

Vontobel full-year results 2016

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Performance creates trust

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Overview

Highlights

Full-year results 2016

Strategy update

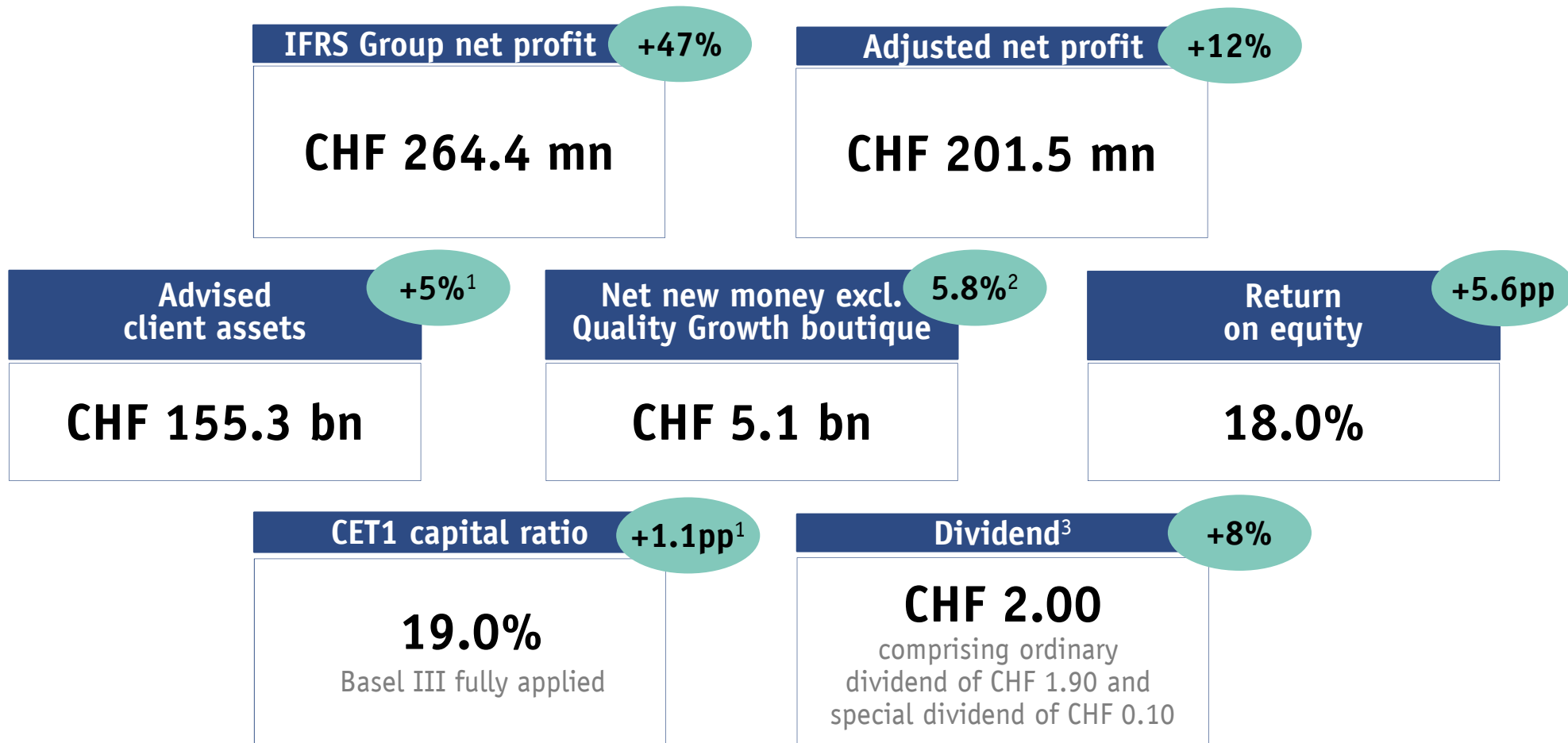
Outlook

Questions and answers



Vontobel delivers increase in net profit – advised client assets reach new record high – capital position remains very strong

Key figures



¹ Compared to end-2015

² Growth in AuM attributable to NNM; excluding Quality Growth boutique in AuM and NNM

³ As per proposal submitted to the General Meeting of Shareholders

Vontobel's client-driven business model focusing on wealth and asset management delivers growth even in a challenging environment

- **Vontobel's client-centric business model is resilient and generates profitable growth**
 - Client-centricity, service and product excellence, and a clear business focus drive profitable growth
 - Wealth and asset management accounts for 77% of pre-tax profit
- **Clients continue to endorse our services and products**
 - Impressive NNM growth of 5.8% in wealth and asset management (excl. Quality Growth boutique)
 - Financial Products is growing its market share in Europe and successfully entered Italian market
- **Vontobel makes further investments in technology and continues to attract and retain top talent**
 - Systematic push across all three pillars of digital agenda: Transform core business, improve process efficiency, and test new business models
 - Leading wealth management solutions 'Vontobel Mobile Private Banking' and 'Vontobel EAMNet' rolled out globally
 - High success rate (77%) of senior relationship managers recruited since 2014 – well above industry benchmark
- **Renewed shareholder agreement¹ demonstrates commitment of Vontobel families and provides stability**
 - Creation of new shareholder pool by Vontobel families to ensure continued control over the company demonstrates their long-term commitment to Vontobel – earliest possible termination date is end-2026
 - Shareholder structure provides stability and independence and enables business to be developed with a long-term focus while securing a strong competitive edge

¹ Subject to regulatory approvals

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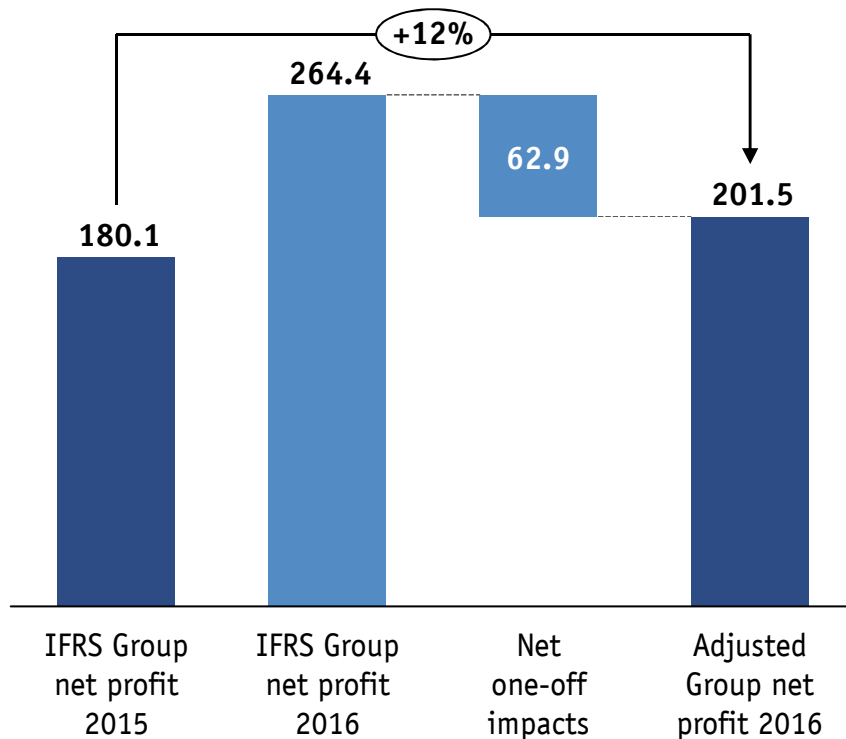
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Vontobel reports adjusted Group net profit due to significant one-off impacts in 2016

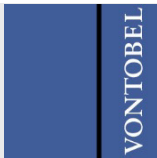
Group net profit (CHF mn)



Comments

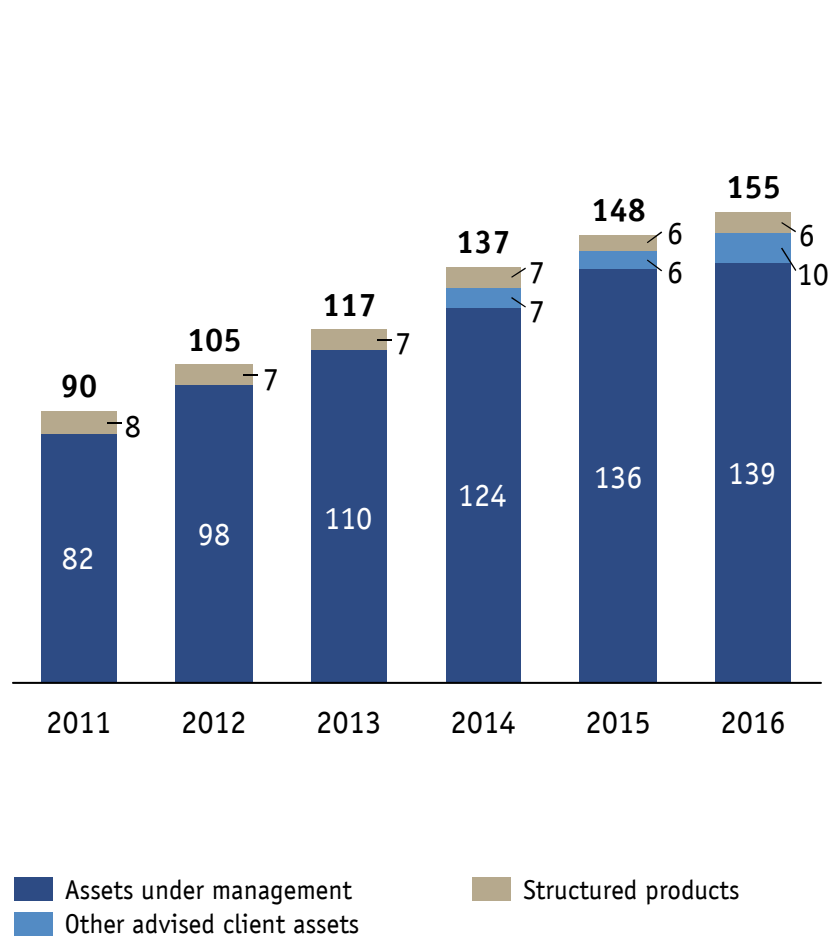
- IFRS Group net profit increased by 47% in 2016, adjusted for one-off impacts, net profit rose by 12%
- One-off impacts in 2016 include:
 - Sale of stake in Helvetia
 - Adjustment of Finter Bank purchase price
 - Integration costs for Finter Bank
 - Integration costs for Vescore
 - Charges related to discussions with German tax authorities¹
- All one-off impacts were booked in the Corporate Center

¹ Settlement with Munich authorities and provisions for potential settlement with North Rhine-Westphalia

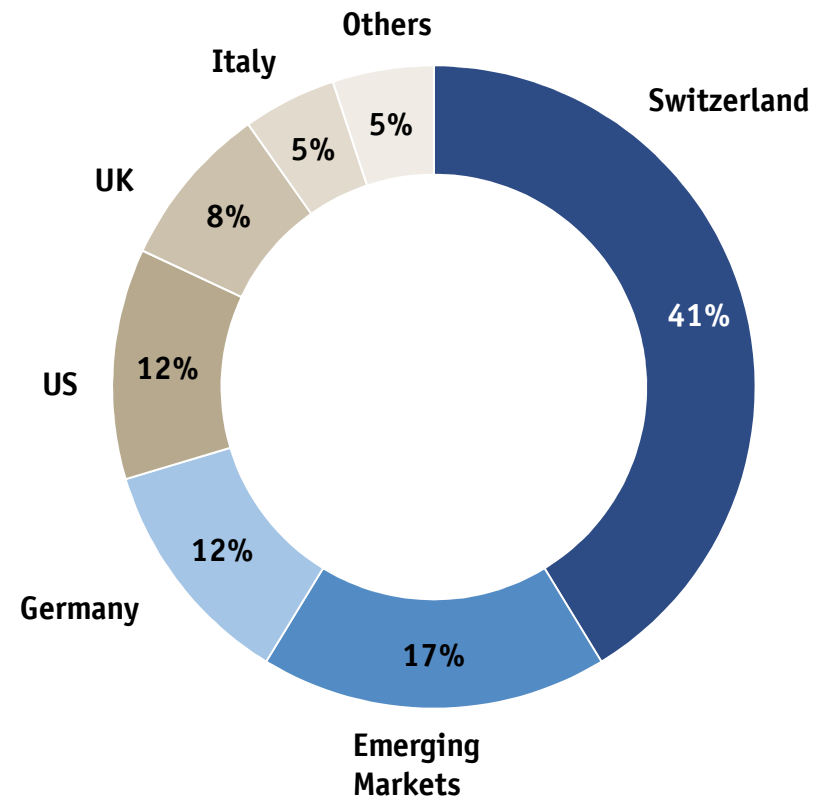


Advised client assets reach new record high at CHF 155 billion – 95% stem from clients in target markets

Advised client assets (CHF bn, end of period)

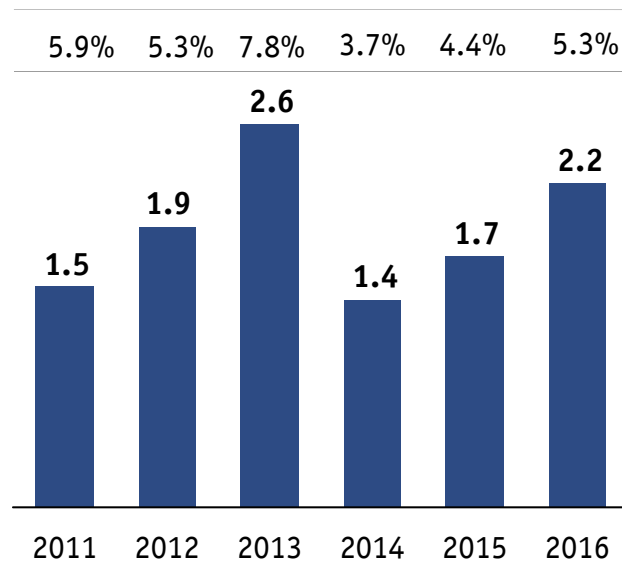


Advised client assets by client domicile (end-2016)



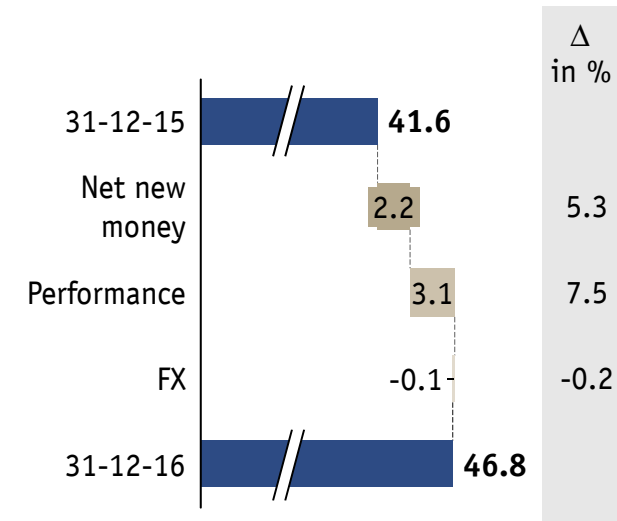
Wealth Management achieves impressive annualized net new money growth of 5.3% – above target range of 3-5%

Net new money (CHF bn)



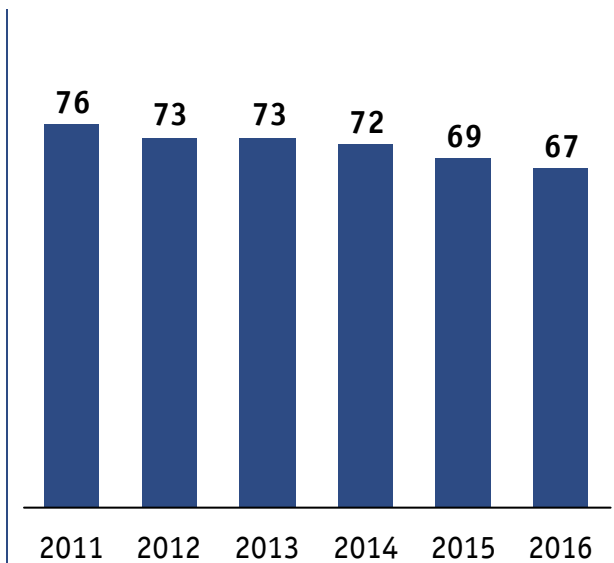
- Well-diversified inflows from Switzerland, Germany, EM and US
- Private Banking contributed CHF 2.0 bn; growth rate of 5.8%
- Number of RMs in Private Banking grew to 199 FTEs from 182 at end-2015

Development of AuM (CHF bn)



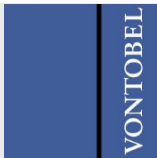
- Continued growth driven by net new money and investment performance
- Total advised client assets¹ reach record high of CHF 47.8 bn
- Partnership with Bank of Singapore demonstrates strong demand for our Swiss offering among Asian clients

Gross margin on AuM (bps)



