

# Vontobel full-year results 2015

Zeno Staub, CEO

Martin Sieg Castagnola, CFO

11 February 2016

**Performance creates trust**

## Cautionary statement regarding forward-looking statements

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This document may contain projections or other forward-looking statements related to Vontobel that are subject to known and unknown risks, uncertainties and other important factors. These projections and forward-looking statements reflect management's current views and estimates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Vontobel's future results may vary materially from the results expressed in, or implied by, the projections and forward-looking statements contained in this document. Potential risks and uncertainties include, in particular, factors such as general economic conditions and foreign exchange, share price and interest rate fluctuations as well as legal and regulatory developments. Vontobel has no obligation to update or alter its forward-looking statements based on new information, future events or other factors.

## Overview

### Highlights

Full-year results 2015

Strategy update

Outlook



## Growth in earnings per share of 43% driven by strong revenues, operating leverage and active capital management

### Key figures

Net new money **6.5%<sup>1</sup>**

**CHF 8.0 bn**

Advised client assets **+8.0%**

**CHF 147.8 bn**

Group net profit **+34%**

**CHF 180.1 mn**

Earnings per share **+43%**

**CHF 3.20**

Return on equity **+3.7pp**

**12.4%**

CET1 capital ratio

**17.9%**

Basel III fully applied

Dividend **+19%**

**CHF 1.85**

<sup>1</sup> Growth in AuM attributable to net new money

## Vontobel's commitment to clients, talent and technology and our clear focus are driving the business forward

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### ■ Clients continue to endorse our services and products

- Impressive net new money growth of 7.9% in wealth and asset management
- Strengthening of position in German market for financial products and successful market entry into Nordics

### ■ Vontobel attracts and retains top talent

- High success rate in recruitment of senior client advisors since 2014 – well above industry benchmark
- Continued recruitment of international talent

### ■ Vontobel drives technology innovation

- Leading wealth management solutions with app for tablets and smartphones; advanced international roll out
- World's first provider of advice based on smart and crowd data for investors in structured products

### ■ Acquisitions accelerate growth and diversification

- TwentyFour Asset Management achieved annualized asset growth of +39%<sup>1</sup>, significantly exceeding expectations
- Integration of Finter Bank was successfully completed in record time (3 months)

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<sup>1</sup> Since acquisition of majority stake by Vontobel at end-April 2015

## Overview

Highlights

**Full-year results 2015**

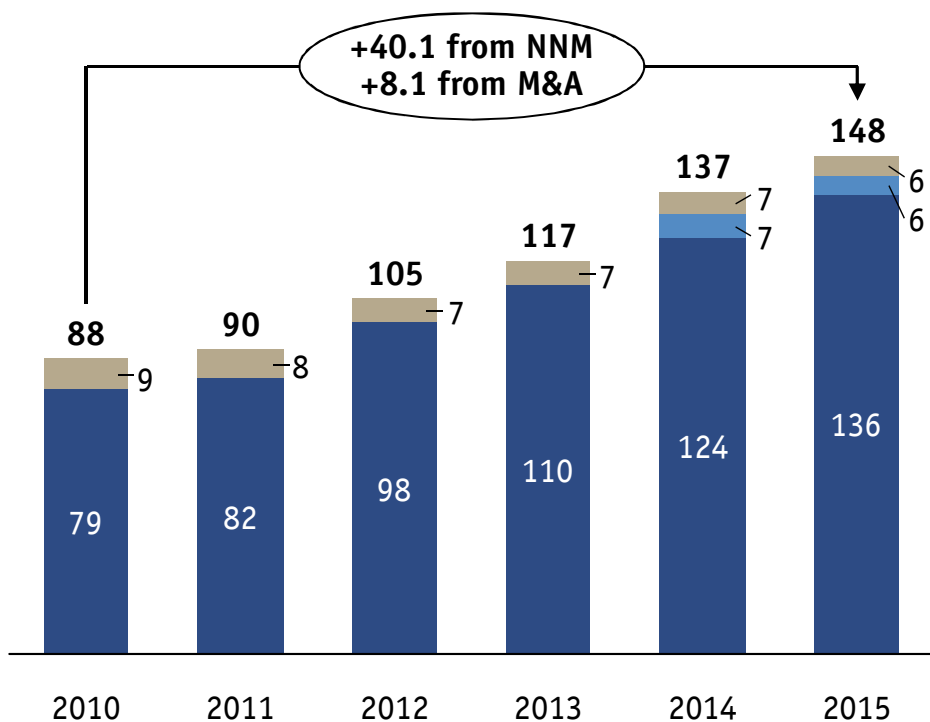
Strategy update

Outlook



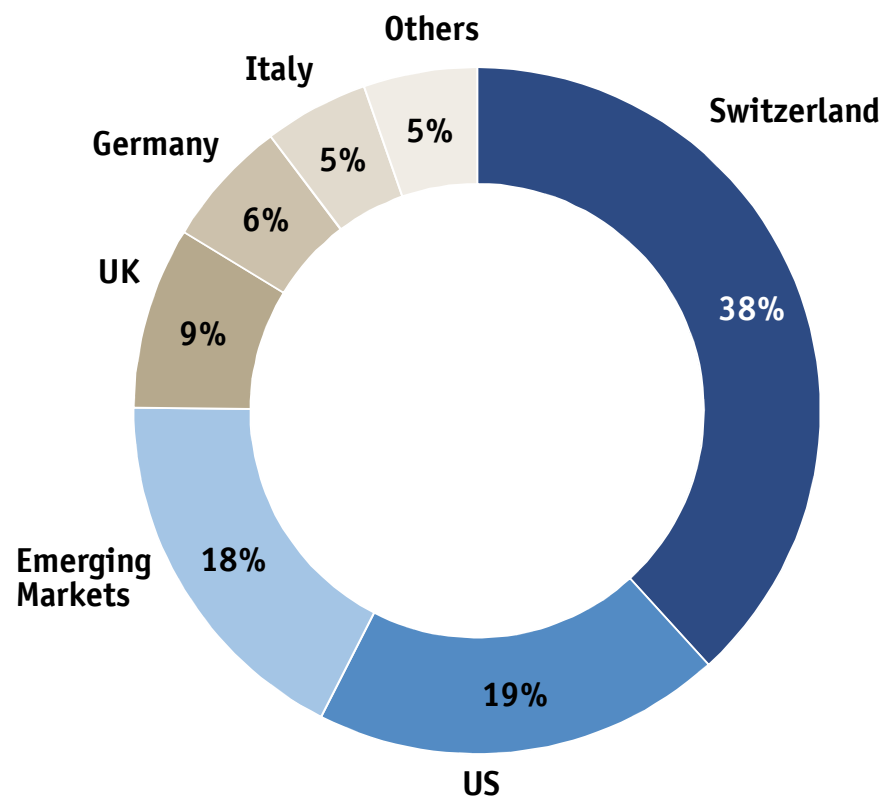
# Advised client assets reach new record high despite FX headwinds – proportion of assets from focus markets increases to 95%

