous year CHF –0.1 mn) in other income.

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

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

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

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

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

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

Reclassifications within the fair value hierarchy
In 2014, positions with a fair value of CHF 139.7 mn (previous year CHF 223.6 mn) were reclassified from level 1 to level 2, positions with a fair value of CHF 98.6 mn (previous year CHF 570.3 mn) were reclassified from level 2 to level 1, and positions with a fair value of CHF 0.2 mn (previous year: CHF 0.8 mn) were reclassified from level 2 to level 3. In the event of changes in the availability of market prices (market liquidity) or of binding net asset values of investment funds, reclassifications are made at the end of the period under review.

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

Financial instruments recorded at amortized cost	Level 1 CHF mn	Level 2 CHF mn	Level 3 CHF mn	**31-12-14 Fair value Total CHF mn**	**31-12-14 Book value Total CHF mn**	31-12-13 Fair value Total CHF mn	31-12-13 Book value Total CHF mn
Assets							
Cash	3,275.2	0.0	-	**3,275.2**	**3,275.2**	4,086.7	4,086.7
Due from banks	-	907.8	-	**907.8**	**907.8**	1,197.8	1,197.8
Cash collateral for reverse-repurchase agreements	-	1,387.4	-	**1,387.4**	**1,387.4**	1,574.1	1,574.3
Due from customers	-	2,177.0	-	**2,177.0**	**2,167.2**	1,849.4	1,839.7
Other financial assets[1]	75.0	27.7	-	**102.7**	**102.7**	118.9	118.9
Total	**3,350.2**	**4,499.9**	**0.0**	**7,850.1**	**7,840.3**	**8,826.9**	**8,817.4**
Liabilities							
Due to banks	-	464.9	-	**464.9**	**464.9**	694.1	694.1
Cash collateral from securities lending agreements	-	0.0	-	**0.0**	**0.0**	2.5	2.5
Due to customers	-	8,986.5	-	**8,986.5**	**8,986.5**	9,303.4	9,303.8
Other financial liabilities[1]	0.7	129.5	-	**130.2**	**130.2**	144.5	144.5
Total	**0.7**	**9,580.9**	**0.0**	**9,581.6**	**9,581.6**	**10,144.5**	**10,144.9**

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

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

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

33 Netting agreements

To reduce credit risks related to derivative contracts, repurchase and reverse-repurchase agreements and securities lending and borrowing agreements, Vontobel enters into master netting agreements or similar netting arrangements with its counterparties. These netting agreements include ISDA Master Netting Agreements, Global Master Securities Lending Agreements (GMSLA), Global Master Repo Agreements (GMRA) and derivatives market rules.

These netting agreements enable Vontobel to protect itself against loss in the event of a possible insolvency or other circumstances that result in a counterparty being unable to meet its obligations. In such cases, the netting agreements provide for the immediate net settlement of all financial instruments covered by the agreement. The right of set-off essentially only becomes enforceable following a default event or other circumstances not expected to arise in the normal course of business. The financial instruments covered by a netting agreement do therefore not meet the requirements for balance sheet offsetting, which is why the book values of the corresponding financial instruments are not offset on the balance sheet.

Financial assets	Amount before balance sheet offsetting CHF mn	Balance sheet offsetting CHF mn	Book value CHF mn	Financial instruments not offset CHF mn	Collateral received CHF mn	Unsecured amount CHF mn
Positive replacement values	181.7	0.0	181.7	112.1	65.1	4.5
Cash collateral for reverse-repurchase agreements	1,387.4	0.0	1,387.4	0.0	1,387.4	0.0
Cash collateral for securities borrowing agreements	0.0	0.0	0.0	0.0	0.0	0.0
Total 31-12-14	**1,569.1**	**0.0**	**1,569.1**	**112.1**	**1,452.5**	**4.5**

Financial liabilities	Amount before balance sheet offsetting CHF mn	Balance sheet offsetting CHF mn	Book value CHF mn	Financial instruments not offset CHF mn	Collateral provided CHF mn	Unsecured amount CHF mn
Negative replacement values[1]	422.2	0.0	422.2	112.1	289.2	20.9
Cash collateral from repurchase agreements	0.0	0.0	0.0	0.0	0.0	0.0
Cash collateral from securities lending agreements	0.0	0.0	0.0	0.0	0.0	0.0
Total 31-12-14	**422.2**	**0.0**	**422.2**	**112.1**	**289.2**	**20.9**

Financial assets	Amount before balance sheet offsetting CHF mn	Balance sheet offsetting CHF mn	Book value CHF mn	Financial instruments not offset CHF mn	Collateral received CHF mn	Unsecured amount CHF mn
Positive replacement values	144.5	0.0	144.5	76.2	56.0	12.3
Cash collateral for reverse-repurchase agreements	1,574.3	0.0	1,574.3	0.0	1,574.3	0.0
Cash collateral for securities borrowing agreements	0.0	0.0	0.0	0.0	0.0	0.0
Total 31-12-13	**1,718.8**	**0.0**	**1,718.8**	**76.2**	**1,630.3**	**12.3**

Financial liabilities	Amount before balance sheet offsetting CHF mn	Balance sheet offsetting CHF mn	Book value CHF mn	Financial instruments not offset CHF mn	Collateral provided CHF mn	Unsecured amount CHF mn
Negative replacement values[1]	264.0	0.0	264.0	76.2	179.8	8.0
Cash collateral from repurchase agreements	0.0	0.0	0.0	0.0	0.0	0.0
Cash collateral from securities lending agreements	2.5	0.0	2.5	0.0	2.2	0.3
Total 31-12-13	**266.5**	**0.0**	**266.5**	**76.2**	**182.0**	**8.3**

1 Negative replacement values in the amount of CHF 192.5 mn (31-12-13: CHF 251.2 mn) are not included in the table because the corresponding derivatives are not covered by a netting agreement.

34 Off-balance sheet information

	Notes	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Contingent liabilities					
Credit guarantees		**228.7**	217.0	11.7	5
Performance guarantees		**4.7**	0.4	4.3	
Other contingent liabilities		**316.2**	265.0	51.2	19
Total		**549.6**	482.4	67.2	14
Irrevocable commitments					
Undrawn irrevocable credit facilities		**38.7**	33.7	5.0	15
of which payment obligation to client deposit protection		**15.6**	14.7	0.9	6

Of the aggregate sum of CHF 588.3 mn (previous year CHF 516.1 mn) comprising contingent liabilities and irrevocable commitments, a total of CHF 334.0 mn (CHF 320.3 mn) are secured by recognized collateral and CHF 254.3 mn (CHF 195.8 mn) are unsecured. These positions contain maximum credit risks of CHF 257.6 mn (CHF 237.5 mn), of which CHF 186.0 mn (CHF 169.5 mn) is secured.

	Notes	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Fiduciary transactions					
Other fiduciary placements		**687.3**	1,163.8	(476.5)	(41)
Total		**687.3**	1,163.8	(476.5)	(41)
Derivative financial instruments	37				
Positive replacement values		**181.7**	144.5	37.2	26
Negative replacement values		**614.7**	515.2	99.5	19
Contract volumes		**19,708.3**	20,830.2	(1,121.9)	(5)

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.

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.