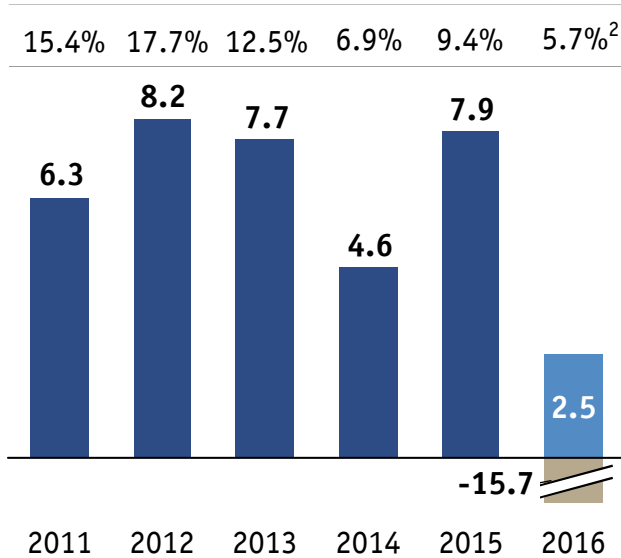
- Margin negatively impacted by low levels of client activity and negative interest rates – charge from negative rates of ~2 bps
- Margin of 67 bps, of which 54 bps are commission driven, including 39 bps from recurring fee income

¹ Includes other advised client assets (CHF 1.0 bn)



Increased operating leverage in Asset Management drives improved cost/income ratio and higher profitability

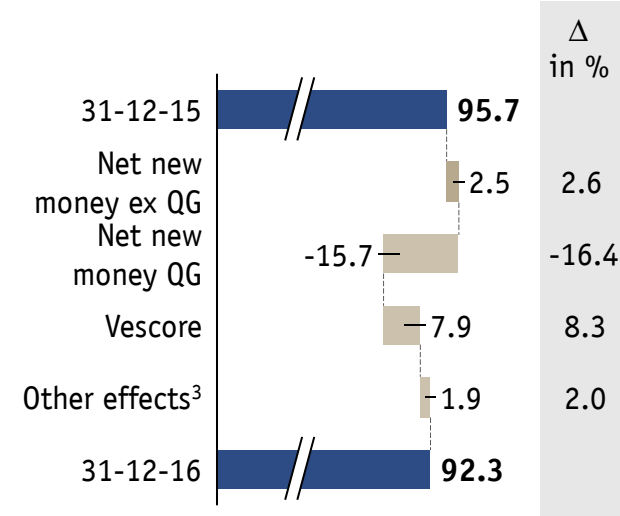
Net new money¹ (CHF bn)



- Strong inflows in Fixed Income, TwentyFour, MAC and Thematic
- CIO change in Quality Growth boutique successfully completed, related outflows had stabilized by end-Q3

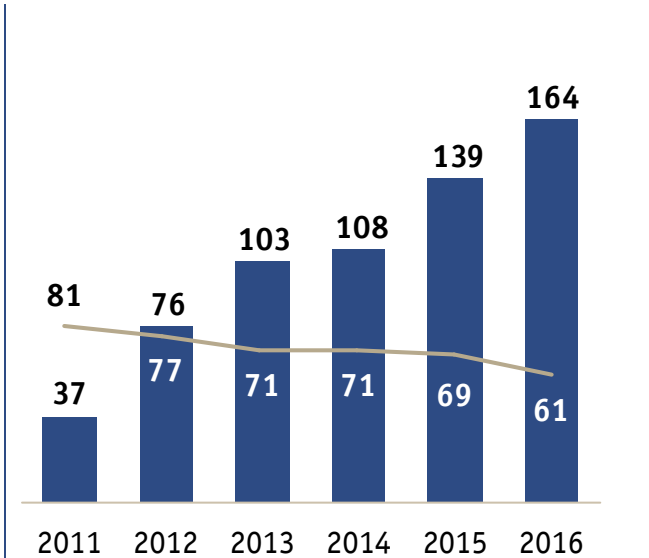
■ Total Asset Management ■ Asset Management excl. Quality Growth
■ Quality Growth boutique

Development of AuM (CHF bn)



- Positive contribution from Vescore, organic growth and investment performance
- Headwinds for Quality Growth in 2H16 due to sector rotation and shift from EM to DM, especially after US election

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



- Increased operating leverage resulted in further improvement of cost/income ratio in the year under review
- Increased weight of Fixed Income and Multi Asset Class boutiques led to margin of 46 bps in 2016

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

¹ Growth in AuM attributable to net new money is adjusted for double counting

² Excluding Quality Growth boutique in AuM and NNM, adjusted for double counting

³ Other effects include performance (CHF 3.3 bn) and FX (CHF -1.4 bn)

Partnership with Raiffeisen is contributing to growth – integration of Vescore is progressing rapidly

Partnership with Raiffeisen

- Raiffeisen is a leading Swiss retail bank with 3.7 mn clients – almost every second inhabitant in Switzerland – and has a clear ambition to further develop its business with investment clients
- Raiffeisen is focusing on its core competencies and is working with Vontobel to deliver the best possible service to its clients
- Vontobel manages Raiffeisen-labelled mutual funds (CHF 8.1 bn in AuM at end-2016)
- In 2016, the partnership with Raiffeisen contributed over CHF 400 mn of net new money
- The partnership has been in place for more than two decades; the current agreement extends well beyond 2020

RAIFFEISEN

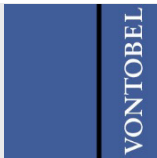
Integration of Vescore

- Strategic boutiques Quantitative Investments and Sustainable Investments were successfully integrated into Vontobel Asset Management's multi-boutique model
- Other parts of Vescore were sold promptly after closing
- Net advised client assets of CHF 11.7 bn were acquired, of which CHF 7.9 bn were accounted for as AuM
- Integration is progressing rapidly and costs of CHF 11.7 mn after tax were booked in 2016; further costs are expected in 2017
- Both boutiques are focused on growth and will contribute to the net new money growth target of 3-5%. Both are expected to be profitable from 2018
- Net consideration was CHF 73.3 mn¹ and translates into 0.6%² of net advised client assets

vescore:

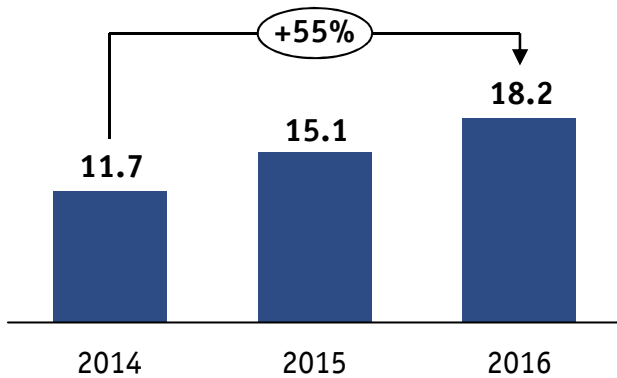
¹ Sum of goodwill (CHF 52.9mn), intangibles (CHF 35.6 mn) and deferred tax liabilities on intangibles (CHF -7.5 mn) from acquisition of Vescore minus sum of goodwill (CHF 6.0 mn), intangibles (CHF 2.2) and deferred tax liabilities on intangibles (CHF -0.5 mn) related to parts sold after closing

² Net consideration (CHF 73.3 mn) / net advised client assets (CHF 11.7 bn)



Financial Products with strong pan-European footprint – volume on deritrade® MIP is rising rapidly

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

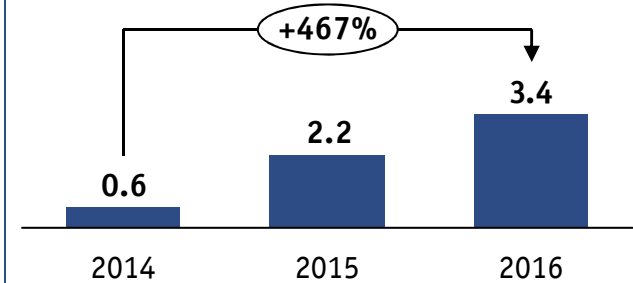


- Shift from exchange-traded to non-listed products continued in 2016 – exchange-traded volume in Europe declined 26% in 2016 vs 2015
- Vontobel grew turnover through significant market share gains, entry into new market and by increase in primary issuance through platform business
- Operating income in 2H16 was exceptionally high – profit growth vs 1H16 was atypical
- Market share in Europe grew from 7.0% in 2015 to 8.8% in 2016, driven by stronger position in all markets

Listed products in Europe (2016)

Market	Rank	Market share	
		Turnover	# trades
Switzerland ²	#2	26.0%	49.2%
Germany ²	#5	6.8%	9.0%
Nordics ³	#2	21.2%	18.8%
Italy ⁴	#5	1.2%	0.9%
Europe		8.8%⁵	11.9%⁵

Notional volume issued on deritrade® MIP (CHF bn)



7 issuers⁶

Numerous distributors

- 46 banks (>30 at end-2015)
- > 450 external asset managers (>300 at end-2015)

2 collaboration agreements in place

- UBS Wealth Management
- Raiffeisen

¹ Notional volume issued and volume traded

² Investment and leverage products

³ Sweden and Finland; leverage products; product categories plain vanilla, knock-out and certificates

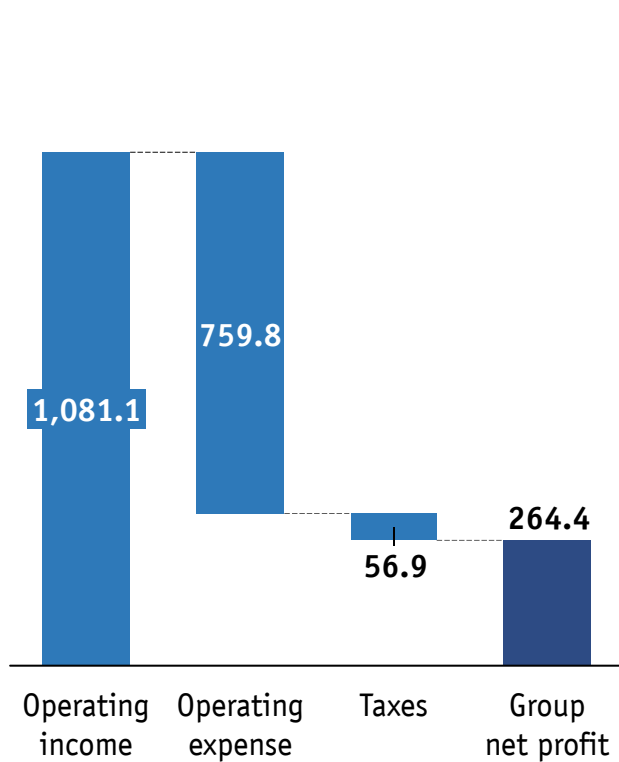
⁴ Leverage products

⁵ Includes estimates for Netherlands, France, Belgium, Austria

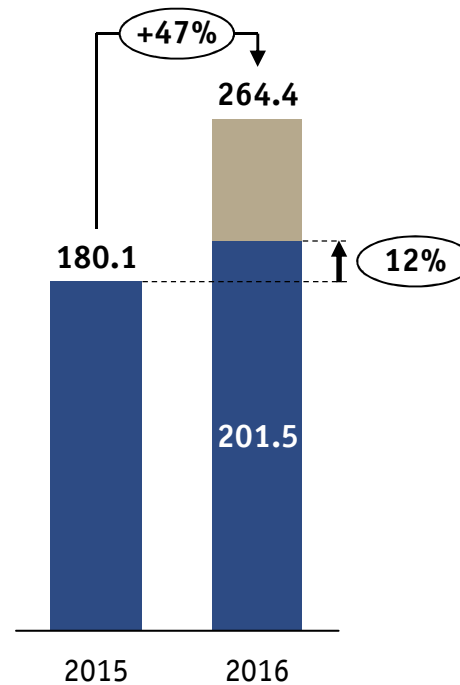
⁶ Deutsche Bank, JP Morgan, Morgan Stanley, Société Générale, UBS, Vontobel and ZKB

Vontobel achieved adjusted net profit of CHF 201.5 million in challenging environment – an increase of 12% compared to 2015

Breakdown of net profit 2016 (CHF mn)



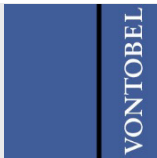
Comparison of net profit with previous year (CHF mn)



■ One-off impacts in 2016

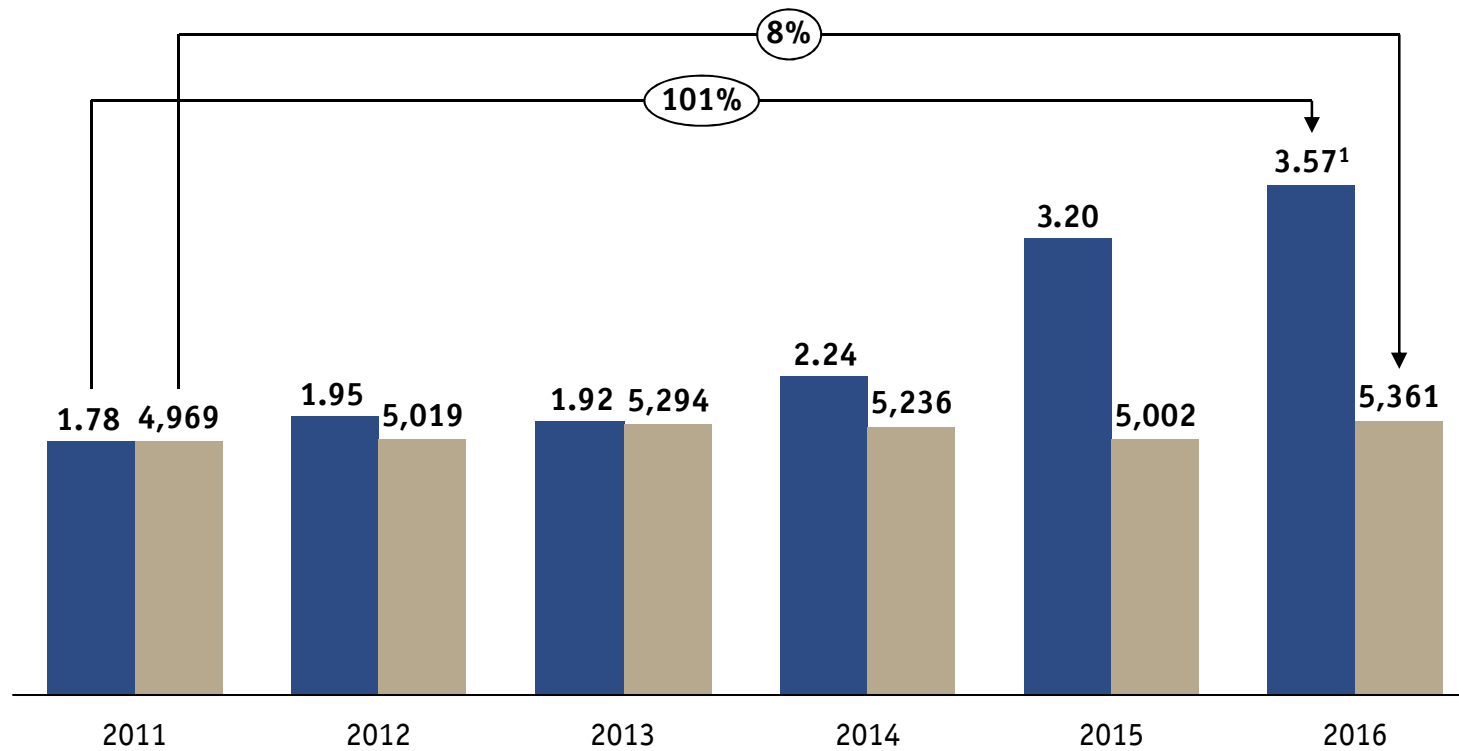
Comments

- Operating income proved resilient in tough market conditions due to focus on wealth and asset management
- Operating expense decreased slightly compared to 2015 – higher general expense and provisions/losses were more than offset by lower personnel expense and depreciation
- Number of FTEs rose to 1,674 at end-2016 from 1,494 at end-2015, mainly driven by additional FTEs from Vescore and organic growth



Vontobel generates strong EPS growth with stable risk-weighted positions – reflecting our successful focus on capital-light businesses

Earnings per share (CHF) and risk-weighted positions (CHF mn)



■ Earnings per share (EPS) ■ Risk-weighted positions

¹ Based on adjusted Group net profit allocated to shareholders of Vontobel Holding AG

Vontobel improves cost/income ratio to 73.6% and increases return on equity to 18.0%, significantly exceeding cost of capital