Advised client assets (CHF bn, year-end)



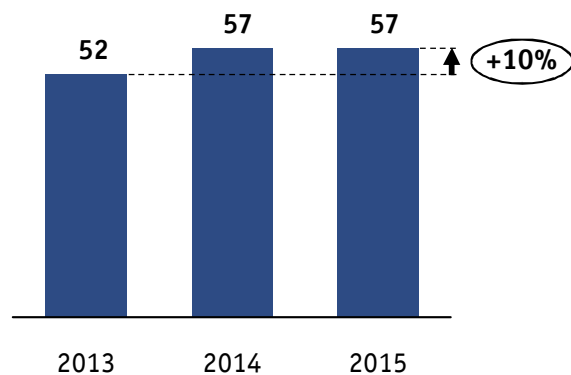
- Assets under management
- Other advised client assets
- Structured products

Advised client assets by client domicile (end-2015)

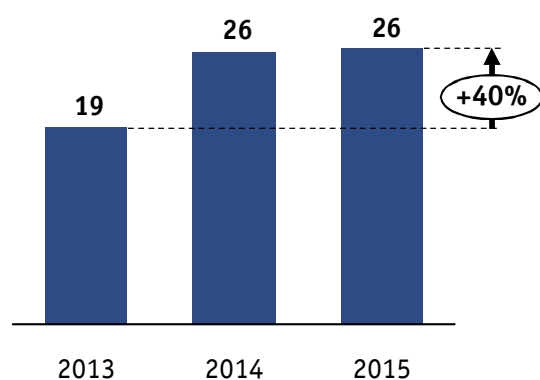


## Significant position across all focus markets – assets in the UK more than treble

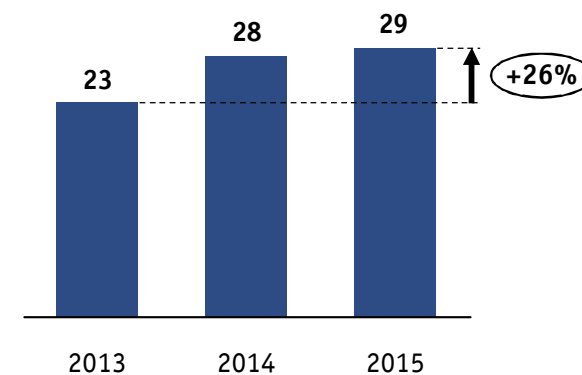
### Switzerland (CHF bn)



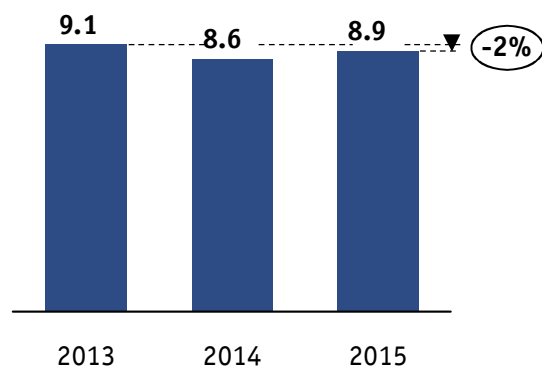
### Emerging Markets (CHF bn)



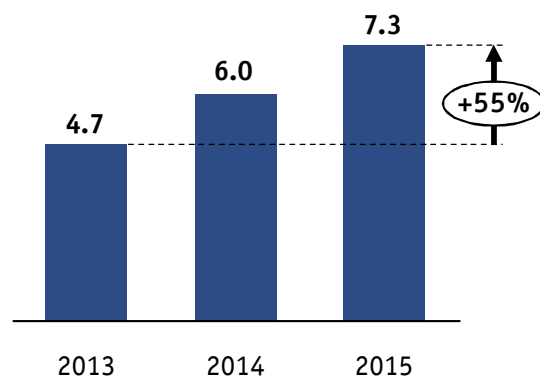
### US (CHF bn)



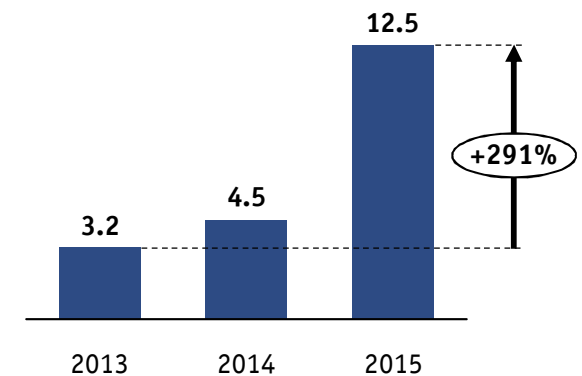
### Germany (CHF bn)