In accordance with the statements set out by the Swiss Federal Supreme Court in its ruling of 30 October 2012 on the subject of retrocessions, Bank Vontobel AG has performed a detailed risk analysis regarding any retrocessions received by Bank Vontobel AG from third parties. Based on this analysis, Bank Vontobel AG currently rules out the possibility of an outflow of funds. It should also be noted in this context that as of the balance sheet date, no litigation has been filed against Bank Vontobel AG regarding the transfer of retrocessions.

35 Client assets

	31-12-14 CHF bn	31-12-13 CHF bn	Change to 31-12-13 CHF bn	in %
Assets under management	**123.8**	109.6	14.2	13
Other advised client assets	**6.6**	-	6.6	
Structured products outstanding	**6.5**	7.0	(0.5)	(7)
Total advised client assets	**136.9**	116.6	20.3	17
Custody assets	**53.8**	46.5	7.3	16
Total client assets	**190.7**	163.1	27.6	17

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

Assets under management

	31-12-14 CHF bn	31-12-13 CHF bn	Change to 31-12-13 CHF bn	in %
Assets in self-managed collective investment instruments	**30.4**	25.0	5.4	22
Assets with management mandate	**56.5**	48.3	8.2	17
Other assets under management	**36.9**	36.3	0.6	2
Total assets under management (including double counts)	**123.8**	109.6	14.2	13
of which double counts	**3.5**	3.3	0.2	6

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

Development of assets under management

	31-12-14 CHF bn	31-12-13 CHF bn
Total assets under management (incl. double counts) at the beginning of the year	**109.6**	98.4
Change attributable to net new money	**6.2**	9.1
Change attributable to market value	**10.7**	2.1
Change attributable to other effects	**(2.7)**[1]	-
Total assets under management (incl. double counts) at the balance sheet date	**123.8**	109.6

1 The reduction in assets under management reflects the reclassification of corporate liquidity (CHF 1.0 bn) and individual assets (CHF 1.7 bn), which are not held for investment purposes, at the beginning of the year. These assets are now reported under client assets.

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

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

36 Collective investment instruments

As an active asset manager, Vontobel manages a wide range of collective investment instruments. Vontobel's investment funds are classed as structured entities according to IFRS 12. Since Vontobel – as agent – acts primarily in the interests of investors, the investment funds are not consolidated. Shares of its proprietary investment funds are treated as financial instruments. There are no contractual or constructive obligations to provide financial or other forms of support for the investment funds.

Under the terms of the relevant investment regulations, Vontobel manages the fund assets on behalf of the investors who invested capital in the respective investment funds. Vontobel also performs various administrative functions for the investment funds. Vontobel receives fees for providing these services; the level of fees is in line with normal market rates. As of 31 December 2014, the volume of assets under management in Vontobel investment funds totalled CHF 30.4 bn (previous year CHF 25.0 bn). In the financial year 2014, Vontobel generated gross income of CHF 256.0 mn (previous year CHF 247.5 mn) from the provision of services to these investment funds.

The following table shows the book value of the shares of these investment funds held by Vontobel. The book value corresponds to the maximum risk of loss.

	Trading portfolio assets CHF mn	Other financial assets at fair value CHF mn	Financial investments CHF mn	**Total CHF mn**
Book value as of 01-01-13	**27.0**	**18.7**	**0.2**	**45.9**
Purchases	37.6	59.3	0.1	**97.0**
Disposal	(56.8)	(2.6)	(0.1)	**(59.5)**
Valuation income	0.3	(1.4)	0.0	**(1.1)**
Book value as of 31-12-13	**8.1**	**74.0**	**0.2**	**82.3**
Purchases	72.1	51.5	0.0	**123.6**
Disposal	(79.2)	(49.7)	0.0	**(128.9)**
Valuation income	(0.8)	1.9	0.0	**1.1**
Book value as of 31-12-14	**0.2**	**77.7**	**0.2**	**78.1**

The valuation income on trading portfolios and other financial assets at fair value is included in trading income. Of the valuation income on financial investments, CHF 0.0 mn (previous year CHF 0.0 mn) are recorded in other income and CHF 0.0 mn (previous year CHF 0.0 mn) in other comprehensive income.

37 Open derivative instruments

31-12-14	Term to maturity up to 3 months PRV[1] CHF mn	Term to maturity up to 3 months NRV[1] CHF mn	Term to maturity 3 to 12 months PRV CHF mn	Term to maturity 3 to 12 months NRV CHF mn	Term to maturity 1 to 5 years PRV CHF mn	Term to maturity 1 to 5 years NRV CHF mn	Term to maturity more than 5 years PRV CHF mn	Term to maturity more than 5 years NRV CHF mn	**Total PRV CHF mn**	**Total NRV CHF mn**	Total contract volume CHF mn
Debt instruments											
Forward contracts incl. FRAs									**–**	**–**	
Swaps	0.0	0.9	0.1	3.8	10.1	78.8	9.5	42.3	**19.7**	**125.8**	5,422.7
Futures									**–**	**–**	
Options (OTC) and warrants		0.2			5.9	0.0		0.1	**5.9**	**0.3**	501.6
Options (exchange traded)									**–**	**–**	
Total	0.0	1.1	0.1	3.8	16.0	78.8	9.5	42.4	**25.6**	**126.1**	5,924.3
Foreign currency											
Forward contracts	11.0	11.2	3.1	3.1	0.4	0.3			**14.5**	**14.6**	957.3
Swaps	36.1	31.2	4.0	3.8		0.0			**40.1**	**35.0**	3,193.0
Futures									**–**	**–**	
Options (OTC) and warrants	5.0	11.5	4.1	3.7	3.0	3.1		1.5	**12.1**	**19.8**	1,240.4
Options (exchange traded)									**–**	**–**	
Total	52.1	53.9	11.2	10.6	3.4	3.4	–	1.5	**66.7**	**69.4**	5,390.7
Precious metals											
Forward contracts	6.3	0.1	0.1	0.0					**6.4**	**0.1**	115.2
Swaps	1.0	2.3	0.0	0.1					**1.0**	**2.4**	158.4
Futures		0.1							**0.0**	**0.1**	2.3
Options (OTC) and warrants	1.0	7.1	0.6	1.6	0.4	5.4		1.7	**2.0**	**15.8**	637.5
Options (exchange traded)									**–**	**–**	
Total	8.3	9.6	0.7	1.7	0.4	5.4	–	1.7	**9.4**	**18.4**	913.4
Equities/indices											
Forward contracts									**–**	**–**	
Swaps	0.1	1.3	1.6	7.6	4.8	8.1	0.0	1.5	**6.5**	**18.5**	253.6
Futures									**0.0**	**0.0**	28.2
Options (OTC) and warrants	3.6	94.0	4.9	121.0	20.4	63.0	0.1	43.4	**29.0**	**321.4**	4,289.5
Options (exchange traded)	9.7	7.6	13.2	19.9	4.5	0.4			**27.4**	**27.9**	1,354.2
Total	13.4	102.9	19.7	148.5	29.7	71.5	0.1	44.9	**62.9**	**367.8**	5,925.5
Credit derivatives											
Credit default swaps			0.1	0.2	16.3	20.3		5.2	**16.4**	**25.7**	1,472.2
Total	–	–	0.1	0.2	16.3	20.3	–	5.2	**16.4**	**25.7**	1,472.2
Other											
Forward contracts									**-**	**-**	
Futures	0.0	0.3		0.0					**0.0**	**0.3**	0.1
Options (OTC) and warrants	0.6	0.6	0.0	0.9	0.1	2.3		3.2	**0.7**	**7.0**	79.2
Options (exchange traded)		0.0							**0.0**	**0.0**	2.9
Total	0.6	0.9	0.0	0.9	0.1	2.3	–	3.2	**0.7**	**7.3**	82.2
Total	**74.4**	**168.4**	**31.8**	**165.7**	**65.9**	**181.7**	**9.6**	**98.9**	**181.7**	**614.7**	**19,708.3**

1 PRV = Positive replacement values, NRV = Negative replacement values
The positive and negative replacement values relate exclusively to trading instruments.