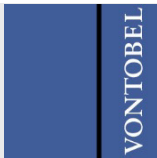
Development of key figures

	2015	2016	Δ
Operating income (CHF mn)	988.6	1081.1	+9%
Operating expense (CHF mn)	764.7	759.8	-1%
Profit before taxes (CHF mn)	223.9	321.3	+44%
Group net profit (CHF mn)	180.1	264.4	+47%
<i>adjusted</i>		201.5	+12%
Cost/income ratio (%)	77.0	68.2	-8.8 pp
<i>adjusted</i>		73.6	-3.4 pp
Basic earnings per share (CHF)	3.20	4.72	+48%
<i>adjusted</i>		3.57	+12%
Return on equity (%)	12.4	18.0	+5.6 pp
CET1 ratio (%; Basel III fully applied)	17.9	19.0	1.1 pp
Average LCR (%; liquidity coverage ratio)	221% ¹	218% ¹	-3pp

Comments

- Operating income increased by 9% due to sale of stake in Helvetia
- Operating income generated by core activities is almost unchanged, as lower contribution from Asset Management was almost fully offset by Wealth Management and Financial Products
- Operating expense declined due to strict cost management
- Cost/income ratio continued to improve significantly
- At 19.0%, CET1 ratio increased by 1.1 pp and remains substantially higher than regulatory requirement
- LCR substantially exceeds FINMA requirements (70% in 2016; 100% from 2019)

¹ Average over 2H



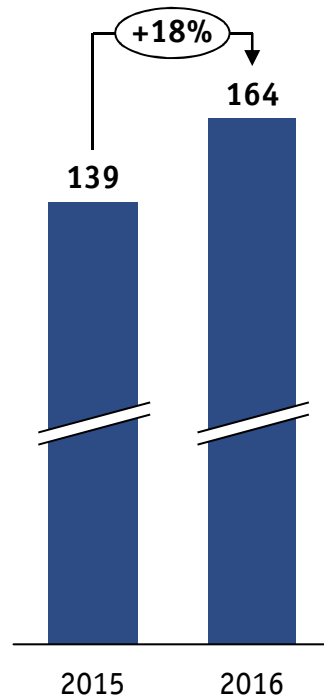
Organic growth and operating leverage lead to higher pre-tax profit in all core activities

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

Wealth Management¹



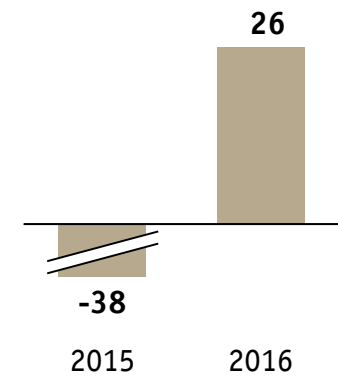
Asset Management



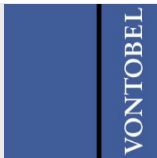
Financial Products



Corporate Center

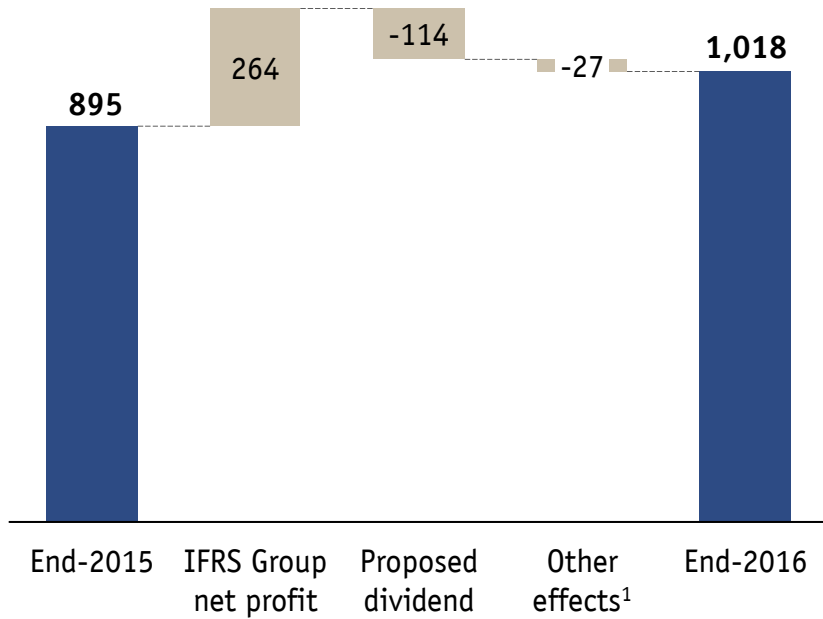


¹ Segment Private Banking and External Asset Managers business unit

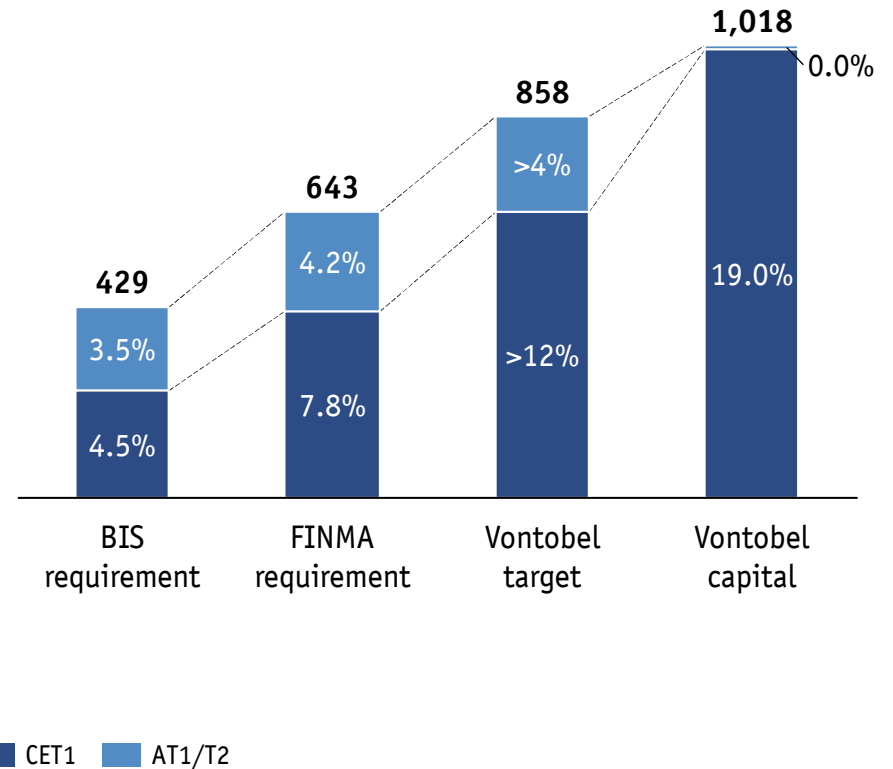


Further strengthening of capital position – significantly exceeds regulatory requirements without issuing any AT1 or T2

Change in regulatory capital (CHF mn)



Regulatory capital (CHF mn; end-2016; fully applied)



¹ Includes increase in goodwill and intangibles from Vescore acquisition and relief on defined benefit pension plans

Overview

Highlights

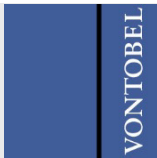
Full-year results 2016

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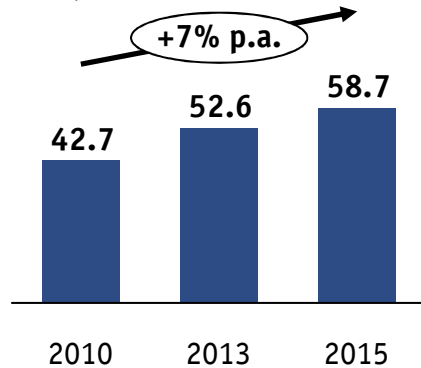


Vontobel is focused on solidly growing markets and is delivering value through a distinctive first-class offering

Wealth management

- Strong growth of HNWI population and HNWI wealth since 2010
- Vontobel is targeting this market with prime services from Private Banking as well as its offering for EAMs

Global HNWI wealth
(USD tn)

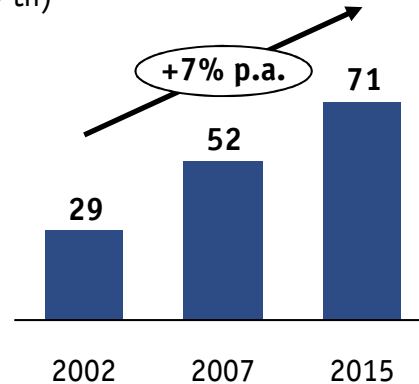


■ Financial wealth

Active asset management

- Industry AuM grew by an average of 7% p.a. over last 13 years
- Vontobel's growth exceeded market average due to focused multi-boutique approach and outstanding performance quality

Actively managed assets globally
(USD tn)

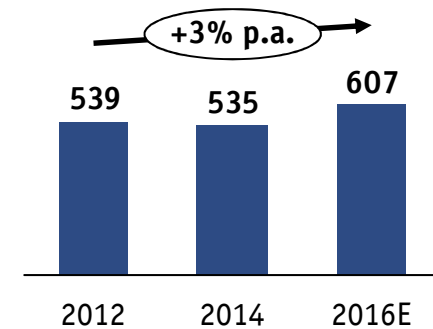


■ Assets under management

Financial products

- Long-term increase in demand for financial products
- Vontobel is well positioned with its leading technology, innovation capabilities and cost structure

Exchange turnover in Europe/Asia¹
(USD bn)



■ Turnover

¹ Austria, France, Germany, Hong Kong, Italy, Sweden and Switzerland
Source: World Wealth Report 2016 / Capgemini, BCG Global Asset Management 2016, eusipa, Hong Kong exchange

Vontobel's strategy is based on our core capabilities, target markets and leading technology

Our strategy is based on three pillars



Core capabilities

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



Target markets

In addition to our home market of Switzerland, we serve defined international focus markets based on client needs and Vontobel's core capabilities: Switzerland, Emerging Markets, Germany, US, UK and Italy



Leading technology

We harness technology to improve the quality and frequency of our interaction with clients. We deliver Swiss quality to our clients by leveraging our state-of-the-art digital platforms globally

Vontobel is successfully delivering on its strategy

Core capabilities

Vontobel's core capabilities are:

- Protecting and building wealth
- Managing assets actively
- Delivering tailor-made investment solutions

Strategic priority: service and product excellence

Service leader



- Named 'Best Private Bank in Switzerland' in 2016 by Swiss business magazine BILANZ for third consecutive year
- Assigned the rating 'Excellent' in Private Banking in December 2016 by investor magazine €uro for third year in succession
- Outstanding service in structured products recognized in Swiss Derivative Awards and German Zertifikate Awards

Performance quality



- 150 awards for Vontobel Asset Management since 2011 – from Lipper, Morningstar and other renowned institutions
- Mutual funds with 5 or 4 stars represent 74% of AuM in rated funds
- First-class research reaffirmed by Thomson Extel Surveys in 2016

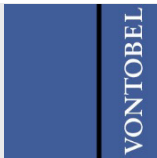
Best technology



- Innovative wealth management solutions with leading app for tablets and smartphone rolled out in focus markets
- New digital platform 'Vontobel EAMNet' rolled out for EAMs
- Technology leadership in offering tailor-made structured products – pushing technology into B2C-models

Thought leadership

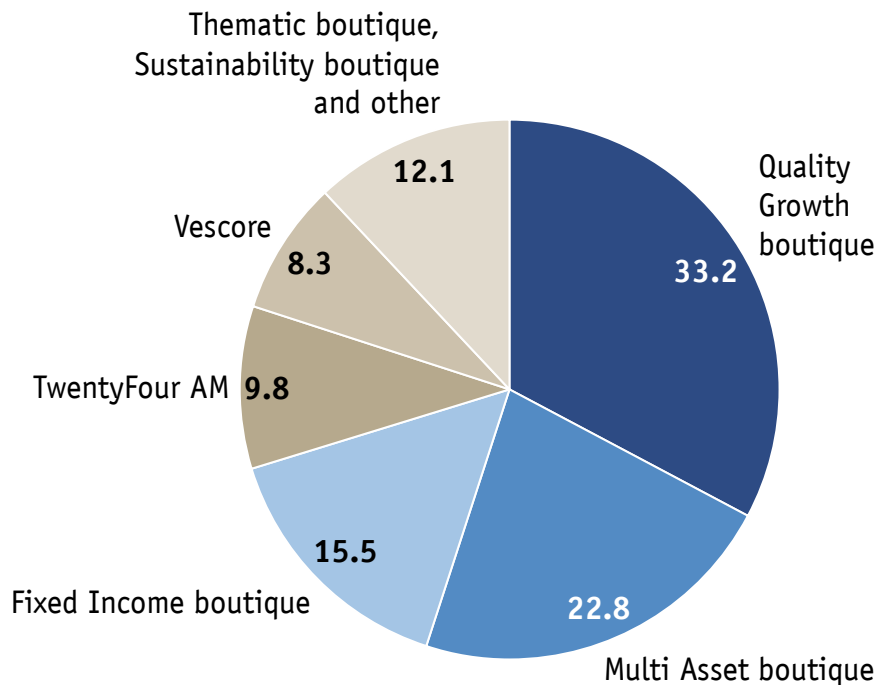
- Leading asset manager for sustainable investments in Europe with more than CHF 10 bn of AuM



Asset Management’s strategy is to run a well-diversified, institutional-focused and global book of boutiques

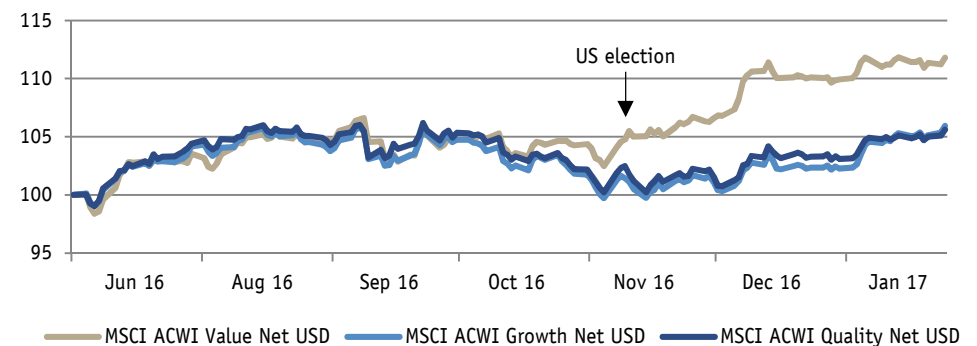
Diversified book of business (CHF bn; end-2016)

Total advised client assets: CHF 101.7 bn

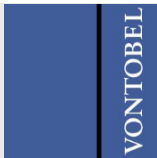


Challenging environment for active managers

- We are an institutional-focused active manager committed to delivering outstanding investment performance
- We apply fundamental analysis to identify attractive investment opportunities for our clients
- 2016 was driven by political events and sector rotation



- Our book of business is now well diversified across boutiques. The Quantitative Investment franchise acquired through Vescore provides additional diversification due to its low correlation with other investment styles

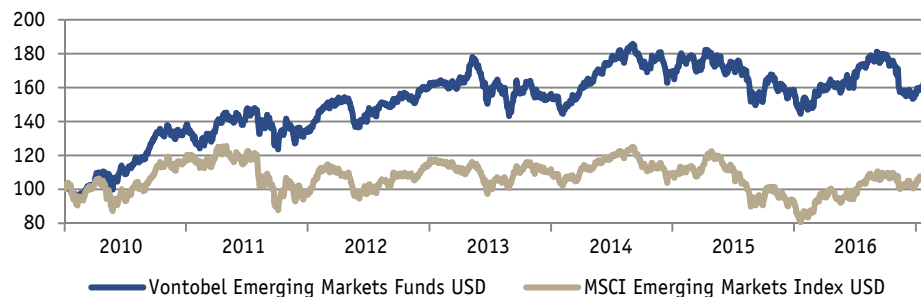


Long-term strength of Quality Growth affected by short-term headwinds – acceleration in growth of Fixed Income since 2010

Quality Growth stays on course

- In 2H16, especially after the US election, there was a shift from Growth and Quality to Value and from Emerging Markets to Developed Markets
- Current regional performance patterns are fully consistent with the investment style – similar patterns were overcome in 1999 and 2009
- Investment performance remains ahead of benchmark across all strategies over 3, 5 and 10 years¹ – the largest strategy, Emerging Markets, has generated cumulative excess returns of more than 500% since inception^{1/2}

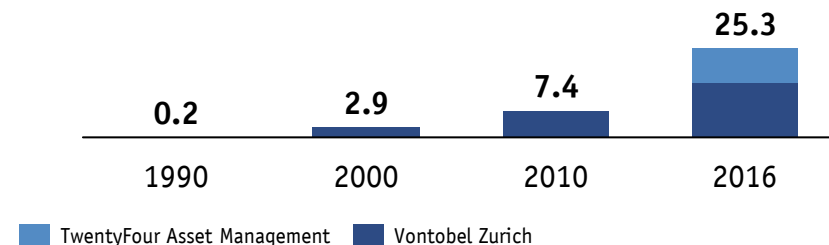
Investment returns (indexed)



Growth of Fixed Income accelerated since 2010

- Strong organic growth was complemented by acquisition of majority stake in TwentyFour AM in 2015
- Today, fixed income strategies comprise Swiss & global, asset backed securities, unconstrained, corporate, global flexible and emerging markets
- The teams consist of 40 investment professionals
- In 2016, net new money contributed CHF 2.0 bn to asset growth – an impressive organic growth rate of 8.7%
- In period of low interest rates and political uncertainty, fixed income offering with convincing investment thesis and strong risk-management will attract strong demand