### Italy (CHF bn)



### UK (CHF bn)

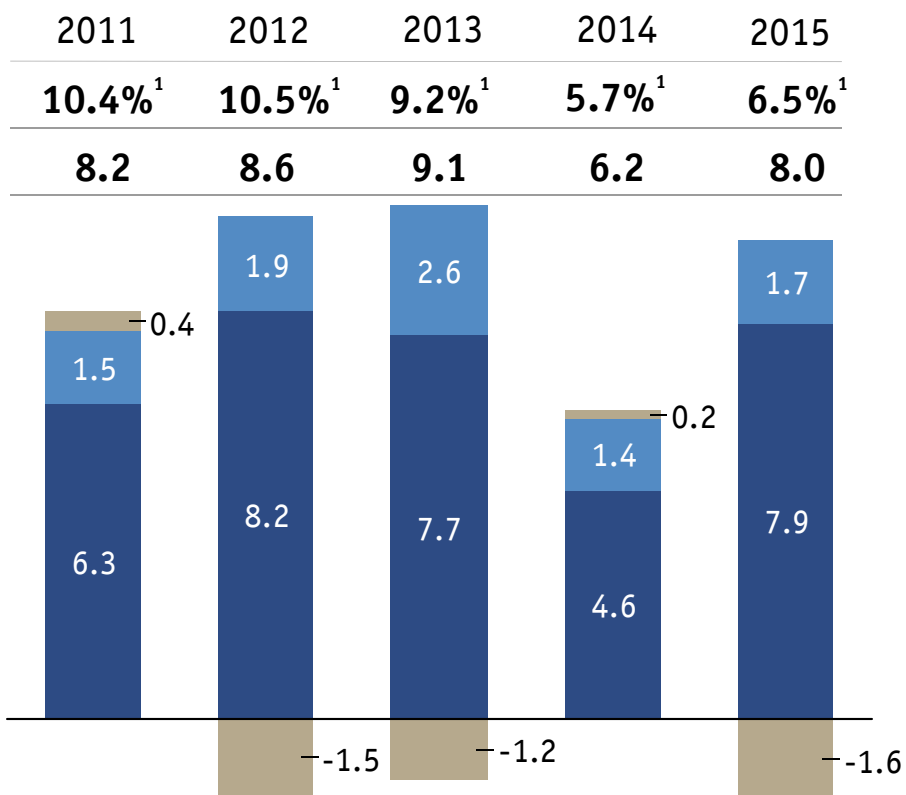


■ Advised client assets (CHF bn)



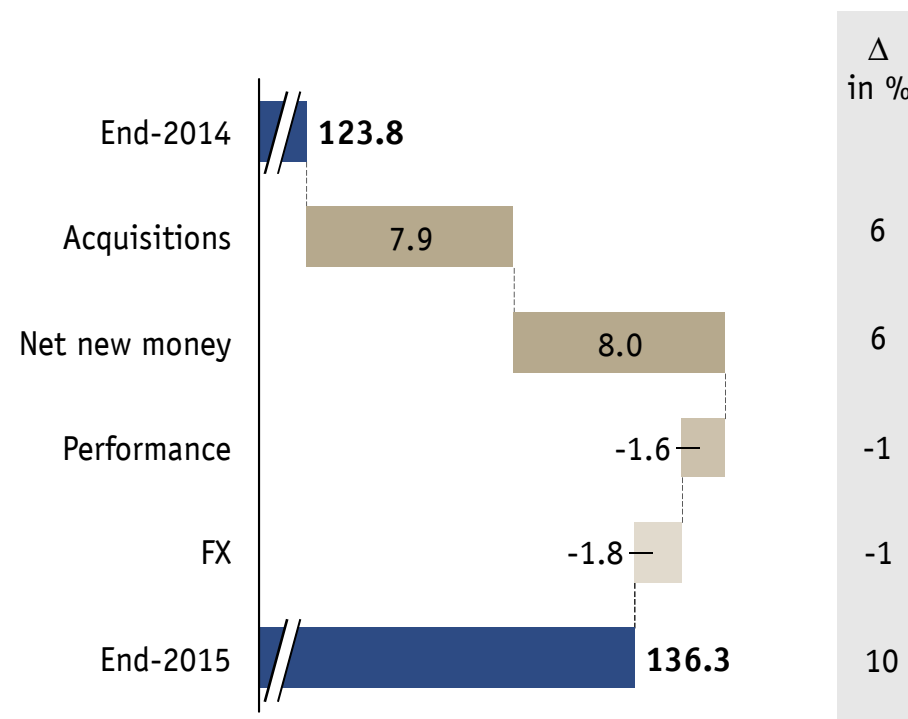
# Strong net new money growth of 6.5% with greater diversification – negative impact from FX headwinds

## Net new money (CHF bn)



■ Asset Management  
 ■ Wealth Management<sup>2</sup>  
 ■ Other

## Development of AuM (CHF bn)



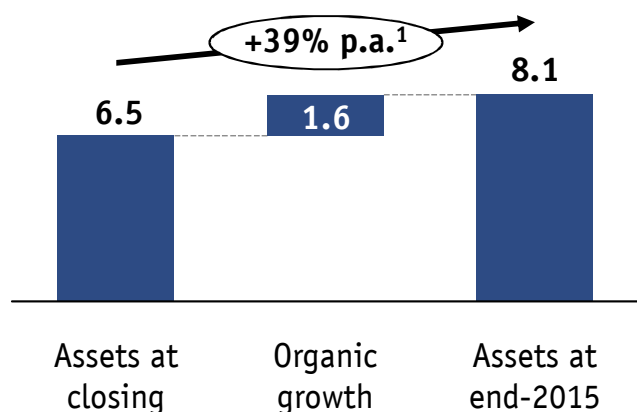
<sup>1</sup> Growth in AuM attributable to net new money

<sup>2</sup> Private Banking segment and External Asset Manager business unit

## Acquisitions in 2015 contributed to Vontobel's growth and provided additional expertise as well as scale in home and focus markets