31-12-13	Term to maturity up to 3 months PRV[1] CHF mn	NRV[1] CHF mn	Term to maturity 3 to 12 months PRV CHF mn	NRV CHF mn	Term to maturity 1 to 5 years PRV CHF mn	NRV CHF mn	Term to maturity more than 5 years PRV CHF mn	NRV CHF mn	**Total PRV CHF mn**	**Total NRV CHF mn**	Total contract volume CHF mn
Debt instruments											
Forward contracts incl. FRAs									**–**	**–**	
Swaps	0.0	0.8	0.5	6.4	7.2	73.3	6.4	20.7	**14.1**	**101.2**	5,433.5
Futures									**0.0**	**0.0**	413.3
Options (OTC) and warrants		0.3	0.0	0.0	1.1	0.0		0.2	**1.1**	**0.5**	219.2
Options (exchange traded)									**–**	**–**	
Total	0.0	1.1	0.5	6.4	8.3	73.3	6.4	20.9	**15.2**	**101.7**	6,066.0
Foreign currency											
Forward contracts	4.5	3.1	3.3	2.2	0.4	0.4			**8.2**	**5.7**	700.6
Swaps	11.8	12.6	4.4	5.3	0.0	0.0			**16.2**	**17.9**	3,457.9
Futures									**–**	**–**	
Options (OTC) and warrants	0.3	5.5	1.9	3.1	0.1	0.1		1.1	**2.3**	**9.8**	746.8
Options (exchange traded)									**–**	**–**	
Total	16.6	21.2	9.6	10.6	0.5	0.5	–	1.1	**26.7**	**33.4**	4,905.3
Precious metals											
Forward contracts	0.2	0.2			0.1	0.0			**0.3**	**0.2**	8.5
Swaps	0.3	1.1		0.0					**0.3**	**1.1**	33.7
Futures									**0.0**	**0.0**	192.9
Options (OTC) and warrants	0.7	4.2	1.1	6.4	0.5	8.3	0.2	2.0	**2.5**	**20.9**	773.9
Options (exchange traded)									**–**	**–**	
Total	1.2	5.5	1.1	6.4	0.6	8.3	0.2	2.0	**3.1**	**22.2**	1,009.0
Equities/indices											
Forward contracts									**–**	**–**	
Swaps	0.3	2.1	0.6	0.9	1.8	11.4	0.5	0.2	**3.2**	**14.6**	214.9
Futures									**0.0**	**0.0**	532.3
Options (OTC) and warrants	13.4	161.5	9.6	96.7	15.8	37.8	1.5	22.1	**40.3**	**318.1**	4,811.1
Options (exchange traded)	9.1	4.9	22.4	8.8	5.8	0.6			**37.3**	**14.3**	1,468.2
Total	22.8	168.5	32.6	106.4	23.4	49.8	2.0	22.3	**80.8**	**347.0**	7,026.5
Credit derivatives											
Credit default swaps			0.0	0.1	17.2	4.4	0.7	3.1	**17.9**	**7.6**	1,723.1
Total	–	–	0.0	0.1	17.2	4.4	0.7	3.1	**17.9**	**7.6**	1,723.1
Other											
Forward contracts									**–**	**–**	
Futures	0.0								**0.0**	**0.0**	35.0
Options (OTC) and warrants		0.7		0.3	0.8	0.8		1.5	**0.8**	**3.3**	65.3
Options (exchange traded)									**–**	**–**	
Total	0.0	0.7	–	0.3	0.8	0.8	–	1.5	**0.8**	**3.3**	100.3
Total	**40.6**	**197.0**	**43.8**	**130.2**	**50.8**	**137.1**	**9.3**	**50.9**	**144.5**	**515.2**	**20,830.2**

1 PRV = Positive replacement values, NRV = Negative replacement values
The positive and negative replacement values relate exclusively to trading instruments.

38 Future liabilities for finance lease, operating lease and the acquisition of fixed assets and intangible assets

	Operating Lease CHF mn	**31-12-14 Total CHF mn**	31-12-13 Total CHF mn
Due within 1 year	28.1	**28.1**	29.0
Due within 1 to 2 years	25.9	**25.9**	25.4
Due within 2 to 3 years	16.1	**16.1**	24.2
Due within 3 to 4 years	12.8	**12.8**	14.5
Due within 4 to 5 years	12.6	**12.6**	9.5
Due in more than 5 years	35.2	**35.2**	34.7
Total minimum obligation	130.7	**130.7**	137.3

In the year under review, general expense include CHF 28.3 mn (previous year CHF 31.2 mn) from operating lease. The future liabilities from operating leases mainly comprise lease agreements for premises occupied by Vontobel.

As of 31-12-14 there was no future income from minimum lease payments from non-terminable subtenancies (previous year CHF 0.1 mn).

39 Cooperation agreement between Vontobel Holding AG and Raiffeisen Switzerland Cooperative

When it purchased Notenstein Privatbank AG, Raiffeisen Switzerland Cooperative acquired a new group company in January 2012. As a result of differences of opinion between Vontobel Holding AG and Raiffeisen Switzerland Cooperative on the question of whether, and to what extent, Notenstein Privatbank AG constitutes a group company as defined in the cooperation agreement, Vontobel Holding AG initiated arbitration proceedings – the contractually agreed course of action in such cases – in November 2012 to obtain clarification of this matter.

On 20 June 2014, Raiffeisen Switzerland Cooperative announced the termination of the cooperation agreement between Vontobel Holding AG and Raiffeisen Switzerland Cooperative with effect from 30 June 2017.

In its decision of 13 January 2015, the court of arbitration confirmed Vontobel's position with regard to the key question requiring clarification. In accordance with the court's decision, Vontobel Holding AG will continue to act as the competency centre for Raiffeisen's investment business and provide the products and services defined in the cooperation agreement to Raiffeisen Switzerland Cooperative and its Raiffeisen banks until mid-2017. Notenstein Privatbank AG and its subsidiaries are, in principle, prohibited from providing the products and services that fall within the scope of the cooperation agreement to Raiffeisen clients.

Vontobel Holding AG and its Group companies will – in the interests of Raiffeisen clients – continue to provide and ensure the contractually agreed services within the framework of the existing cooperation agreement and will deliver the same high standards of quality until the agreement terminates in 2017.