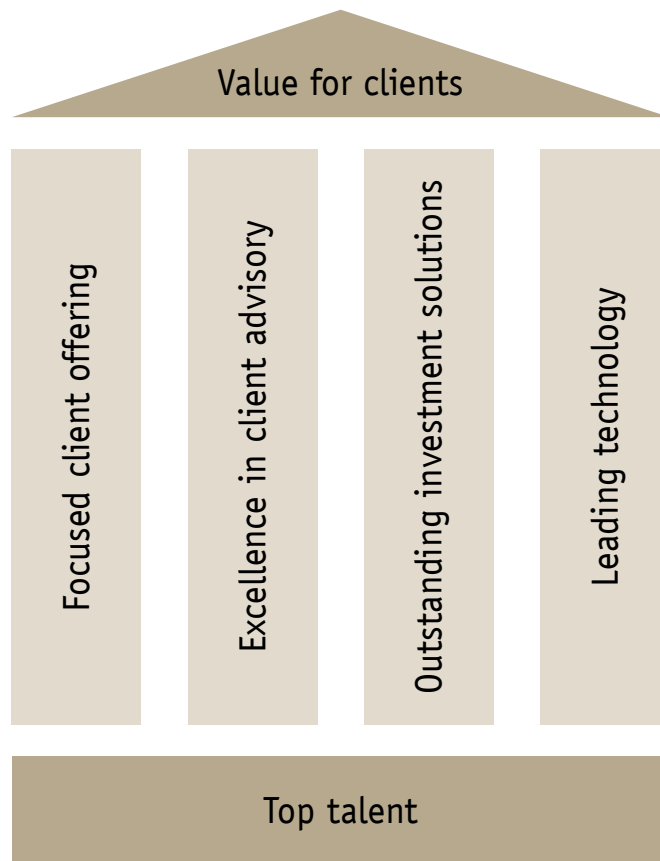
Advised client assets (in CHF bn)



¹ Measured by gross returns of composites ² Inception: October 1992

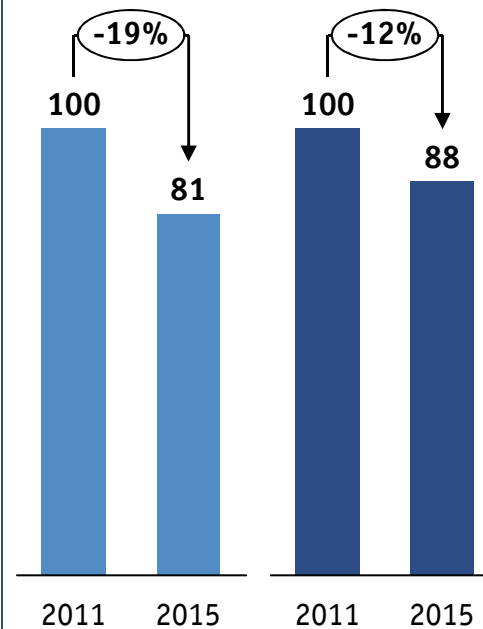
Wealth Management's growth is based on our focus on creating value for our clients

Vontobel has a clear strategy to drive growth



Vontobel offers higher stability than peers

Gross margin on AuM (indexed)



- Lower client activity, negative interest rates and shift from smaller to larger clients led to decline in gross margin
- Vontobel's focus on investment management results in more stable gross margin
- 80% of our gross margin comes from commission-driven income and about 60% from recurring fees

Market¹ Vontobel Wealth Management

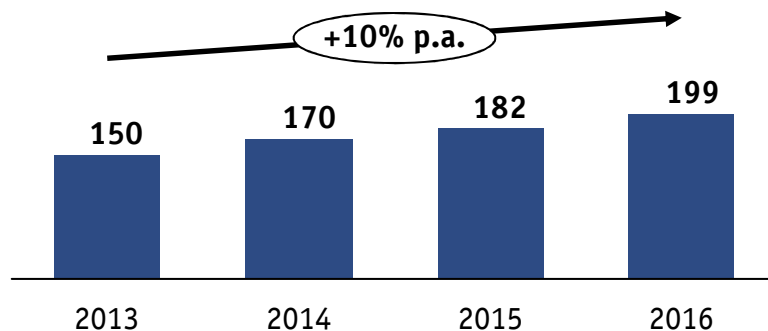
¹ Large private banks with AuM > CHF 10.0 bn
 Source: PwC report 'Private banking in Switzerland and Liechtenstein: are its days numbered?' (October 2016)

Wealth Management is attracting top talent and is highly scalable – organic growth will be complemented by acquisitions

Top talent is at the core of our offering

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

Relationship managers (in FTEs)



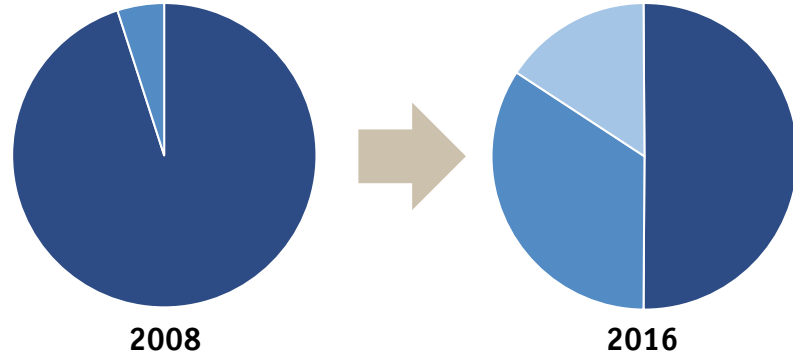
Vontobel’s platform is highly scalable

- Vontobel’s modern platform is highly scalable and capable of absorbing significant additional assets
- Additional assets lead to an improvement in operating efficiency due to operating leverage – additional assets can be managed at a marginal CIR of around 50%
- Vontobel’s ambition is to gain market share and grow organically by attracting 3-5% in net new money each year
- Additionally, Vontobel has the financial flexibility to acquire significant assets without diluting shareholders

Financial Products successfully expanded its franchise over the last decade and is embracing current trends

International expansion and development of platform business are drivers of growth

Share of turnover (illustrative)



■ Swiss product business ■ International product business ■ Platform business

- Our foresight has enabled us to deliver growth in a challenging environment
- Business mix has changed significantly since 2008. Today, about 50% of total turnover stems from international product business and platform businesses

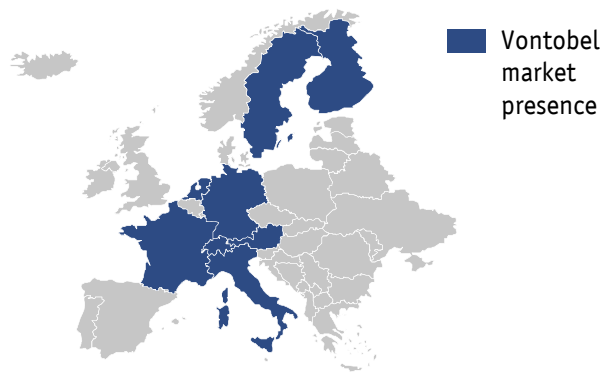
Innovation, technology and regulation will continue to drive structural changes

- Structured products are an important component of the portfolios of European investors and are even more significant in Asia
- Share of global HNWI Financial Assets invested in structured products is estimated at 5% (World Wealth Report 2014)
- Transition from a supplier's market to buyer's market expected to continue
- Digital innovation allows for disruptive improvement in client experience - digital distribution to continue increasing
- Multi-issuer solutions are becoming a market standard; introduction of MiFID will further support this trend
- Shift from exchange-traded products to non-listed bespoke products expected to continue going forward
- Our platforms and capabilities put us in a leading position

Source: World Wealth Report 2014 (Capgemini, RBC Wealth Management)

Financial Products has growth ambitions in Europe and Asia – clients around the world will benefit from our technology and offering

Potential for further growth of product business in Europe



- Vontobel entered the Italian market in 2016 followed by the Netherlands and France in early 2017
- Today, Vontobel offers its products in all key European markets
- Our ambition is to improve our offering in individual markets and to gain additional market share

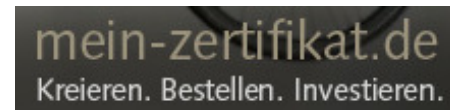
Preparation of market entry in Hong Kong for listed products

- Hong Kong is one of the world's largest markets for exchange-traded leverage products
- More than USD 500 bn was traded in leverage products¹ in 2016 (more than 7 times the volume traded in Europe)
- Financial Products is preparing for market entry with leverage products



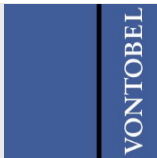
Vontobel drives innovation in platform business

- 'mein-zertifikat.de' is driving transition to a buyer's market, as clients can
 - select desired pay-off structure,
 - chose offering matching their specific needs from multiple issuers² (best execution) and
 - purchase bespoke solution on the exchange
- 'mein-zertifikat.de' has no minimum purchase requirement
- Vontobel is planning to also roll out this unique offering in the Swiss market



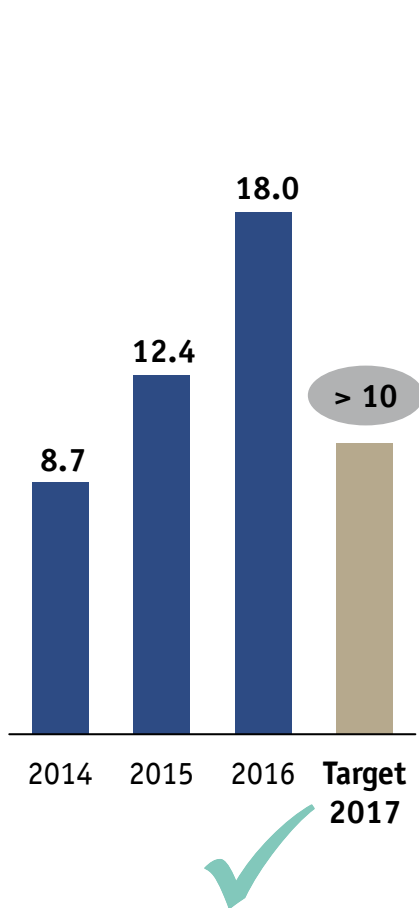
¹ Derivative warrants and callable bull-bear contracts

² Currently HSBC Trinkaus & Burkhardt and Vontobel

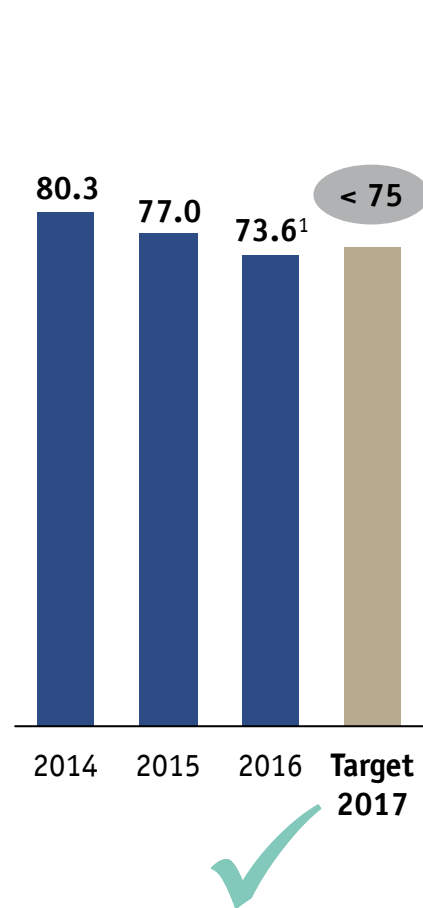


2017 targets achieved one year early due to successful implementation of growth strategy – new targets for 2020 to be announced in August

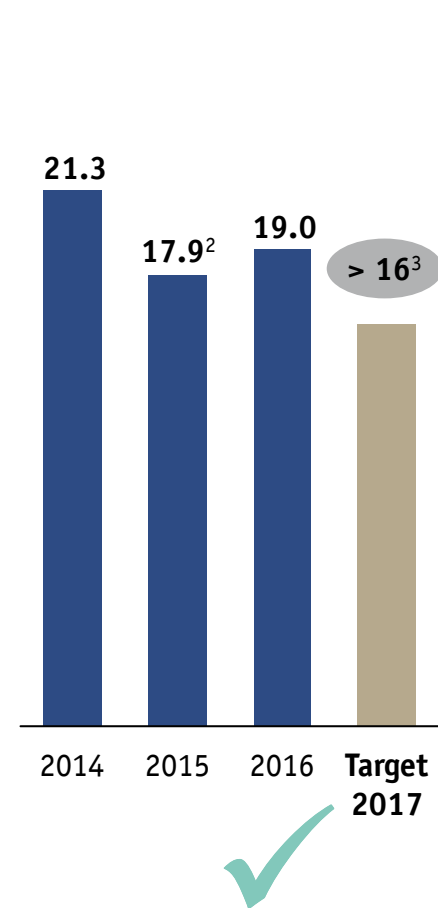
Return on equity (in %)



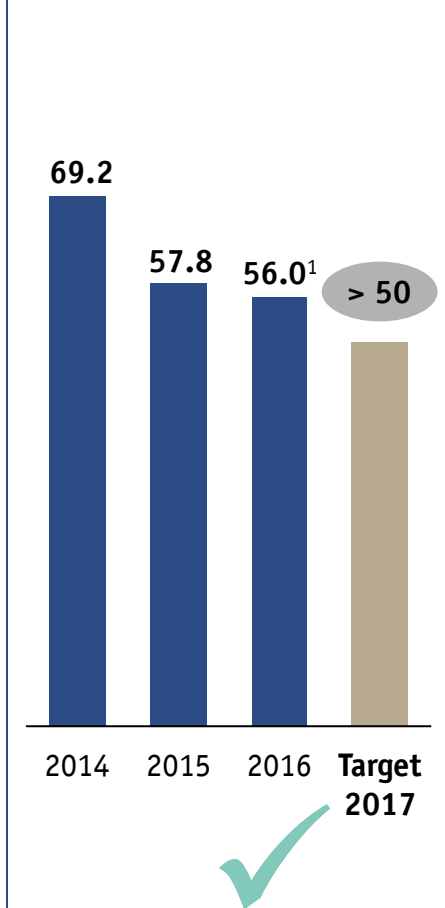
Cost/income ratio (in %)



Total capital ratio (in %)



Payout ratio (in %)



¹ Based on adjusted Group net profit

² Includes acquisition of majority stake in TwentyFour Asset Management and acquisition of Finter Bank Zurich

³ CET1 target of >12%

Overview

Highlights

Full-year results 2016

Strategy update

Outlook

Questions and answers



Rapidly changing world creates opportunities for Switzerland and for Vontobel as a specialized international wealth and asset manager

The world is undergoing fundamental changes

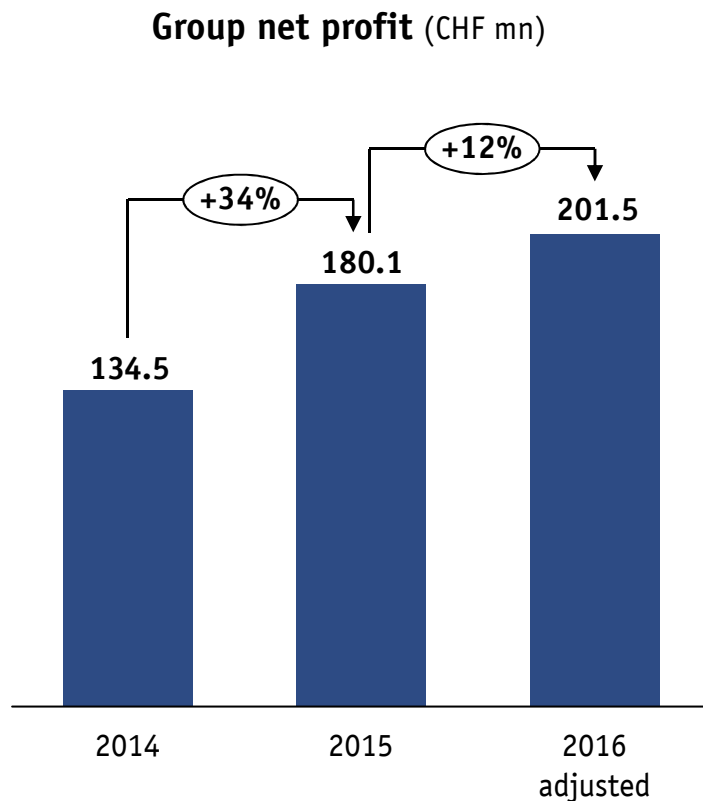
- Common truths like ‘free markets beat command economies’, ‘democracy beats autocrats’, ‘diversity beats homogeneity’ are being seriously challenged
- Policy mix and real world issues in the Western world are increasingly becoming less synchronized
- Significant political tail risks
- The world is in search of a new balance