### Growth of TwentyFour exceeded Vontobel's expectations

- TwentyFour delivered strong investment returns for our clients and was rewarded by substantial inflows
- Its continued success was also demonstrated by various prestigious awards
- Total growth since the acquisition amounts to 39%<sup>1</sup> – exceeding Vontobel's expectations
- TwentyFour strengthened Vontobel's position in UK focus market and broadened its fixed income offering

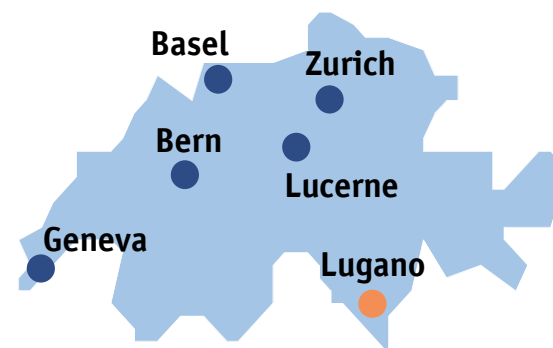


■ Advised client assets (CHF bn)

<sup>1</sup> Annualized growth since closing at end-April 2015

### Integration of Finter Bank successfully completed in three months

- Addition of Lugano branch further strengthens Vontobel's presence in Switzerland and allows for better servicing of Ticino-based and Italian clients
- Acquisition provides additional scale and volume on Vontobel's platform
- Finter Bank's clients can be served on Vontobel's platform at a marginal CIR of approx. 50%
- Vontobel's modern IT systems as well as its processes and management skills enabled the integration to be completed in record time



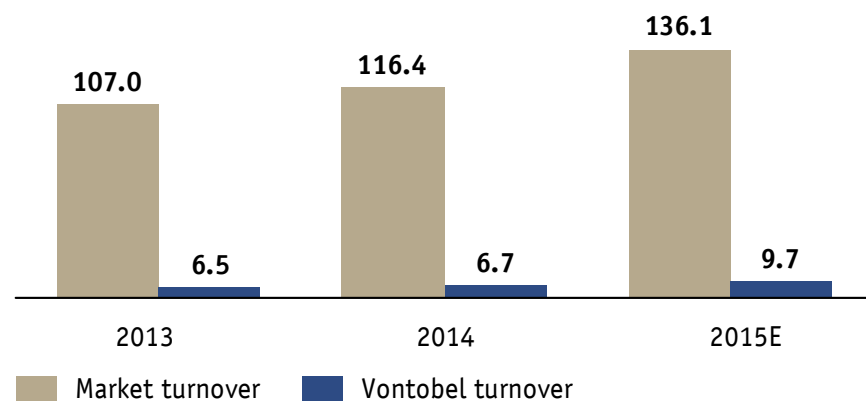
● Locations before acquisition

● New location

# Financial Products gains a strong position in Europe and reports marked increase in volumes traded on deritrade® MIP

## Listed products<sup>1</sup> in Europe

### Turnover on exchange<sup>1</sup> (EUR bn)

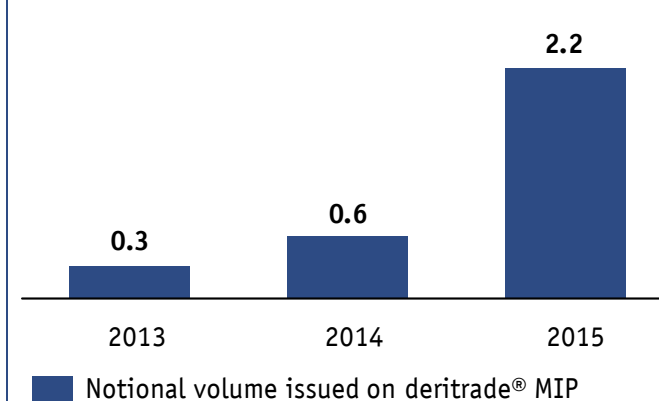


| 2015                | Europe | Switzerland | Germany | Nordics <sup>2</sup> |
|---------------------|--------|-------------|---------|----------------------|
| Rank                | n/a    | #2          | #6      | #2                   |
| <b>Market share</b> |        |             |         |                      |
| Turnover            | 7.1%   | 20.5%       | 5.7%    | 24.0%                |
| # of trades         | 9.3%   | 45.3%       | 6.5%    | 19.3%                |

- Exchange traded volume in Europe grew by 17% in 2015
- Vontobel strengthened its position in Europe by expanding its market share from 5.7% in 2014 to 7.1% in 2015
- Successful market entry in Sweden and Finland in 2015
- Strong position in Swiss home market maintained in 2015 – more than 4 out of 10 trades were in Vontobel products

## deritrade® MIP

### Notional volume issued (CHF bn)



7 issuers<sup>3</sup>

Numerous distributors

- >30 banks
- >300 independent asset managers

2 collaboration agreements in place

- UBS Wealth Management
- Raiffeisen

Source: Technolab, DDV (data do not include OTC trading of listed products), NGM, eusipa, Vontobel estimates, Borsitaliana, Wiener Boerse, Euronext