40 Acquisition

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

41 Employee benefit plans

In Switzerland, Vontobel operates two autonomous occupational pension funds (basic fund and management fund) to insure its employees against the financial consequences of old age, disability and death. It also operates an employee welfare fund.

The Board of Trustees is the most senior governing body of the pension funds and is composed of employee and employer representatives. Pension benefits are funded through employer and employee contributions, which amount to between 2.5% and 16% or between 1.5% and 9% of the insured salary, depending on the age group. Upon reaching the ordinary retirement age of 64 years for women or 65 years for men, the pension funds give the insured the choice between receiving a lifelong pension and drawing part or all of their pension benefits in the form of a lump-sum payment. The annual pension is calculated on the basis of the pension assets available at the retirement date, multiplied by the applicable conversion rate. Depending on the age of the insured, the conversion rate at the ordinary retirement age is between 6.1% and 6.8%. The insured can take early retirement from the age of 58. Disability pensions and pensions for surviving spouses are defined as a percentage of the insured salary. The benefits and contributions are set out in the pension fund regulations, with the minimum benefits being prescribed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). In the event of a funding deficit according to the BVG, the employer can be required to pay contributions towards the restructuring of the pension fund. At the end of 2014, both pension funds had a funded status – as defined by the BVG – of over 100%.

The Board of Trustees of each pension fund is responsible for investing its assets. The investment strategy is defined in such a way as to enable pension benefits to be paid when they fall due.

The Swiss pension funds are classed as defined benefit plans under IAS 19 because both the actuarial risks and the investment risks are borne not only by the insured but also by the company.

The most recent actuarial calculation according to IAS 19 was carried out for these pension plans by independent experts as of 1 May 2014. No plan amendments, curtailments or settlements occurred in the year under review or the prior year.

Vontobel has foreign pension plans in Liechtenstein, the UK, Italy, Hong Kong, Luxembourg, Singapore, Spain, Sweden, Dubai, Australia and the US that are classed as defined contribution plans under IAS 19. Vontobel has individual pension commitments in Germany, for which the corresponding provisions have been recognized.

Defined benefit pension plans in Switzerland	Pension obligations CHF mn	Plan assets CHF mn	Asset ceiling CHF mn	**Total CHF mn**
Total at 01-01-14	**(657.4)**	**681.8**	**-**	**24.4**
Current service cost	(22.3)			(22.3)
Interest income/(interest expense)	(14.2)	14.6	-	0.4
Administration cost	(0.3)			(0.3)
Total cost recognized in personnel expense	**(36.8)**	**14.6**	**-**	**(22.2)**
Actuarial gains/losses on obligations				
of which changes in financial assumptions	(68.1)			(68.1)
of which experience adjustments	5.0			5.0
Return on plan assets excluding interest income		29.0		29.0
Change in effect of asset ceiling excluding interest			-	-
Total cost recognized in other comprehensive income	**(63.1)**	**29.0**	**-**	**(34.1)**
Employee contributions	(12.3)	12.3		-
Employer contributions		19.4		19.4
Benefits paid resp. deposited	(3.1)	3.1		-
Total at 31-12-14	**(772.7)**	**760.2**	**0.0**	**(12.5)**
of which active members	(558.9)			
of which pensioners	(213.8)			
of which reported in Other assets				1.9
of which reported in Other liabilities				(14.4)

	Pension obligations CHF mn	Plan assets CHF mn	Asset ceiling CHF mn	Total CHF mn
Total at 01-01-13	**(629.6)**	**648.7**	**-**	**19.1**
Current service cost	(21.3)			(21.3)
Interest income/(interest expense)	(12.7)	13.1	-	0.4
Administration cost	(0.3)			(0.3)
Total cost recognized in personnel expense	**(34.3)**	**13.1**	**-**	**(21.2)**
Actuarial gains/losses on obligations				
of which changes in financial assumptions	(0.4)			(0.4)
of which experience adjustments	(2.1)			(2.1)
Return on plan assets excluding interest income		10.4		10.4
Change in effect of asset ceiling excluding interest			-	-
Total cost recognized in other comprehensive income	**(2.5)**	**10.4**	**-**	**7.9**
Employee contributions	(11.5)	11.5		-
Employer contributions		18.6		18.6
Benefits paid resp. deposited	20.5	(20.5)		-
Total at 31-12-13	**(657.4)**	**681.8**	**0.0**	**24.4**
of which active members	(476.2)			
of which pensioners	(181.2)			
of which reported in Other assets				24.4
of which reported in Other liabilities				-

Pension and other employee benefit plans totalled CHF 25.3 mn (31-12-13 CHF 24.7 mn), consisting of CHF CHF 22.2 mn (31-12-13 CHF 21.2 mn) for defined benefit pension plans and CHF 3.1 mn (31-12-13 CHF 3.5 mn) for defined contribution pension plans. Pension obligations and costs are presented as negative amounts.

Composition of plan assets	31-12-14 CHF mn	31-12-13 CHF mn
Quoted market price		
Cash and cash equivalents	**43.8**	38.9
Equity instruments	**175.7**	155.4
Debt instruments	**231.2**	212.3
Real estate	**35.4**	47.5
Derivatives	**0.3**	0.0
Equity funds	**81.8**	81.2
Bond funds	**122.4**	98.4
Real estate funds	**22.4**	21.8
Commodities funds	**34.8**	14.0
Others	**12.4**	12.3
Total fair value	**760.2**	681.8
Non-quoted market price		
Total fair value	**0.0**	0.0
Total plan assets at fair value	**760.2**	681.8
of which registered shares of Vontobel Holding AG	**0.0**	0.0
of which debt instruments of Vontobel	**0.0**	0.0
of which credit balances with Vontobel companies	**41.3**	53.6
of which securities lent to Vontobel	**0.0**	0.0

Maturity profile of defined benefit obligation	31-12-14	31-12-13
Weighted average duration of defined benefit obligation in years	**15.5**	14.6

Actuarial assumptions

Demographic assumptions (e.g. probability of death, disability or termination) are based on the technical principles set out in the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) 2010 (cohort life tables), which draw on observations of large insurance portfolios in Switzerland over a period of several years.

	31-12-14 in %	31-12-13 in %
Discount rate	**1.5**	2.1
Expected rate of salary increases	**1.0**	1.0
Expected rate of pension increases	**0.0**	0.0

Estimate of contributions of next year	31-12-14 CHF mn	31-12-13 CHF mn
Employer contributions	**19.2**	18.3
Employee contributions	**12.1**	11.5

Plan-specific sensitivities

The following overview shows the impacts of an isolated change in the main actuarial assumptions on the present value of pension liabilities as of 31 December 2014 and 31 December 2013. The discount rate was reduced/increased by 0.25 percentage points and the expected rate of salary increases was reduced/increased by 0.5 percentage points. The sensitivity relating to mortality was calculated using a method where mortality was reduced or increased by a set factor so that life expectancy for most age categories was increased or reduced by approximately one year. The sensitivity analyses were produced in the same way as in the previous year.