New truths and opportunities are emerging

- Prepare for a regional, multipolar world, expect conflict between identity politics and protectionism, as international businesses oppose a return to the situation pre-globalization
- Digital innovation and industry 4.0 remain major disruptive forces
- The new truths are ‘agility beats size’, ‘smart beats strong’ and ‘authenticity beats façade’
- Defend unique position of Switzerland as an excellent and liberal place to do business with a strong history of freedom and a stable political and legal framework
- Vontobel will continue to act swiftly, be agile and deploy our content-driven global business model – providing specialist service and advice in everything we do

Vontobel will invest in 2017 and prepare for the next phase of growth

Profit growth of 12% in 2016 on adjusted basis



Vontobel will invest in growth initiatives

- Wealth Management: Pursue growth by targeting Swiss and international clients with focused offering, investing in technology and hiring additional relationship managers
- Asset Management: Increase diversification of book of business through organic growth; support Raiffeisen's growth plans in investment business and complete integration of Vescore
- Financial Products: Leverage technology and cost leadership to gain market share in Europe and to enter Hong Kong market. Continue roll-out of innovative multi-issuer solutions in Europe and Asia
- Vontobel will continue to invest in mid-term growth, even if this results in flattening of profit growth in 2017

Overview

Highlights

Full-year results 2016

Strategy update

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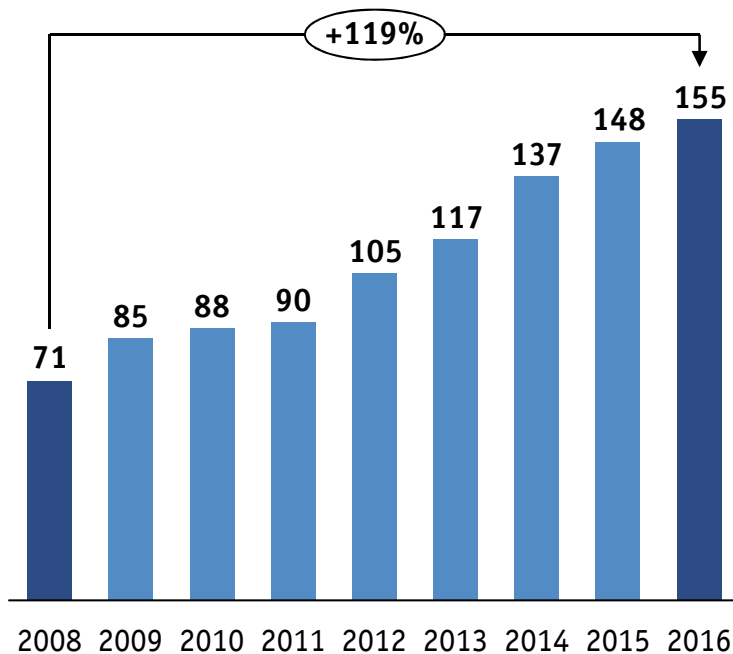
Questions and answers



Appendix

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

Advised client assets (CHF bn, period-end)



Vontobel’s business model

- **Vontobel’s core capabilities** are to protect and build wealth, to manage assets actively and to deliver tailor-made investment solutions
- **Advised client assets** are a key financial indicator to measure performance in Vontobel’s core capabilities. They consist of:
 - Assets under management
 - Other advised client assets
 - Structured products outstanding
- Advised client assets have more than doubled since 2008 – confirming Vontobel’s successful focus on its core capabilities
- Proportion of operating income from stable and recurring fee and commission income grew from 54% in 2009 to 60% in 2016 – this large share is typical for a **wealth and asset manager**
- Vontobel’s client-centric business model enables it to tap into the growing **pool of global wealth**

95% of advised client assets stem from home and focus markets

Advised client assets by client domicile as of end-2016 (CHF bn)

	Home market	Focus markets					Other markets	Total
	Switzerland ¹	Germany	Italy	UK	US	Emerging Markets ²		
Advised client assets	64.2	18.1	7.3	12.8	18.0	27.1	7.8	155.3
Wealth Management	Full offering	Onshore Cross-border	Cross-border	Cross-border	Onshore ³ and EAM	Onshore Cross-border	Cross-border	47.8
Asset Management	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	98.0 ⁴
Financial Products	FP, Brokerage, CF, TB	FP Brokerage	FP (cloud services)	Brokerage	Brokerage	FP	FP (cloud services), Brokerage	9.5
Breakdown								
Assets under mgmt.	58.5	13.1	7.3	12.8	18.0	21.1	7.7	138.5
Other adv. client assets	0.6	3.7	-	-	-	6.0	0.1	10.4
Structured products	5.1	1.3	-	-	-	-	-	6.4

¹ Including Liechtenstein

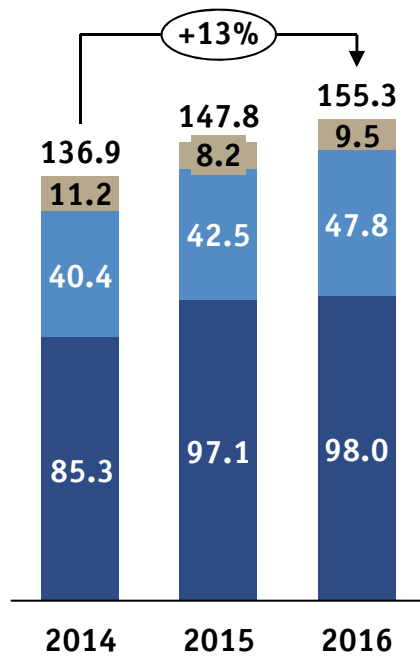
² Asia Pacific Region, CEE, LATAM, Middle East and Africa

³ Vontobel Swiss Wealth Advisors AG (SEC-registered investment advisor)

⁴ Excluding assets managed on behalf of other segments (CHF 3.7 bn)

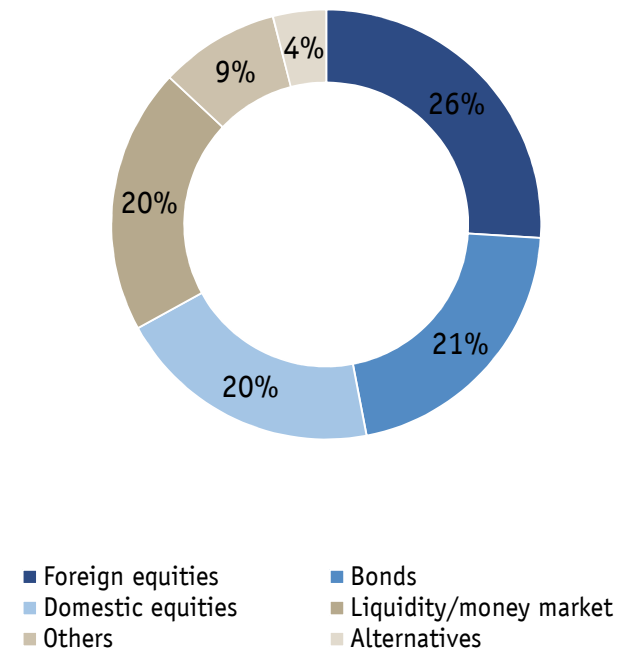
Advised client assets have grown by 13% since 2014 and are well diversified across asset classes

Advised client assets (CHF bn)



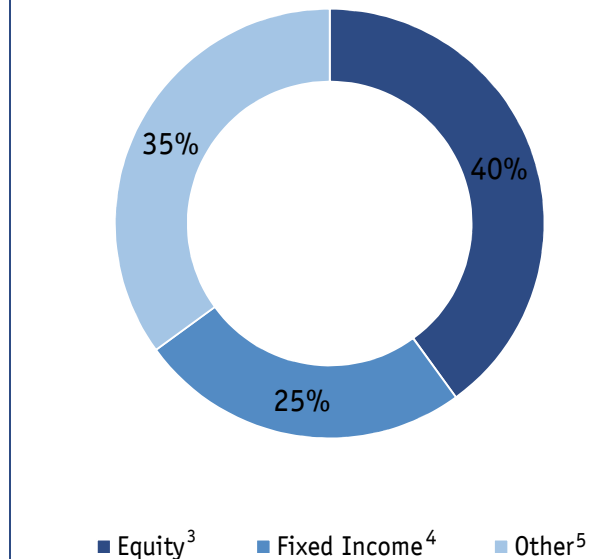
Advised client assets by asset class (end-2016)

Wealth Management



- Wealth Management clients currently hold 20% of their assets in cash (down from 21% at end-2015)

Asset Management



- Large proportion of AuM from institutional clients (70%)
- Asset Management with low proportion of money market funds

■ Asset Management¹
 ■ Wealth Management
 ■ Financial Products²

¹ Excluding assets managed on behalf of other segments

² Including structured products

³ Quality Growth Boutique, Thematic Boutique

⁴ Fixed Income Boutique, TwentyFour Asset Management

⁵ Multi Asset Boutique, Sustainable Boutique, Vescore

Strong performance culture is confirmed by the market

We have received 150 awards for our investment funds and our investment expertise since 2011



Vontobel Asset Management boutiques focus on clearly defined investment strategies

Equities

Quality Growth boutique

High-quality growth at sensible prices – a single investment philosophy applied across all strategies

33.2

Thematic boutique

'Themes' in the equity portfolio create added value; the range extends from Global Leaders and global megatrends to Swiss companies

6.4

Fixed Income

Fixed Income boutique

Actively managed fixed-income investment strategies: global expertise and specific focus on flexible, corporate and emerging market bonds

15.5



Highly transparent, actively managed fixed-income products that generate attractive risk-adjusted returns, with a strong focus on capital preservation

9.8

Client assets¹
(CHF bn)

Multi Asset Class

Multi Asset boutique

Global, benchmarked multi-asset portfolios or strategies with defined risk budgets

22.8

Sustainability boutique

Equity, bond and real estate investments founded on the principles of sustainable development

3.3

vescore

Quantitative investment solutions focused on stable returns and customised asset allocation overlays

8.3

Client assets¹
(CHF bn)

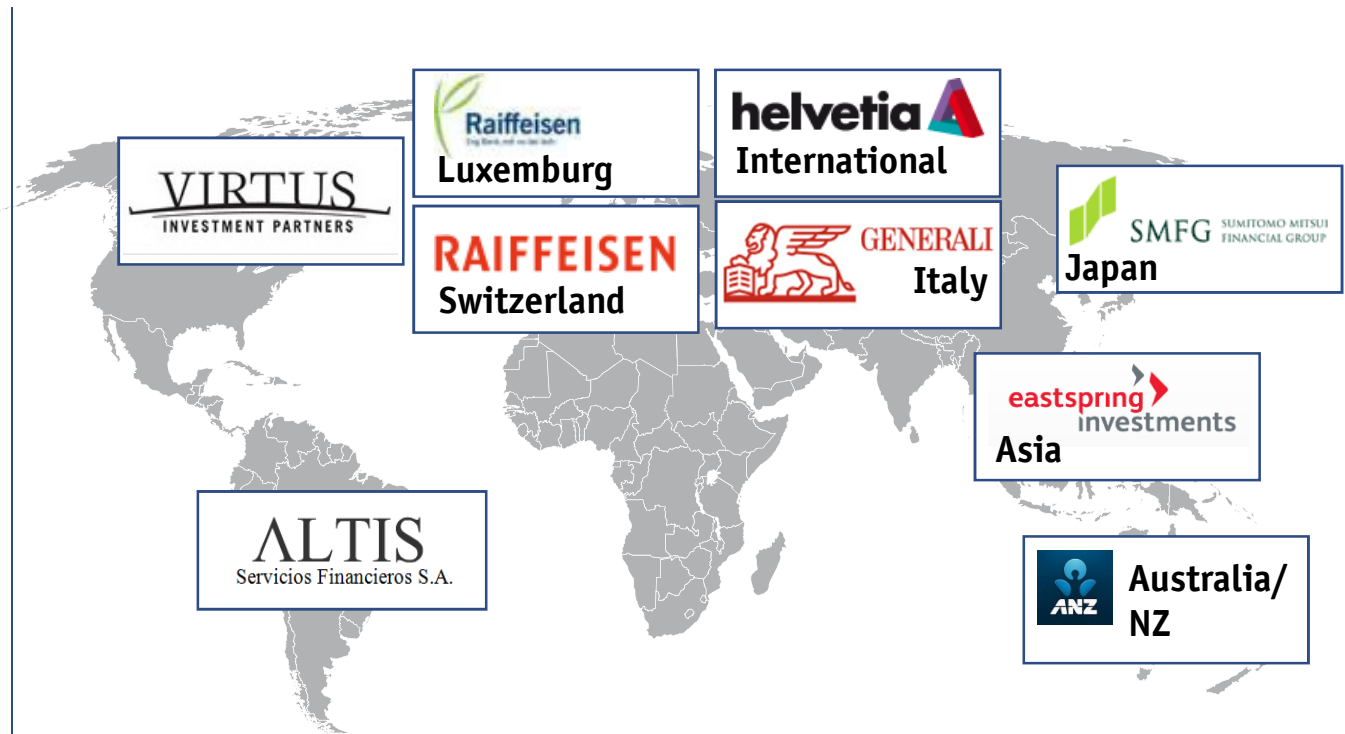
¹ Advised client assets at end-2016, including double counting

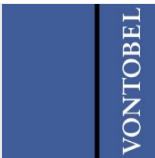
Expansion of partnership with Raiffeisen based on Vontobel's compelling asset management offering for financial institutions

Vontobel's offering for asset management partners

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

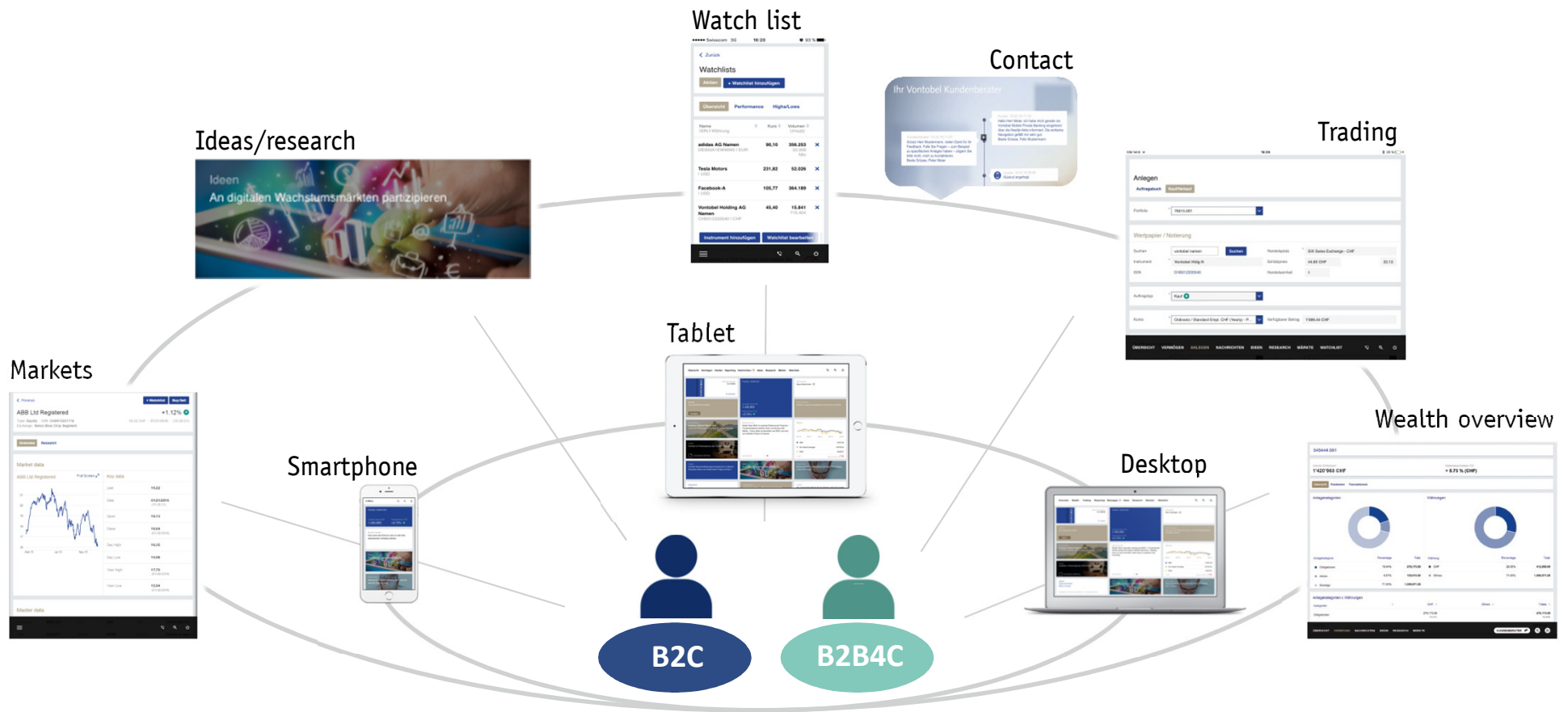
Partners across the globe rely on Vontobel's offering