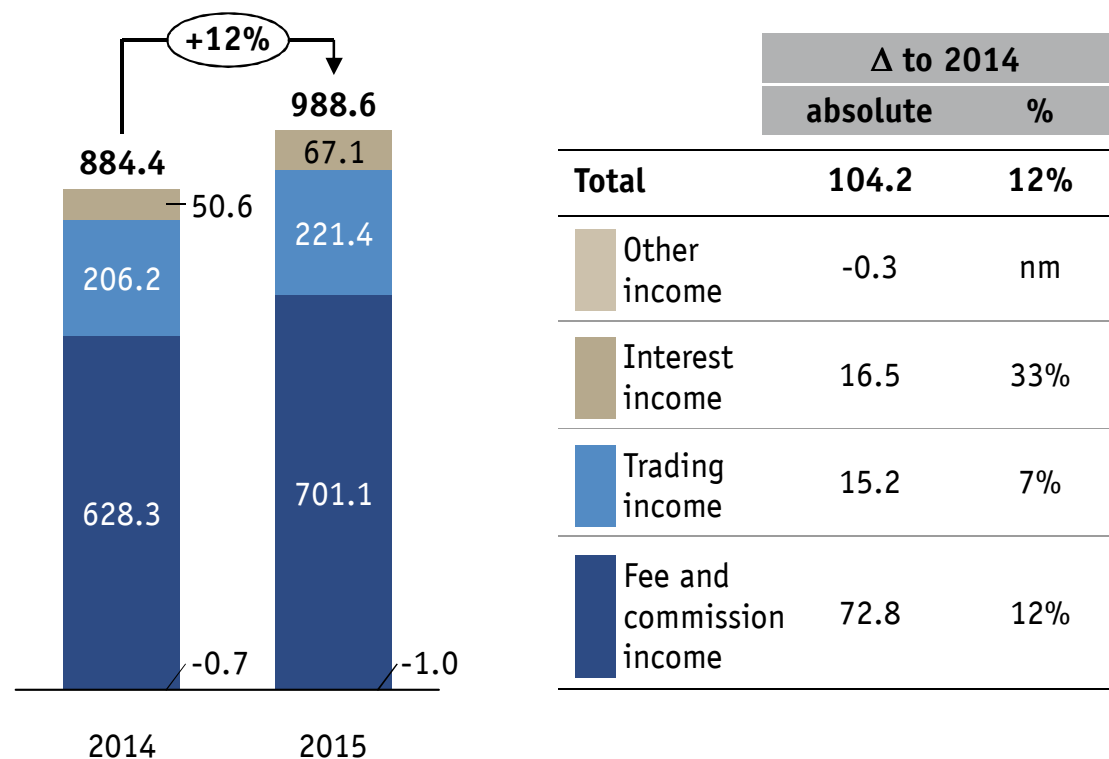
<sup>1</sup> Structured products and leverage products

<sup>2</sup> Sweden and Finland

<sup>3</sup> Deutsche Bank, JP Morgan, Morgan Stanley, Société Générale, UBS, Vontobel, ZKB

## Operating income grew by 12% – higher asset base led to an increase in fee and commission income

### Development of operating income (CHF mn)

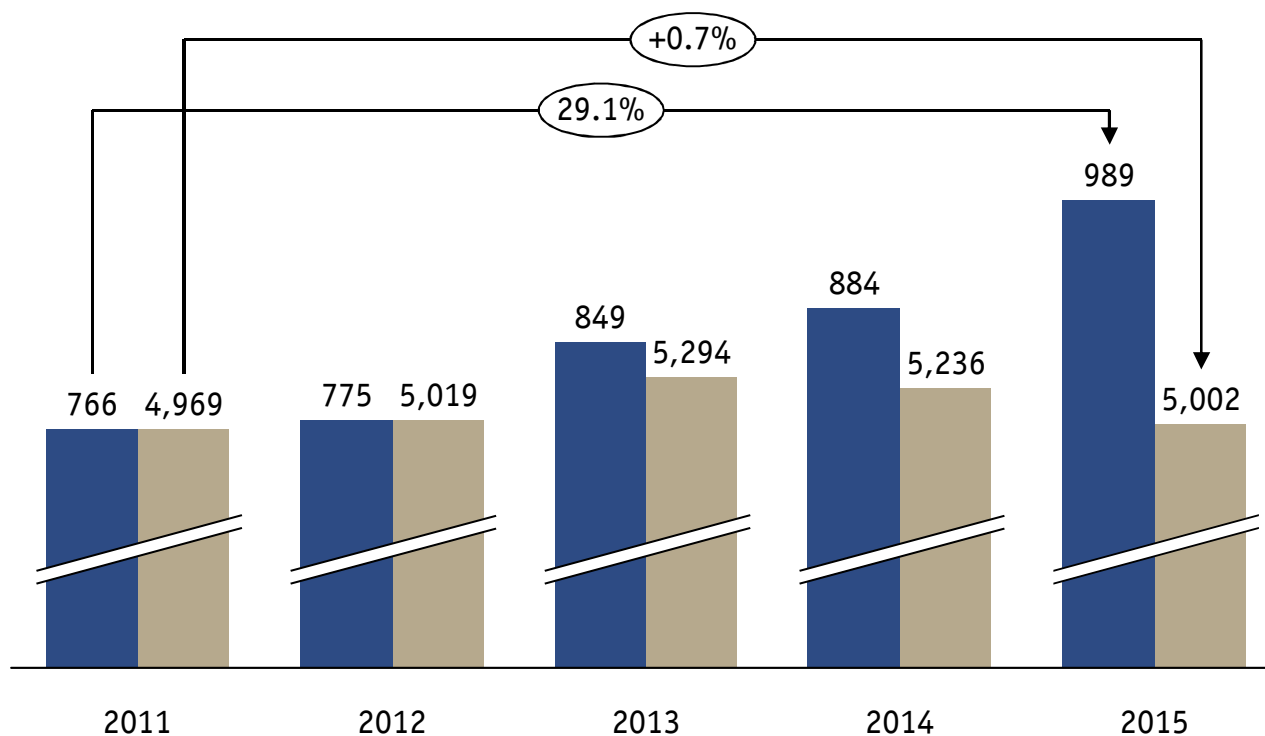


### Comments

- Operating income resilient to FX headwinds and negative interest rates
- 71% of operating income comprised fee and commission income
- Fee and commission income grew by 12%, driven by higher advised client assets
- Despite negative interest rates, net interest income rose by 33% due to higher dividends (incl. one-off dividend of CHF 6.7 mn from SIX) and active management of diversified bond portfolio while maintaining a conservative risk profile
- Trading income grew by 7%, reflecting business growth in Financial Products

## Strong growth was generated with stable risk-weighted assets – reflecting Vontobel's successful focus on capital-light business models