	Defined benefit obligation 31-12-14 CHF mn	Defined benefit obligation 31-12-13 CHF mn
Current actuarial assumptions	**772.7**	657.4
Discount rate		
Reduction of 25 basis points	**803.7**	682.0
Increase of 25 basis points	**743.7**	634.4
Salary increases		
Reduction of 50 basis points	**765.4**	651.9
Increase of 50 basis points	**779.5**	663.0
Life expectancy		
Reduction in longevity by one year	**757.4**	645.9
Increase in longevity by one additional year	**787.6**	668.6

42 Other employee benefits payable in the long term

Other employee benefits payable in the long term exist in the form of long service awards and sabbatical leaves. Analogously to the defined benefit pension plans, actuarial calculations have been performed and an accrued expense recognized for these benefits.

	31-12-14 CHF mn	31-12-13 CHF mn
Accrued expense for long service awards and sabbatical leaves	**1.4**	1.1

43 Significant foreign currency rates

For the significant currencies, the following rates were used:

	year end rates		average rates	
	31-12-14	31-12-13	**2014**	2013
1 EUR	**1.20237**	1.22548	**1.21346**	1.22701
1 USD	**0.99365**	0.88935	**0.91697**	0.92347

44 Events after the balance sheet date

When it purchased Notenstein Privatbank AG, Raiffeisen Switzerland Cooperative acquired a new group company in January 2012. As a result of differences of opinion between Vontobel Holding AG and Raiffeisen Switzerland Cooperative on the question of whether, and to what extent, Notenstein Privatbank AG constitutes a group company as defined in the cooperation agreement, Vontobel Holding AG initiated arbitration proceedings – the contractually agreed course of action in such cases – in November 2012 to obtain clarification of this matter.

On 20 June 2014, Raiffeisen Switzerland Cooperative announced the termination of the cooperation agreement between Vontobel Holding AG and Raiffeisen Switzerland Cooperative with effect from 30 June 2017.

In its decision of 13 January 2015, the court of arbitration confirmed Vontobel's position with regard to the key question requiring clarification. In accordance with the court's decision, Vontobel Holding AG will continue to act as the competency centre for Raiffeisen's investment business and provide the products and services defined in the cooperation agreement to Raiffeisen Switzerland Cooperative and its Raiffeisen banks until mid-2017. Notenstein Privatbank AG and its subsidiaries are, in principle, prohibited from providing the products and services that fall within the scope of the cooperation agreement to Raiffeisen clients.

On 15 January 2015, the Swiss National Bank announced to abandon the minimum exchange rate for the Swiss franc against the euro. As a consequence, the major currencies for Vontobel (EUR and USD) devaluated considerably against the Swiss franc. The abandonment of the minimum exchange rate had no impact on Vontobel's financial statements 2014.

45 Dividend payment

The Board of Directors will propose the payment of a dividend of CHF 1.55 per registered share with a par value of CHF 1.00 to the General Meeting of Shareholders of Vontobel Holding AG on 28 April 2015. This corresponds to a total payment of CHF 86.7 mn.[1]

1 Shares entitled to a dividend as of 31-12-14

46 Authorization of the consolidated accounts

The Board of Directors discussed and approved the present annual report during the board meeting on 5 February 2015. It will be submitted for approval at the General Meeting on 28 April 2015.

47 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 business units, which comprise the following activities:

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

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

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

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

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

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

Business segment reporting	Private Banking CHF mn	Asset Management CHF mn	Investment Banking CHF mn	Corporate Center CHF mn	Total Group CHF mn
31-12-14					
Net interest income	18.0	0.3	4.3	28.0	50.6
Other operating income	217.5	380.0	239.6[1]	(3.3)[2]	833.8
Operating income	**235.5**	**380.3**	**243.9**	**24.7**	**884.4**
Personnel expense	90.6	194.5	87.0	111.9	484.0
General expense	12.4	29.5	37.3	84.8	164.0
Services from/to other segment(s)	73.4	41.2	51.8	(166.4)	0.0
Depreciation of property, equipment and intangible assets	2.6	5.7	0.9	52.7	61.9
Value adjustments, provisions and losses	(0.6)	1.2	0.8	0.3	1.7
Operating expense	**178.4**	**272.1**	**177.8**	**83.3**	**711.6**
Segment profit before taxes	**57.1**	**108.2**	**66.1**	**(58.6)**	**172.8**
Taxes					38.3
Net profit					**134.5**
Additional information					
Segment assets	1,988.4	174.3	8,761.8	7,548.3	18,472.8
Segment liabilities	6,569.9	766.0	9,000.8	724.6	17,061.3
Allocated equity according to BIS[3]	126.3	105.8	177.4	103.1	512.6
Client assets (CHF bn)	33.4	88.1	72.0	(2.8)	190.7
Net new money (CHF bn)	1.1	4.6	0.5	0.0	6.2
Capital expenditure	0.0	0.0	0.0	46.5	46.5
Employees (full-time equivalents)	339.6	261.8	343.2	433.0	1,377.6

1 The methodology to determine valuation adjustments for financial instruments that are assigned to level 2 in the fair value hierarchy defined by IFRS 13 was developed further in the second half of 2014. As a result, valuation adjustments were reduced by CHF 12.0 mn and credited to trading income.
2 In the financial year 2014, cumulative negative currency translation differences in the amount of CHF 9.0 mn were transferred from shareholders' equity to the income statement (item: "Other income"). This did not have any impact on consolidated comprehensive income and is mainly attributable to the discontinuation of the business activities of Bank Vontobel Österreich AG.
3 The allocation of the regulatory capital required in accordance with BIS standards to the individual segments is based on the principle of origination. With regard to capital requirements for credit risks related to balance sheet assets, allocation is based on guidelines analogous to those used for reporting segmental assets. The prescribed deduction of CHF 116.2 mn from core capital for intangible assets has been included in the figures above of the segments Private Banking and Asset Management. The valuation adjustments of own liabilities are assigned to the Investment Banking segment. The deduction of CHF 337.0 mn from core capital for treasury shares is not included in the figures above.

Information on regions[1]	Switzerland CHF mn	Europe excl. Switzerland CHF mn	Americas CHF mn	Other Countries[2] CHF mn	Consolidation CHF mn	Total Group CHF mn
31-12-14						
Operating income related to external customers	459.2	170.4	174.0	80.8		884.4
Assets	12,559.7	478.4	195.8	6,799.4	(1,560.5)	18,472.8
Property, equipment and intangible assets	295.2	1.2	3.8	1.3		301.5
Capital expenditure	43.0	0.2	3.3	0.0		46.5

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

Business segment reporting

31-12-13	Private Banking CHF mn	Asset Management CHF mn	Investment Banking CHF mn	Corporate Center CHF mn	Total Group CHF mn
Net interest income	15.3	0.3	4.5	28.2	48.3
Other operating income	212.4	355.6	233.3	(0.3)	801.0
Operating income	**227.7**	**355.9**	**237.8**	**27.9**	**849.3**
Personnel expense	80.8	177.5	85.8	108.1	452.2
General expense	12.0	28.5	42.8	94.5	177.8
Services from/to other segment(s)	71.4	39.8	50.7	(161.9)	0.0
Depreciation of property, equipment and intangible assets	2.6	5.7	0.4	47.8	56.5
Value adjustments, provisions and losses	1.5	1.1	1.5	5.3	9.4
Operating expense	**168.3**	**252.6**	**181.2**	**93.8**	**695.9**
Segment profit before taxes	**59.4**	**103.3**	**56.6**	**(65.9)**	**153.4**
Taxes					31.1
Net profit					**122.3**
Additional information					
Segment assets	1,694.8	164.4	9,424.5	8,359.5	19,643.2
Segment liabilities	5,906.7	773.1	10,330.2	1,007.2	18,017.2
Allocated equity according to BIS[1]	133.4	101.7	205.7	87.6	528.4
Client assets (CHF bn)	31.4	69.1	65.1	(2.5)	163.1
Net new money (CHF bn)	1.4	7.7	0.9	(0.9)	9.1
Capital expenditure	0.0	0.0	0.0	58.7	58.7
Employees (full-time equivalents)	308.3	257.8	335.0	436.7	1,337.8