Vontobel's omni-channel offering gives Wealth Management clients a coherent and seamless experience – 'anytime and anywhere'

Vontobel's omni-channel offering



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

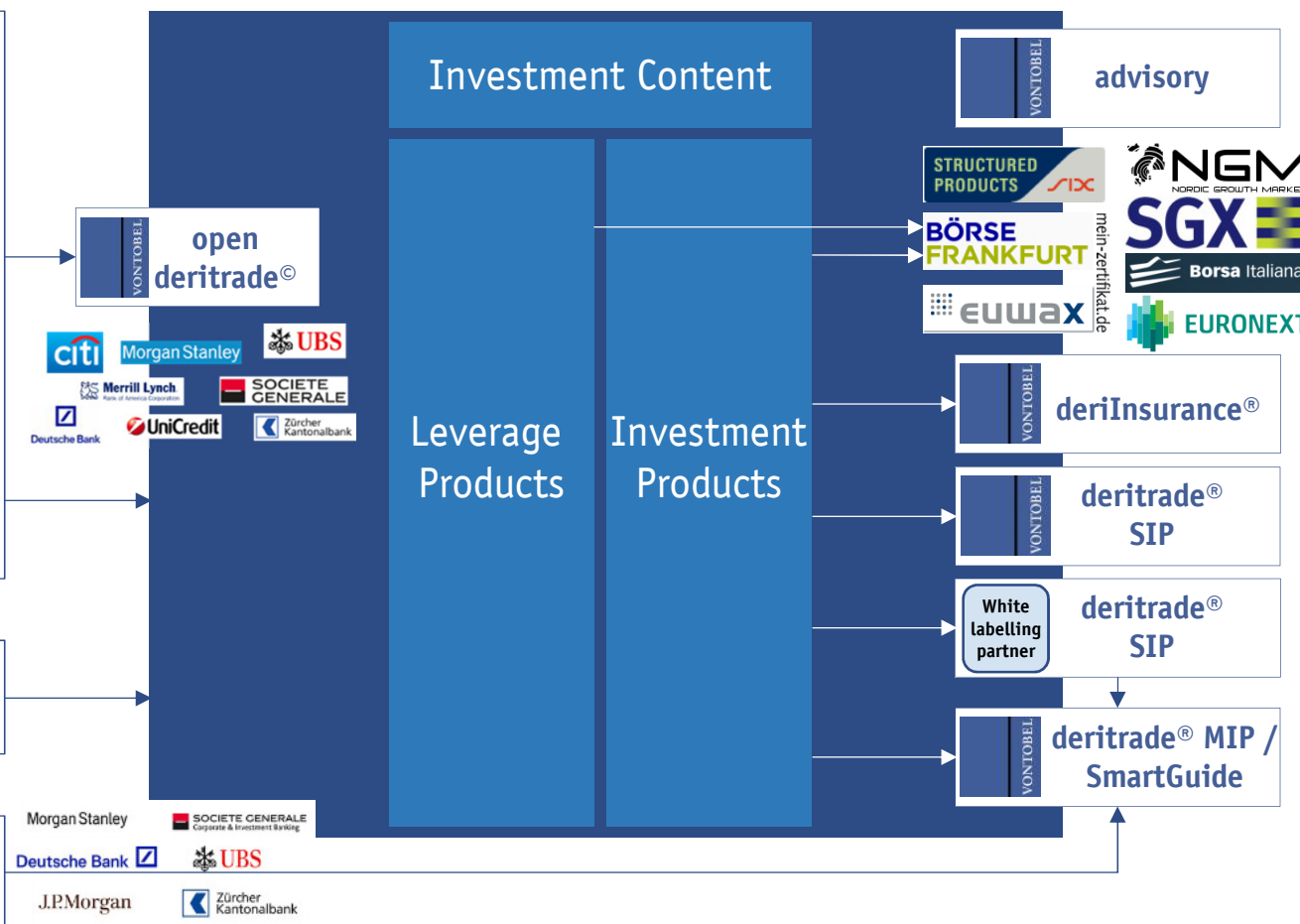
Capital markets

- **Risk**
 - Exchanges
 - OTC
 - Interbank markets
- **Asset classes**
 - Fixed income
 - Credit
 - Equities
 - Commodities
 - FX
 - Alternative investments

Third-party wrappers / notes

Products from third-party issuers

Vontobel's derivatives factory



Distribution

- Private banks, wealth managers and retail banks
- Insurance companies
- Private clients

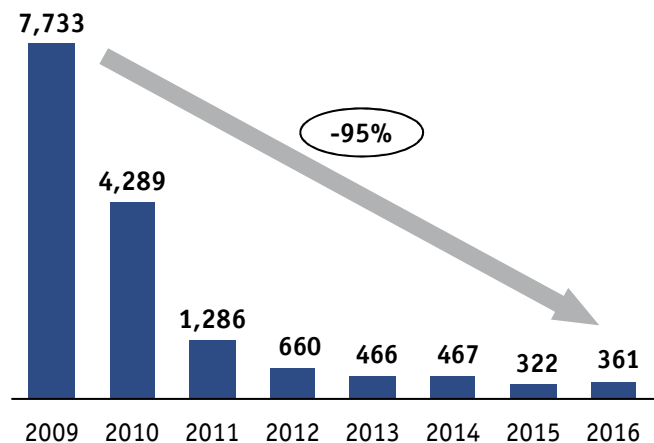
Financial Products leverages technology and cost structure to gain market share in Europe

Technology leadership

- Leading technology platform enables Vontobel to rapidly enter new markets and to establish platform business
- Digitization allows Vontobel to enter new markets at low marginal costs and to reduce average costs per unit

Cost leadership

Cost per unit¹ (CHF)

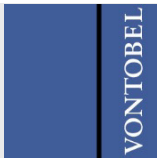


Leverage products in Europe

Markets	Volume in 2016 (EUR mn)	VT market share in 2016 Volume (trades)	Future Vontobel volume
Switzerland	6,189	46.9% (55.4%)	⇒
Germany	19,917	8.9% (9.5%)	↗
Nordics ²	10,133	21.2% (18.8%)	⇒
Italy	19,809	1.2% (0.9%)	↗
Netherlands	5,063 (estimated)	0.0% (0.0%)	↗
France	4,276 (estimated)	0.0% (0.0%)	↗
Total	65,387	10.8% (12.5%)	↗

¹ Calculated as total operating expense of business unit Financial Products divided by number of products issued
Source: eusipa, DDV, Technolab, NGM, Borsitaliana, Vontobel

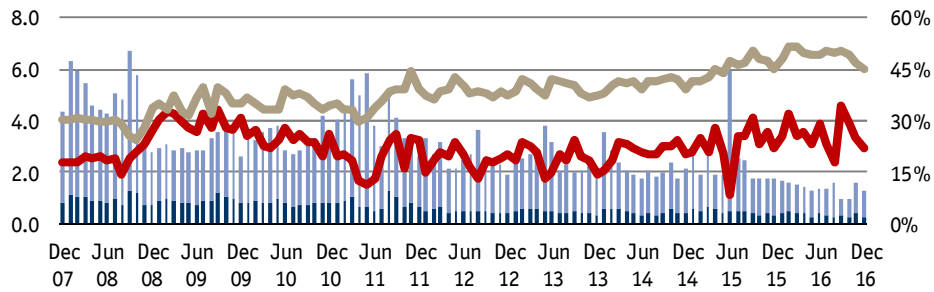
² Sweden and Finland; product categories plain vanilla, knockouts and certificates



Financial Products with stable or growing market share across all markets

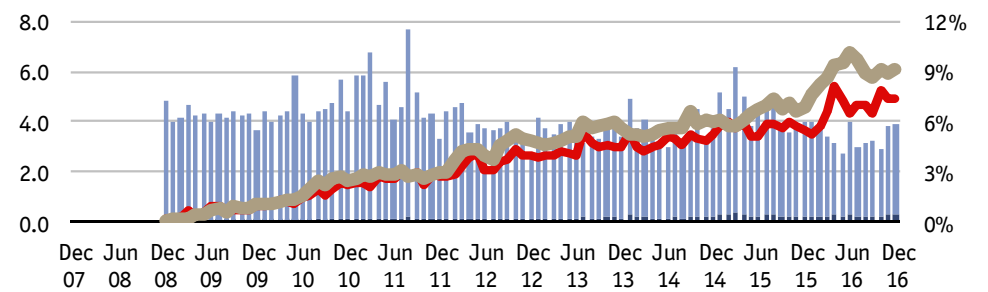
Switzerland (CHF bn; 2016)

Rank	Market share turnover	Market share # of trades
#2	26.0%	49.2%



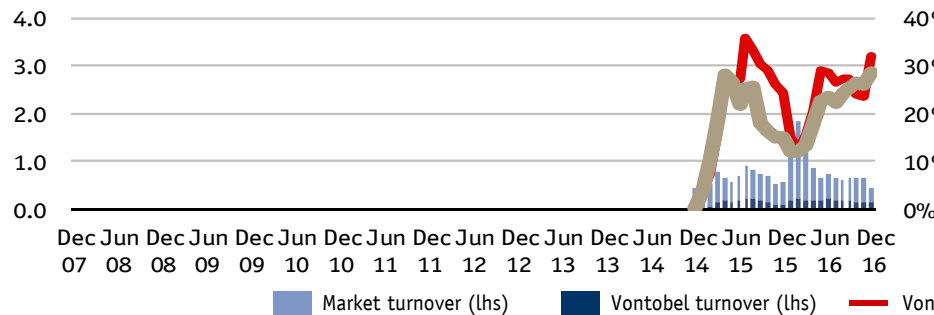
Germany (EUR bn; 2016)

Rank	Market share turnover	Market share # of trades
#5	6.8%	9.0%



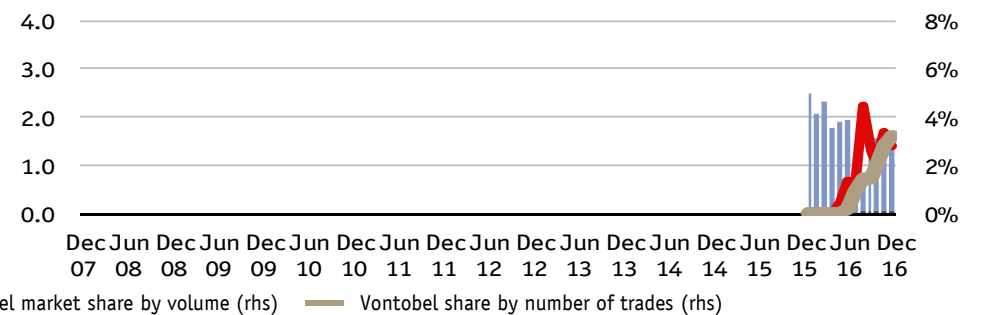
Nordics¹ (EUR bn; 2016)

Rank	Market share turnover	Market share # of trades
#2	21.2%	18.8%



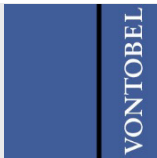
Italy² (EUR bn; 2016)

Rank	Market share turnover	Market share # of trades
#5	1.2%	0.9%



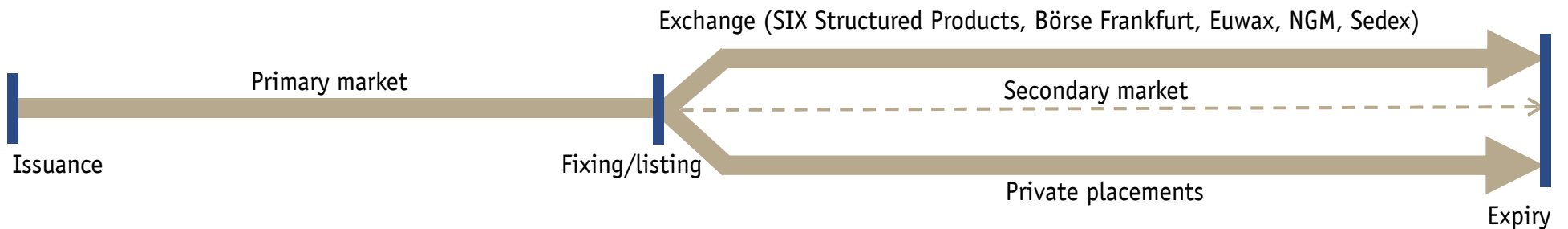
¹ Sweden and Finland; leverage products; product categories plain vanilla, knock-out and certificates

² Leverage products



Distribution strategy for Financial Products geared towards high-growth areas

Derivatives market



Exchange-traded volume (2016)

	Switzerland	Germany ²	Nordics	Italy ³
Market				
▪ Turnover	CHF 16.2 bn	EUR 41.2 bn	EUR 10.1 bn	EUR 19.8 bn
▪ Ø trade size	CHF 24.3 k	EUR 8.0 k	EUR 3.3 k	EUR 7.8 k
▪ Listed products ¹	> 10,000	> 1,325,000	> 9'000	> 5'000
Vontobel				
▪ Rank	#2	#5	#2	#5
▪ Turnover	CHF 4.2 bn	EUR 2.8 bn	EUR 2.1 bn	EUR 0.3 bn
▪ Market share	26.0%	6.8%	21.2%	1.2%
▪ Ø trade size	CHF 12.9 k	EUR 6.1 k	EUR 3.8 k	EUR 10.9 k
▪ Vontobel products listed ¹	> 28'500	> 100'000	> 2'500	> 100

deritrade[®] MIP (2016)

Leading multi-issuer platform

- Notional issued CHF 3.4 bn
- Ø product size about CHF 200 k
- >17,000 products issued

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

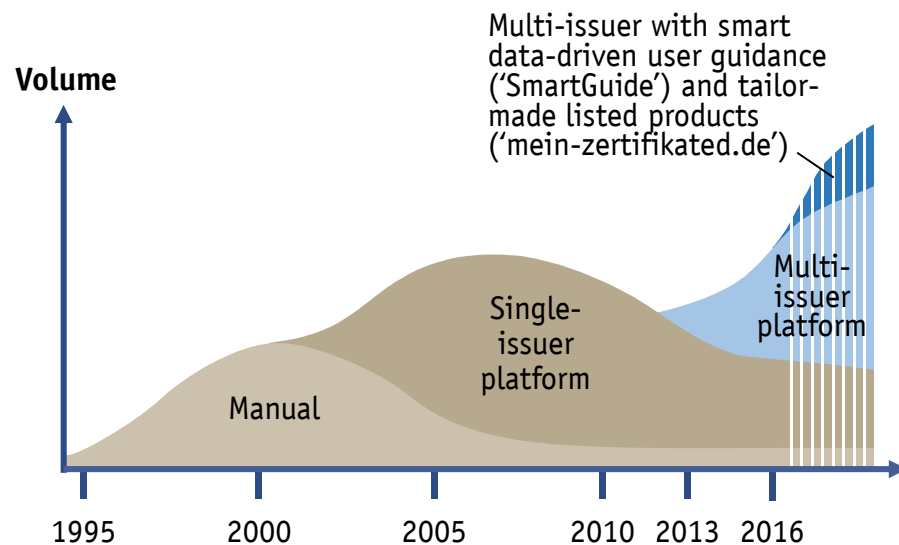
- Cost reduction for clients and issuers
- High level of confidence in Vontobel as an issuer
- Significant proportion of trading volume generated with non-listed products

¹ At end-2016 ² Data for Germany do not include OTC trading of listed products (estimated to be double of exchange trading volume)
Sources: SIX Structured Products, Börse Frankfurt, Technolab, DDV, NGM and SNB, SVSP, Euwax, Borsa Italiana, Vontobel estimates

³ Start in May 2016

deritrade® MIP is the world's first decision-making tool for designing and buying structured products using smart and crowd data

Innovation cycles



- deritrade® SmartGuide was introduced in 2015 and was very well received by deritrade® users

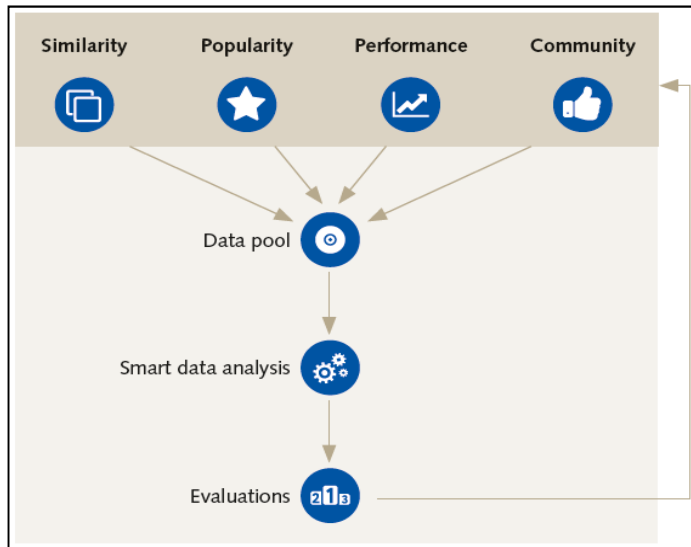
Benefits of Vontobel's multi-issuer platform

- deritrade® MIP provides full customization capabilities at best prices – bringing the Internet revolution to structured products and thus empowering the consumer
- Vontobel's multi-issuer platform provides numerous benefits such as:
 - Best execution
 - Higher client returns
 - Increased market reach for issuers
 - Scalability and lower costs
- In addition, Vontobel is leveraging its smart and crowd data capabilities to support clients in their decision making ('SmartGuide'). SmartGuide suggests alternative products based on client preferences, e.g. products with similar characteristics or products with higher relative performance
- In 2016, Vontobel launched the innovative 'mein-zertifikat.de' platform in Germany, which allows clients to create tailor-made listed products

deritrade® SmartGuide

The intelligent decision-making tool

The new standard of tomorrow ...



deritrade® SmartGuide

SmartGuide has generated some alternative product ideas tailored to your preferences

Product Underlying	Similarity	Popularity	Performance Indicator	Community Vote	Coupon p.a. (Coupon abs.)			
BRC UB5 Group	★★★★	★★★	★★★★	★★★★	12.27% (12.65%)	🔔	👍	Select
BRC Credit Suisse	★★★★	★★★	★★★★	★★★★	15.33% (15.80%)	🔔	👍	Select
MBRC C5GN,LHN,UBSG	★★★★	★★★	★★★★	★★★★	19.35% (19.95%)	🔔	👍	Select
BRC UniCredit	★★★	★★★	★★★★	★★★★	15.18% (15.65%)	🔔	👍	Select
BRC Crédit Agricole	★★★★	★★★	★★★★	★★★★	13.53% (13.95%)	🔔	👍	Select

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SmartGuide is based on the user preferences and on statistical data of the deritrade usage. This product list does neither consider personal risk factors nor any suitability aspects. This list is neither an investment proposal nor based on any investment research or financial analysis and is for pure information purposes only. The user must regularly review his or her user profile to ensure the accurateness and correctness of his preferences and the conclusions derived from his simulation and trading history.