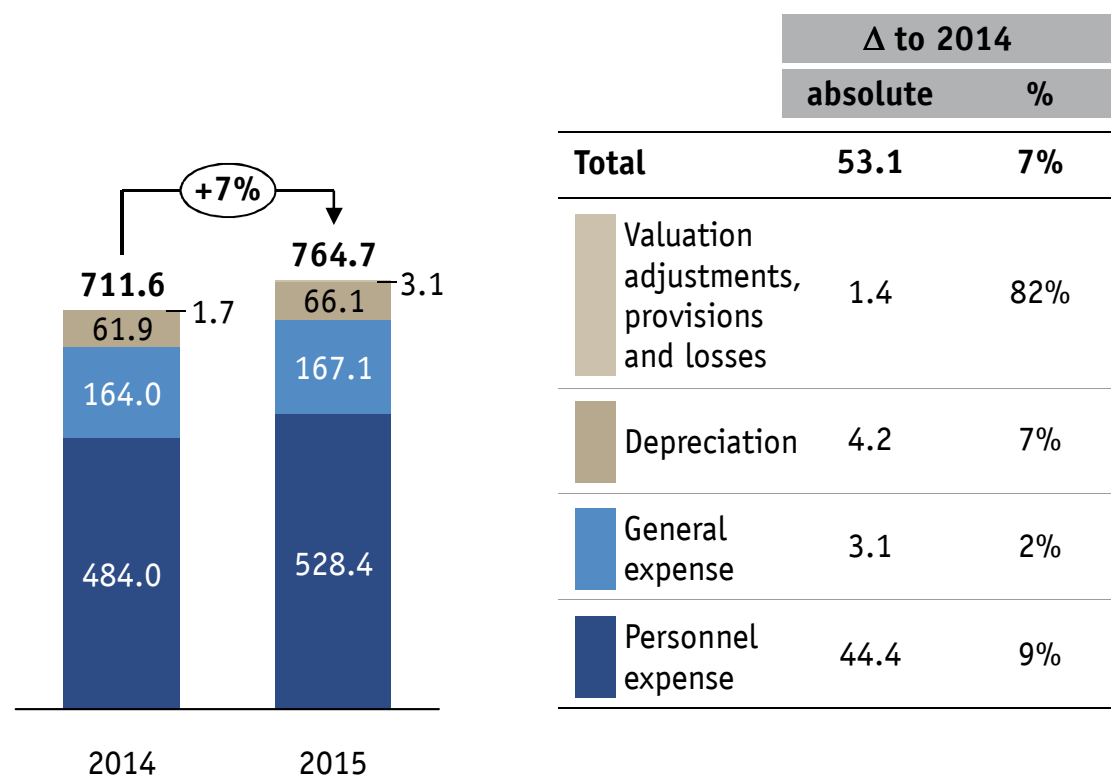
### Operating income and risk-weighted assets (CHF mn)



■ Operating income ■ Risk-weighted assets

## Operating expense rose at a slower rate than operating income due to operating leverage

### Development of operating expense (CHF mn)



### Comments

- Operating leverage resulted in lower growth of operating expense compared to operating income
- Higher personnel expense due to increase in headcount and higher variable accruals
- Number of FTEs rose to 1,494 as of end-2015 from 1,378 at end-2014, mainly driven by additional FTEs from TwentyFour and Finter Bank
- Operating expense includes one-off integration costs related to Finter Bank of CHF 5.2 mn
- Increase in general expense considerably lower than increase in income due to operating leverage

## Operating leverage led to 34% increase in Group net profit – earnings per share grew by 43% due to active capital management

### Development of key figures

|   | 2014              | 2015              | Δ       |
|---|-------------------|-------------------|---------|
| Operating income (CHF mn)                 | 884.4             | 988.6             | +12%    |
| Operating expense (CHF mn)                | 711.6             | 764.7             | +7%     |
| Profit before taxes (CHF mn)              | 172.8             | 223.9             | +30%    |
| Group net profit (CHF mn)                 | 134.5             | 180.1             | +34%    |
| Cost/income ratio (%)                     | 80.3              | 77.0              | -3.3 pp |
| Basic earnings per share (CHF)            | 2.24 <sup>1</sup> | 3.20 <sup>2</sup> | +43%    |
| Return on equity (%)                      | 8.7               | 12.4              | +3.7 pp |
| CET1 ratio (%; Basel III fully applied)   | 21.3              | 17.9              | -3.4 pp |
| Average LCR (%; liquidity coverage ratio) | n.a.              | 221%              | n.a.    |

### Comments

- Profit before taxes grew significantly faster than operating income due to operating leverage
- Basic earnings per share and RoE increased even more due to higher profit and active capital management, as demonstrated by 12.5% share buyback in 2014
- At 17.9%, CET1 ratio remains substantially higher than regulatory requirements, even after share buyback and acquisition of Finter Bank and a majority stake in TwentyFour (future purchase of remaining 40%-stake is already reflected in capital ratios)
- LCR substantially exceeds FINMA requirements (60% for 2015; 100% from 2019)

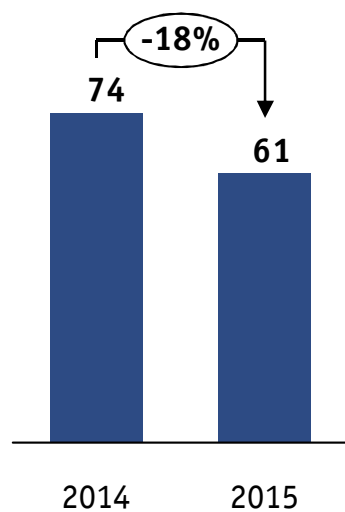
<sup>1</sup> Adjusted for the share buyback on a pro rata basis, average number of shares outstanding 60'042'271

<sup>2</sup> Due to the buyback of 8,125,000 shares in 2H14 the average number of shares outstanding declined from 60'042'271 in 2014 to 55,375,938 in 2015; 54'771'891 shares were outstanding at end-2015