1 The allocation of the regulatory capital required in accordance with BIS standards to the individual segments is based on the principle of origination. With regard to capital requirements for credit risks related to balance sheet assets, allocation is based on guidelines analogous to those used for reporting segmental assets. The prescribed deduction of CHF 124.2 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 60.4 mn from core capital for treasury shares is not included in the figures above.

Information on regions[1]

31-12-13	Switzerland CHF mn	Europe excl. Switzerland CHF mn	Americas CHF mn	Other Countries[2] CHF mn	Consolidation CHF mn	Total Group CHF mn
Operating income related to external customers	416.7	168.8	162.0	101.8		849.3
Assets	13,323.8	454.4	132.0	7,475.5	(1,742.5)	19,643.2
Property, equipment and intangible assets	312.0	2.0	1.0	1.7		316.7
Capital expenditure	58.5	0.1	0.1	0.0		58.7

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

Subsidiaries and participations

Major fully consolidated companies	Registered office	Business activity	Currency	Paid-up share capital mn	Share of votes and capital in %
Vontobel Holding AG	Zurich	Holding	CHF	65.0	Parent company
Bank Vontobel AG	Zurich	Bank	CHF	149.0	100
Bank Vontobel Europe AG	Munich/Frankfurt/ Hamburg/Cologne	Bank	EUR	40.5	100
Bank Vontobel (Liechtenstein) AG	Vaduz	Bank	CHF	20.0	100
Vontobel Asset Management, Inc.	New York	Portfolio management	USD	6.5	100
Vontobel Asset Management Australia Pty.Ltd.	Sydney	Portfolio management	AUD	1.0	100
Vontobel Beteiligungen AG	Zurich	Holding	CHF	10.0	100
Vontobel Fonds Services AG	Zurich	Fund management	CHF	4.0	100
Vontobel Management S.A.	Luxemburg	Fund management	EUR	1.5	100
Vontobel Asset Management S.A.	Luxemburg/London/ Madrid/Milan/ Stockholm/Vienna	Portfolio management	EUR	2.2	100
Vontobel Swiss Wealth Advisors AG	Zurich/Geneva/Dallas	Wealth management	CHF	0.5	100
Vontobel Securities AG	Zurich/New York	Brokerage	CHF	2.0	100
Vontobel Financial Products GmbH	Frankfurt	Issues	EUR	0.05	100
Vontobel Financial Products Ltd.	Dubai	Issues	USD	2.0	100
Vontobel Financial Products (Asia Pacific) Pte. Ltd.	Singapore	Distribution deritrade®	SGD	0.3	100
Vontobel Asset Management Asia Pacific Limited	Hong Kong	Financial Advisor	HKD	7.0	100
Vontobel Wealth Management (Hong Kong) Ltd.	Hong Kong	Wealth management	HKD	120.0	100
VT Investment (Zürich) AG	Zurich	Holding	CHF	0.1	100
Harcourt Investment Consulting AG	Zurich	Portfolio management	CHF	3.0	100

The share of voting rights held corresponds to the equity interest held.
Only the shares of Vontobel Holding AG are listed on the Swiss Exchange (SIX). Please see pages 2 and 218 for more detailed information.
In the case of regulated subsidiaries, part of the capital is not available for dividends or transfers due to regulatory requirements (e.g. Basel III). These restrictions do not have any material impact on Vontobel's activities.

Associated companies

Deutsche Börse Commodities GmbH	Frankfurt	Issues	EUR	1.0	16.2

Changes in company names during the year under review

New company name	Registered office	Old company name	Registered office
Vontobel Finanzverwaltungs GmbH	Salzburg	Bank Vontobel Österreich AG	Salzburg
Vontobel Asset Management Asia Pacific Limited	Hong Kong	Vontobel Asia Pacific Limited	Hong Kong
Vontobel Asset Management S.A.	Luxembourg	Vontobel Europe S.A.	Luxembourg

Companies fully consolidated for the first time

Company	Registered office	Business activity	Currency	Paid-up share capital mn	Share of votes and capital in %
Vontobel Asset Management Australia Pty. Ltd.	Sydney	Asset Management	AUD	1.0	100

Participations removed from the scope of consolidation

Participation	Registered office	Reason for removal
Bank Vontobel (Middle East) Ltd.	Dubai	Liquidation
Vontobel Invest Ltd.	Dubai	Liquidation

Notes to the consolidated financial statements
Statutory Banking Regulations

Vontobel's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). FINMA stipulates that banks domiciled in Switzerland that report their financial statements according to US GAAP or IFRS must explain any material differences between Swiss accounting regulations for banks (Banking Ordinance and FINMA Circular 2008/2) and the reporting standard used. The most significant differences between IFRS and Swiss accounting regulations for banks that are of relevance to Vontobel are as follows:

Financial assets available-for-sale
Under IFRS, financial assets available-for-sale will be measured at the fair value. Changes in the fair value will be recognized in other comprehensive income, until the financial asset is sold, collected or otherwise disposed of, or its value is deemed to be impaired. As soon as a financial asset available-for-sale is deemed to be impaired, the cumulative unrealized loss previously entered in other comprehensive income will be reclassified to the income statement in the reporting period. Under Swiss accounting regulations for banks, these kinds of financial assets are recorded at the lower of amortized cost or market. Impairment losses, any reversals of previously recognized impairment losses as well as profits and losses from disposals are recognized as "Other ordinary income".

Other financial assets and liabilities measured at fair value through profit and loss (Fair Value Option)
According to IFRS, under certain conditions financial instruments can be assigned to the Other financial assets or liabilities category measured at fair value through profit and loss. These financial assets and liabilities are carried at fair value in the balance sheet, and income from the financial instruments is recognized in the income statement. Under Swiss accounting regulations for banks, the fair value option is only available for structured products issued by the company itself. Changes in fair value due to a change in the Group's own credit risk are not recorded in the income statement.

Extraordinary profit
Under IFRS, all items of income and expense are allocated to ordinary operating activities. In accordance with Swiss accounting regulations for banks, income and expenses are classified as extraordinary if they are not recurring or not related to operational activities.

Goodwill amortization
The amortization of goodwill has been prohibited according to IFRS since the beginning of 2005. Instead it must be tested for impairment annually, or more frequently if events or changes in circumstances indicate a possible impairment. Under Swiss accounting regulations for banks, goodwill has still to be written down on a linear basis over its anticipated useful life, but not more than 20 years.