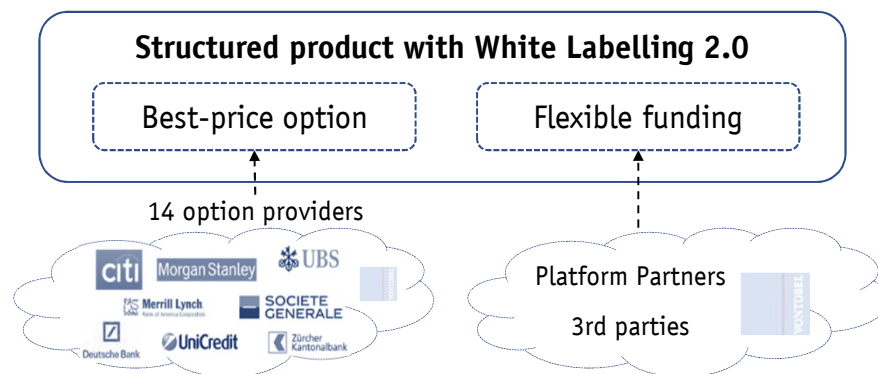
...is already operating in today's world

- Technology that transforms big data into smart data
- Technological analysis intelligence with direct access to the vast amounts of digital data held on our deritrade® Multi Issuer Platform
- Intelligent technology and this extensive array of data are used to prepare product alternatives for relationship managers - all in real time
- Individual user behaviour is taken into account
- Users can define the weightings for selected criteria ('similarity', 'popularity', 'performance', 'community') together with their clients
- Increased quality of decision-making process with automated, tailor-made product alternatives

Platform partners benefit from our best execution for all product components and our large distribution network

Open architecture as a mission statement

- Vontobel offers Platform Partners the ability to issue structured products on a fully automated basis in their own name and with own counterparty risk – Platform Partners have access to an additional funding source
- With our unique White Labelling 2.0 offering, Vontobel provides best execution on all product components
- Platform Partners gain access to Vontobel's large distribution network (> 500 distributors and > CHF 1,000 bn in addressable AuM¹)
- Business model is fee-based and has low capital requirements²



Value propositions

- Best execution for all product components
 - Including the option component – a real USP
 - Fully MIFID compliant
 - Best price increases potential for profitability margin
- Access to a large distribution network
 - 46 banks and > 450 EAMs already onboard
 - > CHF 1,000 bn addressable AuM¹
- Low operational risk and improved offering
 - 'Best-in-class' with Vontobel as enabler
 - Fast time to market

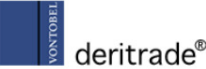
Market potential

- Primary targets:
 - Banks with a significant wealth management business...
 - ...and the wish to distribute structured products under their own strong brand
 - At least 'A' rating and/or strong reputation
 - Balance sheet > USD 5 bn
 - Vontobel estimates:
 - > 10 in Switzerland / > 50 in EU / > 50 in APAC

¹ Vontobel estimates

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

[User Guide](#) | [Support](#) | [Change Password](#) | [Logout](#)


Create A New Product

Dashboard
Product Finder
Pricer
Matrix
Reporting
My Deritrade
Create A New Product

Pricing Form
LIVE
DEMO
Pricing Result

Barrier Reverse Convertible Optional Fields

Target Jurisdiction: Switzerland

Ref. Bond Issuer: Add Ref. Bond? Yes No

Add Underlying: DPW GY Equity

Settlement Type: Physical

Investment Currency: EUR

Enter Trade: 750k Reference

Initial Fixing: 06.01.2016 Now

Final Fixing: 1y

Solve for: Coupon

Strike: 100 %

Barrier: 80 % Continuous

Coupon Frequency: Expiration

Offering Type: Private

Listing: Not listed

Simulate

Product Type	Barrier Reverse Convertible			
Investment Amount	EUR 750 000.00			
Request ID / Time	2488145 (06.01.2016 14:29:42)	Trade Payment	06 Jan 2016 13 Jan 2016	
Term	1 Year	Final Fixing Redemption	20 Jan 2017 27 Jan 2017	

ISSUER	FORWARD	DOCUMENTS	COUPON P.A.	Show Details	
Issuer 1	→		8.0200 % 8.3300 % absolute	Trade	36 sec
Issuer 2	→	Termsheet Deutsch English Français Italiano	7.4118 % 7.7000 % absolute	Trade	39 sec
Issuer 3	→		7.8900 % 8.1976 % absolute	Trade	33 sec
Issuer 4	→		9.0000 % 9.3500 % absolute	Trade	43 sec
Issuer 5	→		8.2011 % 8.5200 % absolute	Trade	36 sec
Issuer 6	→		8.6800 % 9.0367 % absolute	Trade	41 sec
Issuer 7	→		7.7983 % 8.2319 % absolute	Trade	39 sec

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Click to find more ideas

Vontobel launches dedicated strategy for Asia Pacific to at least double business volume in the region by 2020

Wealth management

- Focus on niche offering based on ability to provide global diversification
- Maintain cost efficient model – no proprietary booking platform outside of Switzerland, Liechtenstein and Germany

Asset management

- Take market development to next level:
 - Become market-specific by breaking down APAC region into Asia ex Japan, Japan and Australia/New Zealand
 - Become local by developing closer relationships and servicing additional segments
 - Diversify growth across products
- Further develop cooperation with ANZ

Financial products

- Leverage technology leadership in Asia:
 - Establish deritrade® Multi Issuer Platform:
 - 7 distributors with total reachable assets of USD 130 bn have already officially expressed an interest
 - Onboarding of 3 leading issuers underway, Vontobel already live as an issuer. Discussions with 4 further major issuers in the region are ongoing
 - Provide advisory
 - List warrants on exchange

Investments

- No build-up of significant cost base
- Growth initiative to be fully funded by existing operations
- Target cost/income ratio for 2017 remains unchanged (<75%)

Vontobel's offices in APAC



Mergers and acquisitions

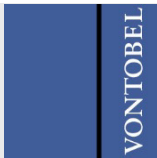
- Focus on organic growth
- M&A is an option for core activities of wealth and asset management

Adjusted Group net profit of CHF 201.5 mn

Effect of one-off impacts on Group net profit (CHF mn)

	Reported in	2016
IFRS Group net profit		264.4
Sale of stake in Helvetia	Corporate Center	- 91.0
Adjustment of Finter Bank purchase price	Corporate Center	- 3.7
Integration costs, Finter Bank	Corporate Center	+ 4.2
Integration costs, Vescore	Corporate Center	+ 11.7
Charges related to discussions with German tax authorities	Corporate Center	+ 15.9
Adjusted Group net profit		201.5

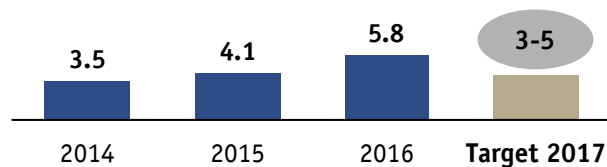
The operating expense contains additional one-off impacts, which are largely offsetting each other and therefore not reported here. Examples are one-off benefits and retention costs related to CIO change in Quality Growth boutique, impact of changes to Swiss pension fund regulations, charges related to Vescore not booked as integration costs and accelerated replacement of older systems due to digital transformation



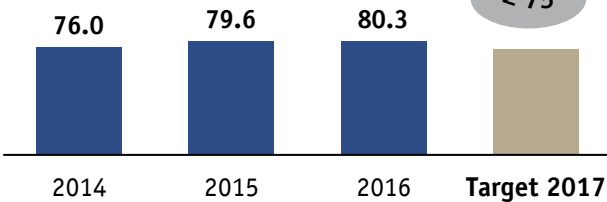
All segments with ambitious targets for 2017

Private Banking

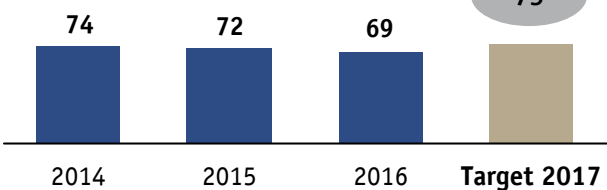
NNM growth (in %)



Cost⁴/income ratio (in %)

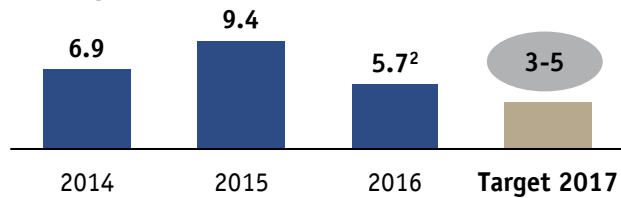


Gross margin on AuM (in bps)

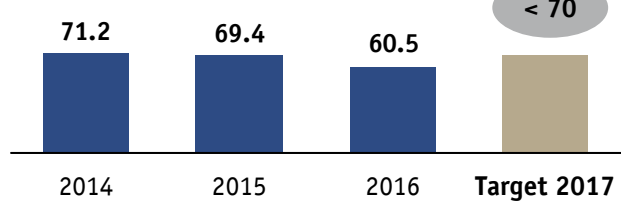


Asset Management

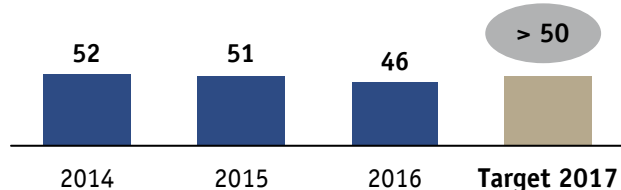
NNM growth¹ (in %)



Cost⁴/income ratio (in %)

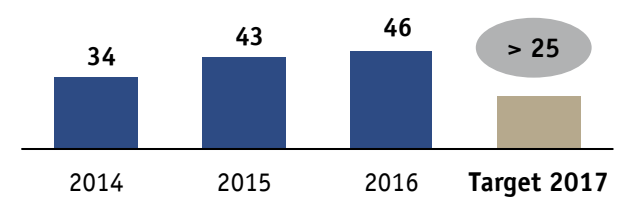


Gross margin on AuM (in bps)

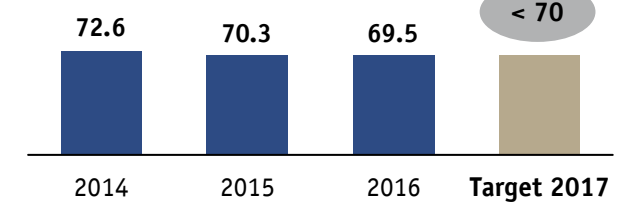


Financial Products & EAM

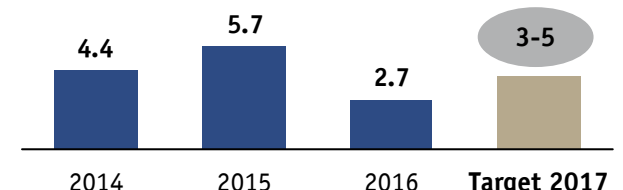
Pre-tax ROAC³ (in %, annualized)



Cost⁴/income ratio (in %)



EAM NNM growth (in %)

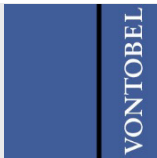


¹ Adjusted for assets that are managed on behalf of other segments

³ Pre-tax return on allocated capital (according to BIS III, 8%)

² Excluding Quality Growth boutique in AuM and NNM, adjusted for double counting

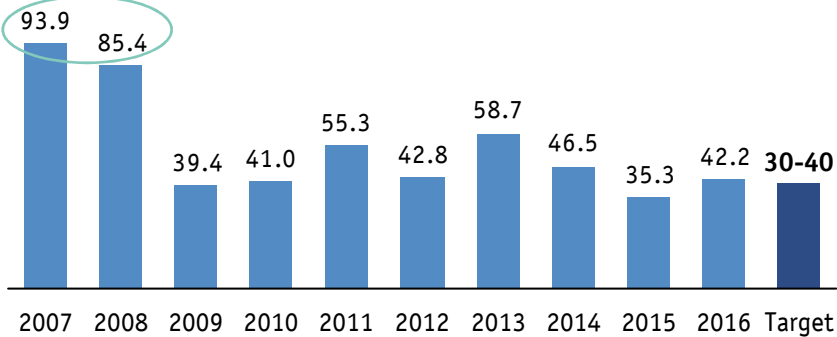
⁴ Operating expense excl. valuation adjustments, provisions and losses



Active management of capital expenditure will lead to CIR improvement of about 1 percentage point by 2021¹

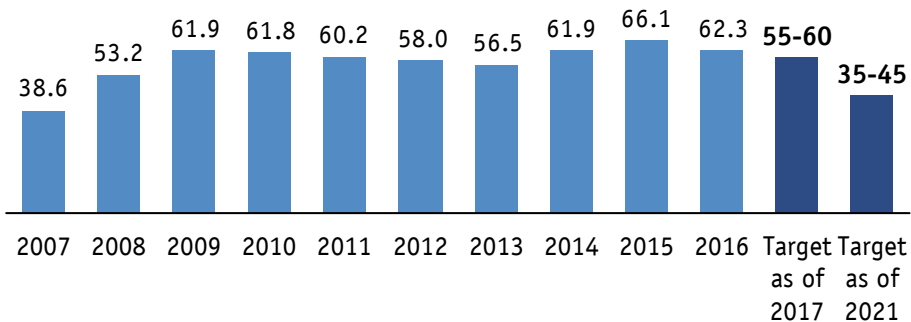
Development of capital expenditure (CHF mn)

includes avaloq

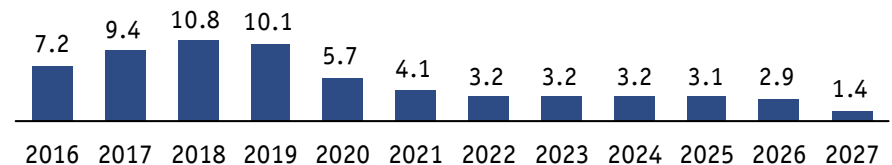


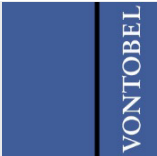
- Significant investments in IT (renewal of front office systems and avaloq) completed – initial investments in avaloq in 2007/08 will be fully depreciated by end-2018
- Major investments in office buildings completed
- Significant reduction in capital expenditure going forward

Development of depreciation and amortization (CHF mn)