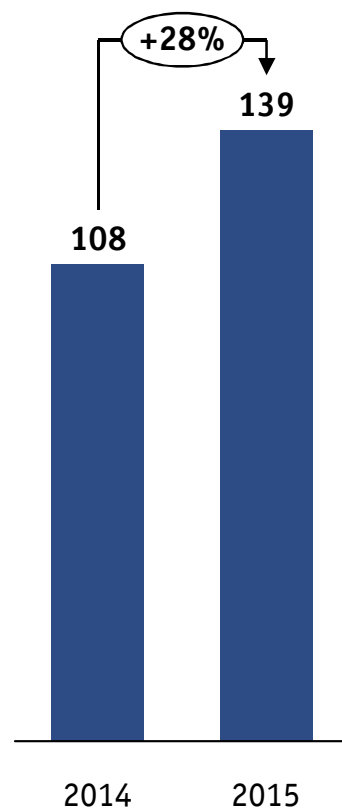
## Asset Management and Financial Products achieve strong growth – Wealth Management with resilient top line despite significant headwinds

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

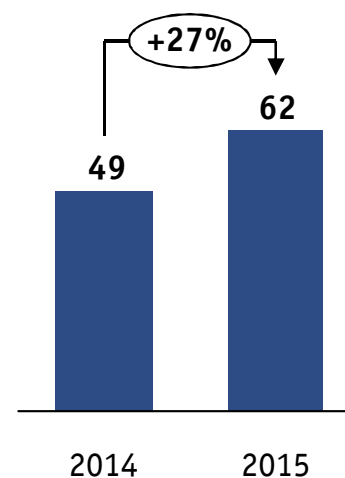
#### Wealth Management<sup>1</sup>



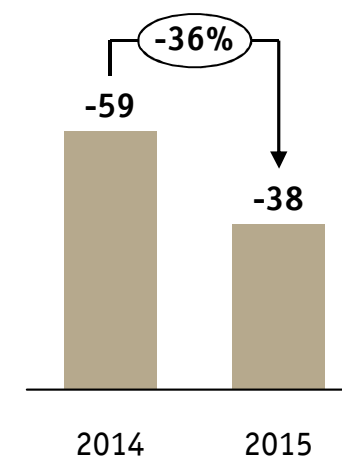
#### Asset Management



#### Financial Products



#### Corporate Center

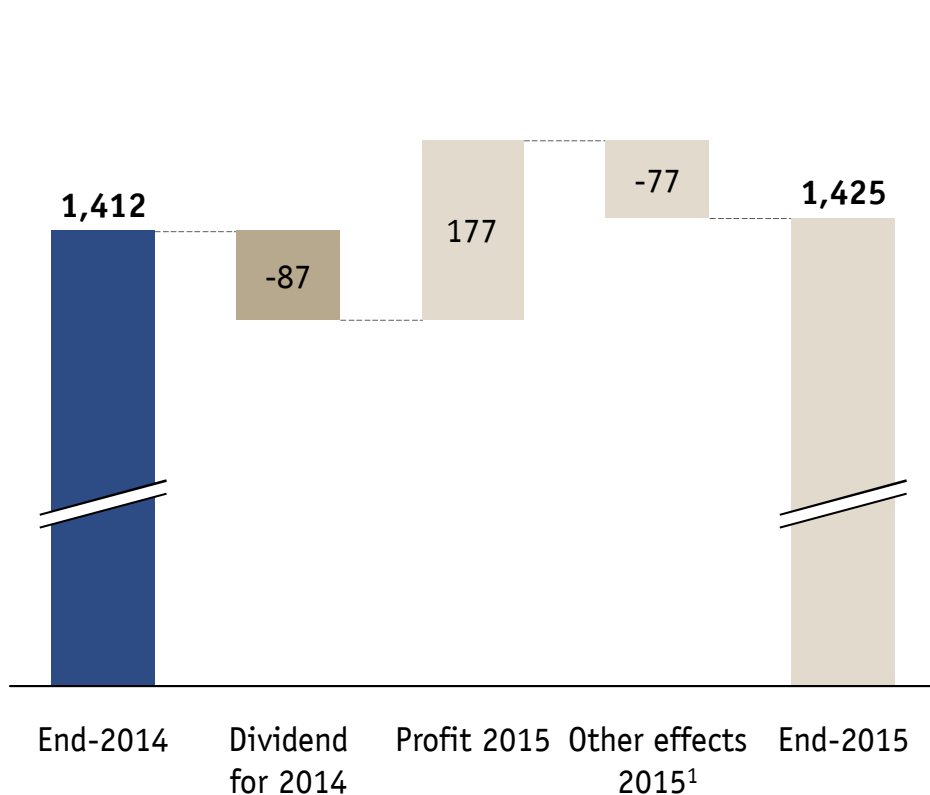


<sup>1</sup> Private Banking segment and External Asset Manager business unit

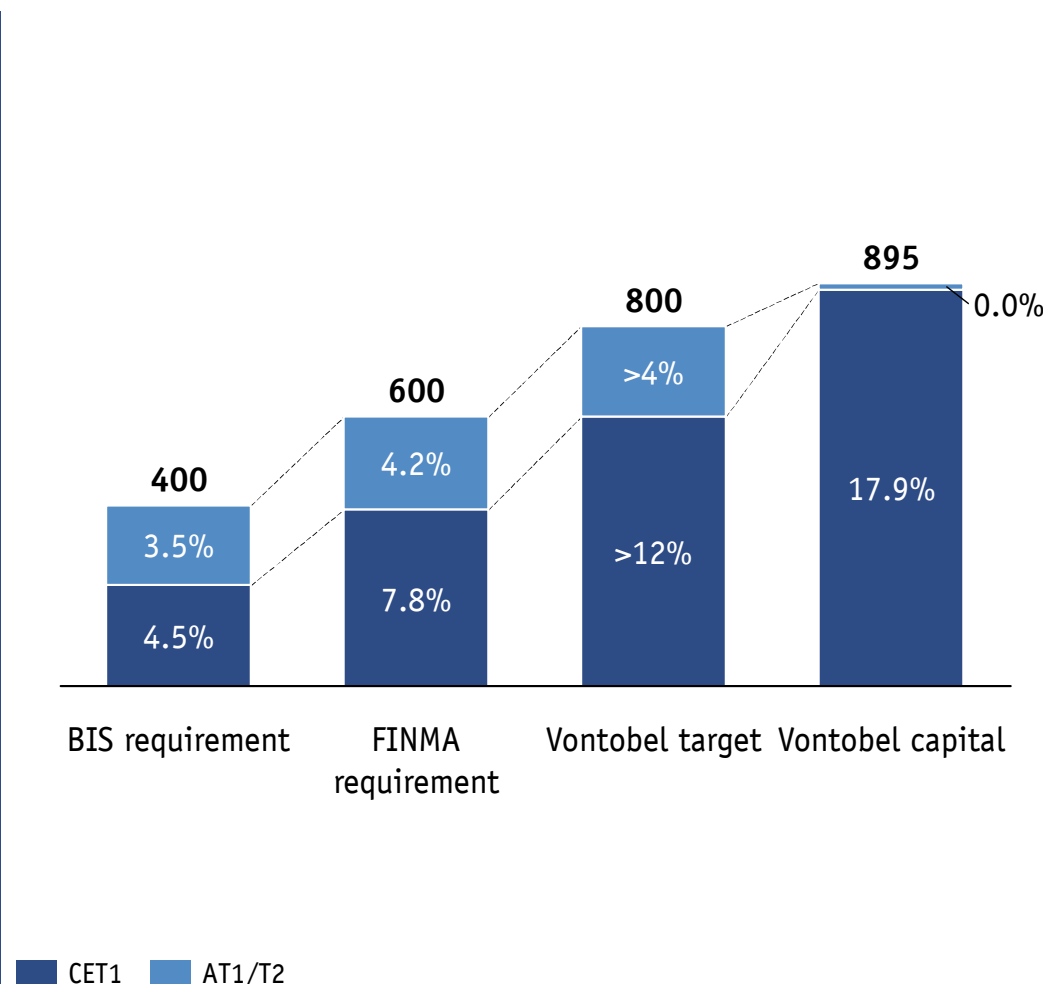


# Capital position remains strong and significantly exceeds regulatory requirements – without issuing any AT1 or T2

## Shareholders' equity (CHF mn; IFRS)



## Regulatory capital (CHF mn; end-2015; fully applied)



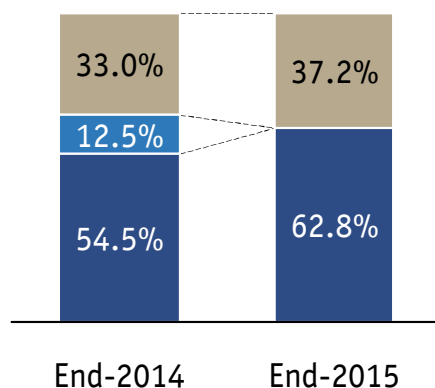
<sup>1</sup> Includes CHF -43 mn for future acquisition of remaining 40%-stake in TwentyFour and CHF -12 mn for currency translation adjustments

## 'Quand même' – Vontobel remains independent and is committed to entrepreneurial growth

### Vontobel families own significantly more than 50% ...

- Cancellation of 12.5% of own shares was approved by the General Meeting in April 2015