Reserve for general banking risks
IFRS stipulates that general provisions cannot be recorded for unspecified purposes. Under Swiss accounting regulations for banks, reserves for general banking risks are reported as a separate component of shareholders' equity.

Number of personnel (total and full-time equivalents)

	Registered office	31-12-14 Number	31-12-14 FTE [1]	31-12-13 Number	31-12-13 FTE [1]
Fully consolidated companies					
Vontobel Holding AG	Zurich	7	5.8	7	6.8
Bank Vontobel AG	Zurich	1,143	1,081.7	1,097	1,042.3
Bank Vontobel Europe AG	Munich	80	76.4	73	68.6
Bank Vontobel (Liechtenstein) AG	Vaduz	14	11.4	13	10.6
Vontobel Asset Management, Inc.	New York	59	58.8	54	53.6
Vontobel Fonds Services AG	Zurich	10	9.0	10	9.0
Harcourt	Zurich	15	15.0	18	18.0
Other Group companies		121	119.5	134	128.9
Total		**1,449**	**1,377.6**	1,406	1,337.8

1 Full-time equivalents

Further information on staff changes can be found in the “Sustainability at Vontobel” chapter on page 92ff.

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 5 February 2015

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Vontobel Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of equity, cash flow statement and notes (pages 108 to 202), for the year ended 31 December 2014.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Patrick Schwaller	Marco Amato
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Vontobel Holding AG

Vontobel Holding AG
Review of business activities

Vontobel Holding AG, which is headquartered in Zurich, reported a net profit of CHF 96.2 million for the financial year 2014, following a net profit of CHF 150.0 million in the previous year. This 36% decrease was mainly attributable to a decline in income from participations. The holding company's income stems predominantly from prior-year profits, i.e. dividends distributed by its operational subsidiaries in Switzerland and abroad.

Operating income decreased by 30% to CHF 127.1 million as a result of several foreign subsidiaries paying smaller dividends to Vontobel Holding AG in the year under review. Over the same period, there was a slight decrease in operating expense (–2%) to CHF 30.5 million. This includes write-downs of financial investments in the amount of CHF 8.7 million. This led to a 36% reduction in profit before extraordinary items and taxes to CHF 96.6 million. No extraordinary income or expenses were recorded in 2014.

The Board of Directors of Vontobel Holding AG will propose the distribution of a dividend of CHF 1.55 per registered share to the General Meeting of Shareholders of 28 April 2015. This represents an increase of 19% compared to the dividend of CHF 1.30 per registered share in the previous year.

As of 31 December 2014, the company's share capital remained unchanged at CHF 65 million, consisting of 65,000,000 registered shares with a par value of CHF 1.00 each. Of this total, 55,945,692 were entitled to a dividend as of the balance sheet date. The Vontobel Holding AG registered shares repurchased from Raiffeisen Switzerland on 27 August 2014 are no longer entitled to a dividend for the financial year 2014.

It will be proposed to the General Meeting of Shareholders of 28 April 2015 that the 8,125,000 registered shares acquired through the repurchase of the shareholding – corresponding to 12.5% of existing shares – be cancelled. Following the cancellation of the shares, the company's share capital will total CHF 56.875 million, consisting of 56,875,000 registered shares with a par value of CHF 1.00 each.

Key figures

	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Net profit	**96.2**	150.0	(53.8)	(36)
per registered share in CHF[1]	**1.72**	2.33	(0.61)	(26)
Dividend in percent of share capital	**155**[2]	130		
per registered share in CHF	**1.55**[2]	1.30	0.25	19
Shareholders' equity (before distribution of profits)	**1,000.9**	988.4	12.5	1
per registered share in CHF[1]	**17.89**	15.38	2.51	16
Total operating income	**127.1**	182.4	(55.3)	(30)
Income from participations	**112.9**	166.3	(53.4)	(32)
Total operating expense	**30.5**	31.2	(0.7)	(2)
Financial expense	**1.5**	1.4	0.1	7
Personnel and general operating expenses	**20.2**	29.7	(9.5)	(32)
Depreciation, write-offs	**8.7**	0.0	8.7	
Total assets	**1,450.5**	1,273.1	177.4	14
Share capital	**65.0**	65.0	0.0	0
Participations	**1,137.5**	1,120.7	16.8	1
Average return on equity in %	**10.0**	16.4		

1 Basis: dividend-bearing shares as per end of year
2 As per the proposal submitted to the General Meeting

Vontobel Holding AG
Income statement

Income statement	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Operating income				
Commission income, Vontobel companies	**10.0**	10.4	(0.4)	(4)
Other income	**2.8**	2.9	(0.1)	(3)
Total income from services performed	**12.8**	13.3	(0.5)	(4)
Interest income, Vontobel companies	**1.1**	1.3	(0.2)	(15)
Interest income, other	**0.0**	0.0	0.0	
Subtotal interest and dividend income	**1.1**	1.3	(0.2)	(15)
Income from securities	**0.2**	1.1	(0.9)	(82)
Income from participations	**112.9**	166.3	(53.4)	(32)
Foreign exchange income	**0.1**	0.0	0.1	
Subtotal trading income and income from participations	**113.2**	167.4	(54.2)	(32)
Gains on the sale of financial investments	**0.0**	0.4	(0.4)	(100)
Total financial income	**114.3**	169.1	(54.8)	(32)
Total operating income	**127.1**	182.4	(55.3)	(30)
Operating expense				
Interest paid, Vontobel companies	**1.4**	1.3	0.1	8
Subtotal interest paid	**1.4**	1.3	0.1	8
Commission expense	**0.1**	0.1	0.0	0
Total financial expense	**1.5**	1.4	0.1	7
Occupancy expense, furniture	**0.2**	0.2	0.0	0
PR, advertising, annual report, consulting and audit expense	**13.3**	21.6	(8.3)	(38)
Other operating and office expense	**0.6**	0.6	0.0	0
Total operating and general expense	**14.1**	22.4	(8.3)	(37)
Personnel expense	**5.6**	6.7	(1.1)	(16)
Social contribution and pension benefits	**0.5**	0.6	(0.1)	(17)
Total personnel expense	**6.1**	7.3	(1.2)	(16)
Depreciation/write-offs on financial investments	**8.7**	0.0	8.7	
Other depreciation/write-offs and provisions	**0.0**	0.0	0.0	
Total ordinary depreciation/write-offs and provisions	**8.7**	0.0	8.7	
Total other operating expense	**0.1**	0.1	0.0	0
Total operating expense	**30.5**	31.2	(0.7)	(2)
Profit before extraordinary items and taxes	**96.6**	151.2	(54.6)	(36)

Net profit	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Net profit before extraordinary items and taxes	**96.6**	151.2	(54.6)	(36)
Extraordinary income	**0.0**	0.2	(0.2)	(100)
Total extraordinary income	**0.0**	0.2	(0.2)	(100)
Total extraordinary expense	**0.0**	0.0	0.0	
Total tax expense	**0.4**	1.4	(1.0)	(71)
Net profit for the year	**96.2**	150.0	(53.8)	(36)