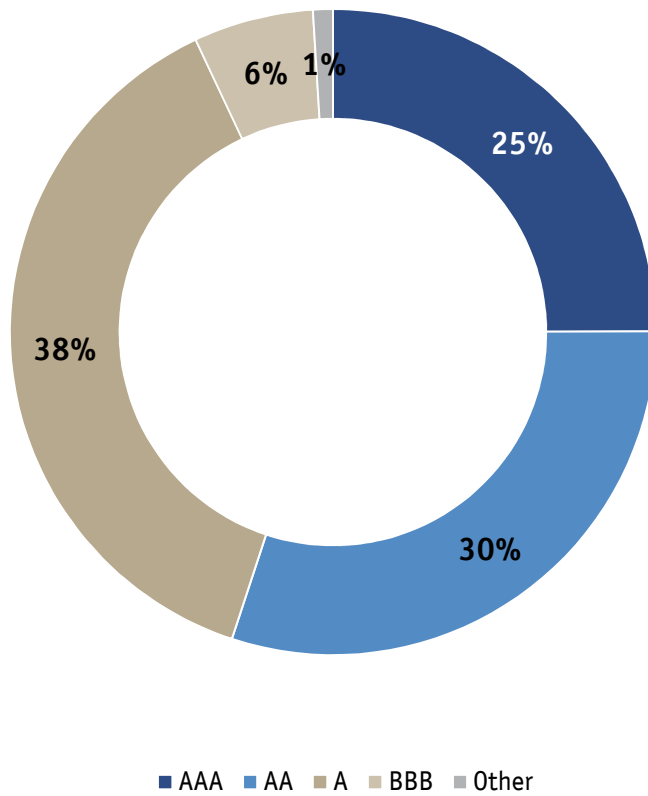
Run-down of amortization of intangibles from former acquisitions (CHF mn)



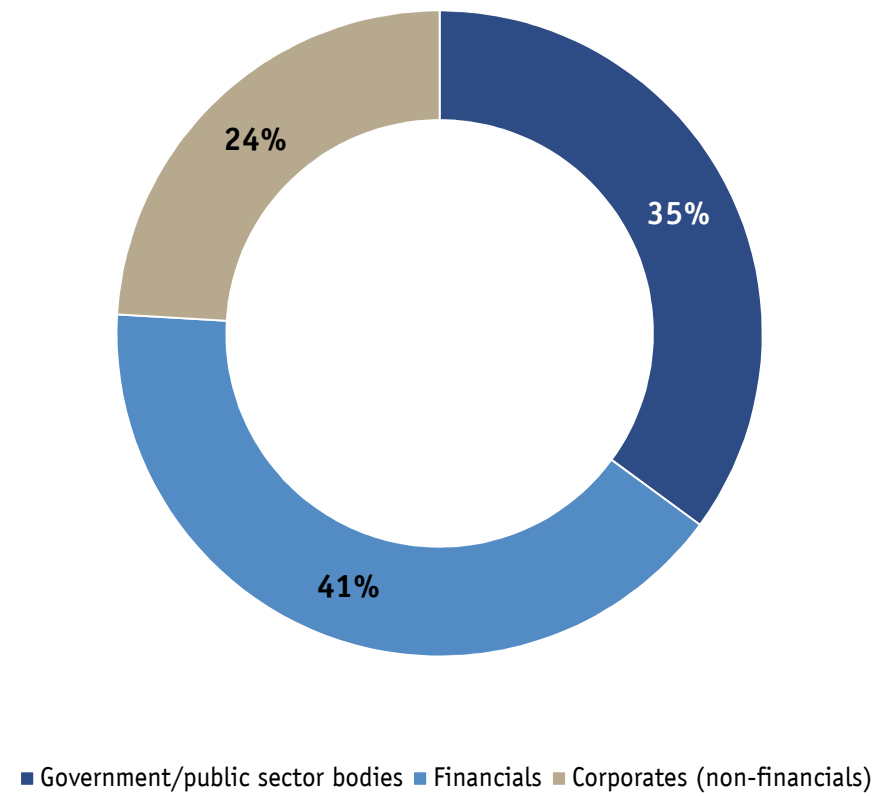


High quality of bond portfolio maintained

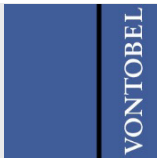
Counterparty exposure by rating (end-2016)



Counterparty exposure by sector (end-2016)

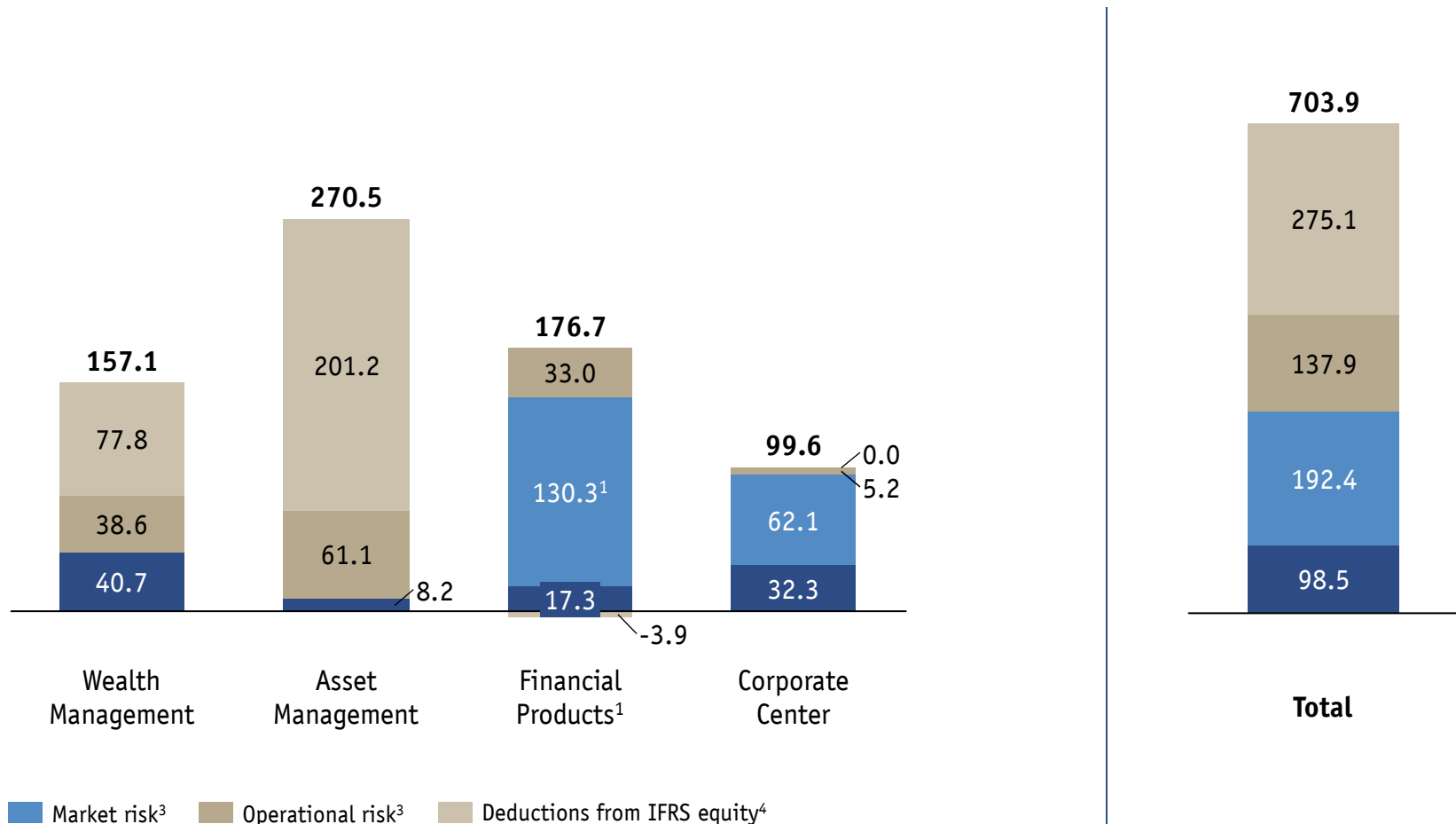


Note: Total issuer risk from debt instruments amounts to CHF 5.6 bn



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

Capital consumption as of end-2016 (CHF mn)



¹ Average value at risk of CHF 2.7 Mio. in 2016 (historical simulation, 99% confidence level, 1-day holding period and 4-year historical observation period); Equity-Vega sensitivity of CHF 0.7 mn at end-2016
² Including non-counterparty related risks ³ Reported figures are based on BIS capital requirements, i.e. RWA multiplied by 8% ⁴ Goodwill, intangible assets and gains/losses due to change in own credit spread

Vontobel continues to pursue disciplined M&A approach

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

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

Vontobel represents an attractive value proposition for investors

A growth case ...

- Wealth and asset management industry is growing globally
- Vontobel has a clear strategy and is committed to capturing growth opportunities
- Vontobel is a niche player with potential for further growth given its distinctive offering for HNWIs, its multi-boutique approach to actively managing assets, and its technology leadership in delivering tailored investment solutions
- Vontobel has a strong and growing footprint in its home and focus markets

... with strong financial discipline ...

- Capital-light business model as a wealth and asset manager
- Solid capital base with CET1 ratio of 19.0%
- Strong family shareholder base; main shareholders committed to long-term profitable growth
- Attractive dividend yield despite investments in profitable growth (3.7% in 2016¹)
- Stability of business model demonstrated by 12.5% share buyback in 2014 – no dilution during financial crisis and continuation of annual dividend payouts, adding up to close to CHF 1.3 bn since 2003

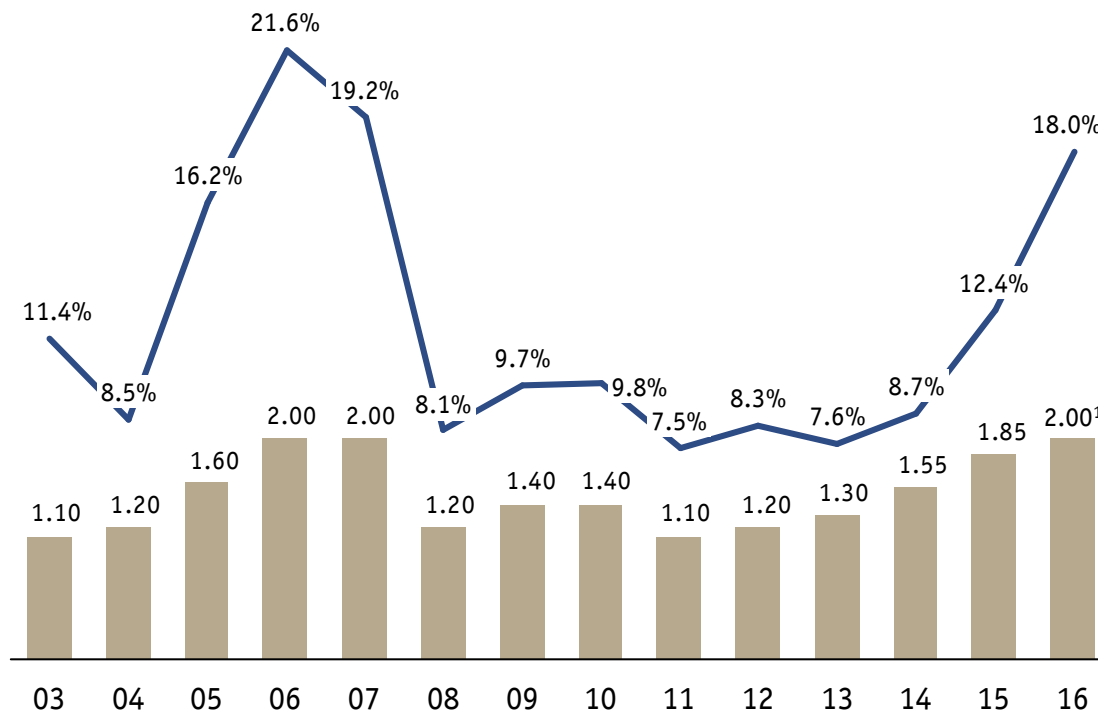
... and potential for M&A

- Potential to boost profitability through M&A
- M&A deals to be considered if consistent with Vontobel's strategy and capable of creating value for shareholders
- Some excess capital is available to finance M&A (target total capital ratio of >16% for 2017)
- Additional non-dilutive capital could be raised by issuing hybrid instruments if necessary

¹ Dividend proposed for 2016 / share price at end-2016

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

Return on equity and dividends



— Return on equity (in %) ■ Dividend (in CHF)

Comments

- Attractive business with average return on equity of 11.9% since 2003 – clearly above Vontobel's cost of equity
- Attractive dividend policy
 - Average dividend of CHF 1.49 per share since 2003
 - Cumulative dividends of close to CHF 1.3² bn since 2003
 - Including 2016, dividend has increased for five consecutive years
- Increase in shareholders' equity of almost CHF 600 mn since 2003
- In 2014, active capital management was demonstrated by share buyback of 12.5%

¹ As per proposal submitted to the General Meeting of Shareholders, of which special dividend of CHF 0.10

² Including proposed dividend for 2016

Vontobel provides additional transparency on its wealth management activities

Financial disclosure

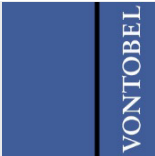
Organizational set-up/ IFRS reporting	Core activities
Private Banking External Asset Managers ¹	Wealth Management
Asset Management	Asset Management
Financial Products ^{1/2}	Financial Products

Comments

- Vontobel’s Wealth Management activities consist of Private Banking (PB) and the business with External Asset Managers (EAM)
- The EAM business is similar to PB in terms of its business model, stable income streams and risk profile
- To provide a comparable level of information on PB and EAM, Vontobel provides a high level of transparency about its EAM business
- The combined Wealth Management business reported advised client assets of CHF 47.8 bn, a gross margin of 67 bps and a NNM growth rate of 5.3% in 2016

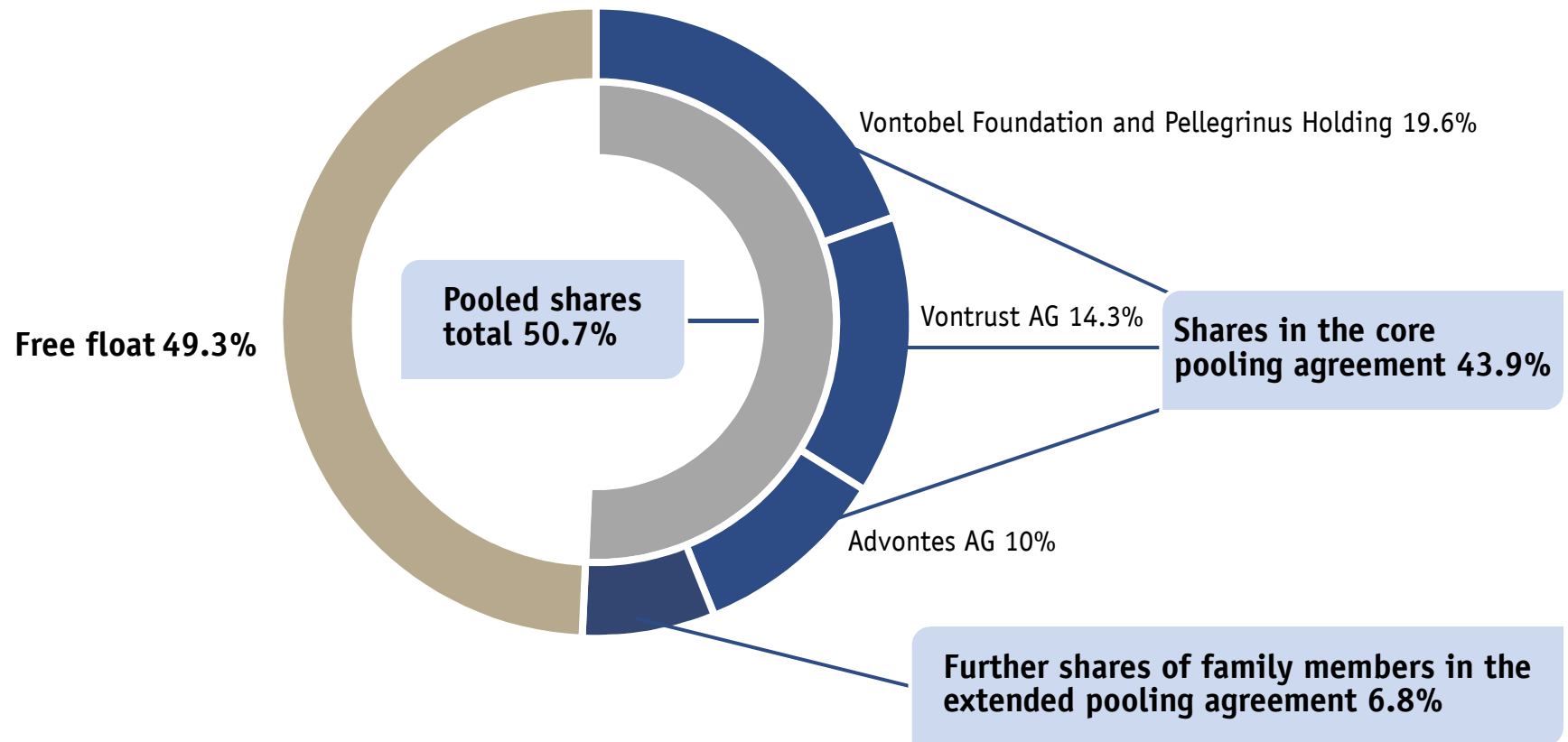
¹ Reported under the Investment Banking segment in financial statements

² Includes Brokerage, Corporate Finance and Transaction Banking



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

Shareholder structure under new shareholder pooling agreement^{1,2}



¹ Based on nominal share capital of CHF 56.875 mn

² Subject to regulatory approvals

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