Vontobel Holding AG
Balance sheet

Assets	31-12-14 CHF mn	31-12-13 CHF mn	Change to 31-12-13 CHF mn	Change to 31-12-13 in %
Current assets				
Due from banks, Vontobel companies	**4.8**	3.0	1.8	60
Total liquid assets	**4.8**	3.0	1.8	60
Other receivables	**0.1**	0.1	0.0	0
Total receivables	**0.1**	0.1	0.0	0
Total securities	**4.1**	3.7	0.4	11
Total accrued income and prepaid expenses	**0.3**	0.2	0.1	50
Total current assets	**9.3**	7.0	2.3	33
Non-current assets				
Accounts receivable, Vontobel companies	**4.0**	122.9	(118.9)	(97)
Securities	**299.7**	22.5	277.2	
Participations	**1,137.5**	1,120.7	16.8	1
Total financial investments	**1,441.2**	1,266.1	175.1	14
Furniture and equipment	**0.0**	0.0	0.0	
Total fixed assets	**0.0**	0.0	0.0	
Total intangible non-current assets	**0.0**	0.0	0.0	
Total non-current assets	**1,441.2**	1,266.1	175.1	14
Total assets	**1,450.5**	1,273.1	177.4	14
of which subordinated assets due from Vontobel companies	**4.0**	3.9	0.1	3

Liabilities and Shareholders' equity	**31-12-14 CHF mn**	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Liabilities				
Short-term liabilities	**0.6**	0.1	0.5	500
Accrued expenses and deferred income	**6.3**	6.6	(0.3)	(5)
Total short-term liabilities	**6.9**	6.7	0.2	3
Due to banks, Vontobel companies	**413.0**	143.0	270.0	189
Due to customers, Vontobel companies	**0.0**	110.0	(110.0)	(100)
Long-term liabilities	**4.7**	0.0	4.7	
Provisions	**25.0**	25.0	0.0	0
Total long-term liabilities, provisions	**442.7**	278.0	164.7	59
Total liabilities	**449.6**	284.7	164.9	58
Shareholders' equity				
Share capital	**65.0**	65.0	0.0	0
General reserve	**32.2**	156.4	(124.2)	(79)
Reserves from capital contributions	**0.8**	0.8	0.0	0
Reserve for own shares	**337.8**	60.6	277.2	457
Total statutory reserve	**370.8**	217.8	153.0	70
Other reserve	**0.0**	0.0	0.0	
Retained earnings	**468.9**	555.6	(86.7)	(16)
Net profit for the year	**96.2**	150.0	(53.8)	(36)
Total retained earnings	**565.1**	705.6	(140.5)	(20)
Total shareholders' equity	**1,000.9**	988.4	12.5	1
Total liabilities and shareholders' equity	**1,450.5**	1,273.1	177.4	14

Vontobel Holding AG
Shareholders' equity/Notes to the financial statements

Following approval of the Board of Directors' proposal for the distribution of profit for the year ended 31 December 2014, shareholders' equity will be as follows:

Shareholders' equity	**31-12-14 CHF mn**	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Share capital	**65.0**	65.0	0.0	0
Statutory reserve	**370.8**	217.8	153.0	70
Other reserve	**0.0**	0.0	0.0	
Retained earnings	**478.4**	468.9	9.5	2
Total shareholders' equity after distribution of profit[1]	**914.2**	751.7	162.5	22

1 As at 31-12-14. The exact amount will be determined at the dividend payment date in May 2015.

Notes to the financial statements	**31-12-14 CHF mn**	31-12-13 CHF mn	Change to 31-12-13 CHF mn	in %
Total amount of guarantees and pledges in favour of third parties:				
Guarantees and unpaid capital stemming from participations	**6,528.7**	6,942.2	(413.5)	(6)
Securities lending with Vontobel companies	**0.0**	0.0	0.0	
Total amount of assets assigned or pledged as security for own liabilities including assets to which title has been reserved:				
Assets pledged in favour of Bank Vontobel AG	**308.6**	29.2	279.4	957
from which credit has been drawn	**308.6**	29.2	279.4	957
Total amount of off-balance sheet lease liabilities	**none**	none		

Liabilities under employee benefit schemes:
Contributions to employee benefit schemes have been paid and Vontobel Holding AG has drawn no credits from employee benefit schemes.

Principal amount, interest rates and maturity of bonds issued by the Company:
In the financial years 2014 and 2013, there were no bonds or convertible bonds outstanding.

The company forms part of Vontobel's Swiss value added tax (VAT) group and has a joint liability to the tax authorities for the VAT liabilities of the entire group.

Easing of requirements for the notes to the separate financial statements of Vontobel Holding AG
Vontobel prepares its consolidated financial statements in accordance with IFRS. Consequently, Vontobel Holding AG is exempt from numerous disclosure requirements in the statutory separate financial statements.

For further information on the main participations, refer to the consolidated accounts on page 200.

Total amount of replacement reserves released plus any other reserves released in excess of the amount of new funds allocated to such reserves:
No significant amount of hidden reserves was released. There are no replacement reserves.

Information on the acquisition, disposal and number of own shares held by the company, including transactions involving other companies in which a majority interest is held:
Refer to the consolidated accounts, note 27, for further information on purchases and disposals

Liabilities:
See consolidated accounts, notes 24 and 25

Amount of the authorized or conditional capital increase:
See consolidated accounts, note 27

Details of shareholders pursuant to Art. 663c of the Swiss Code of Obligations:
See consolidated accounts, page 31

For information on compensation, loans and shareholdings of members of the Board of Directors and the Group Executive Management pursuant to Art. 663b^{bis} and Art. 663c of the Swiss Code of Obligations, please refer to the Compensation report from page 61 and note 29

For information on the risk evaluation process:
See the "Risk management and risk control" section of the consolidated financial statements, pages 127 to 142

Information relating to the application of the Internal Control System (ICS):
See the consolidated accounts, page 141f

For further details on the consolidated accounts, please refer to pages 107 to 203

Proposal of the Board of Directors

The Board of Directors is submitting the following proposal for the distribution of profit at the annual General Meeting of Shareholders on 28 April 2015:

	CHF mn
Net profit for the year	96.2
Retained earnings prior year	468.9
Total retained earnings	**565.1**
Dividend 155% (share capital ranking for dividend CHF 55.9 mn)[1]	**86.7**
Allocation to general reserve	0.0
Allocation to other reserves	0.0
Carried forward to the new accounting period	478.4
Total retained earnings	**565.1**

1 As at 31-12-14. The exact amount will be determined at the dividend payment date in May 2015.

Dividend payment

If the proposal is approved, the dividend will be distributed as follows:

Dividend per registered share with a par value of CHF 1.00 (in CHF)	1.55
Coupon no.	15
Ex-dividend date	30 April 2015
Record date	4 May 2015
Payment date	5 May 2015

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 5 February 2015

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Vontobel Holding AG, which comprise the income statement, balance sheet and notes (pages 210 to 216), for the year ended 31 December 2014.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Patrick Schwaller	Marco Amato
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Information for shareholders

Vontobel Holding AG registered shares

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

Ticker symbols

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

Credit ratings

		Bank Vontobel AG	Vontobel Holding AG
Moody's	Short-Term	Prime-1	
	Long-Term	A2	A3

Financial calendar

Annual General Meeting 2015	28 April 2015
Publication half-year results 2015	27 July 2015
Annual General Meeting 2016	19 April 2016

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

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