- The stake held by main shareholders subsequently increased to 62.8%

### Change in shareholder structure

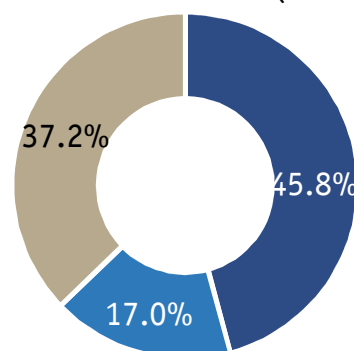


- Shares of main shareholders
- Treasury shares cancelled
- Publicly held shares

### ... and are committed to maintaining a controlling stake

- 45.8% of shares are covered by a pooling agreement of unlimited duration
- 17.2% of shares owned by the Vontobel foundation and Pellegrinus Holding are part of the pooling agreement

### Shareholder structure (end-2015)



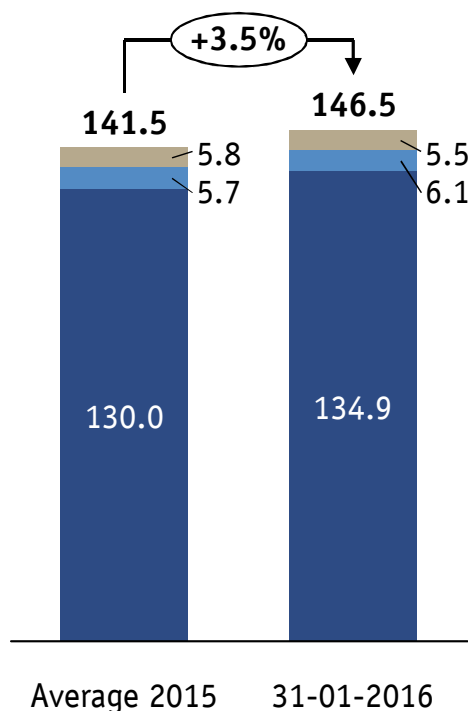
- Shares in pooling agreement
- Non-locked shares of the main shareholders
- Publicly held shares

### While exercising their interests under a modern governance

- Vontobel has a well defined governance structure, which complies with all regulations and best practice
- The division of duties between shareholders, the Board of Directors and the Executive Board is clearly defined
- The majority of Vontobel's Board members are independent
- In December 2015, Vontobel announced that two family members, Maja Baumann and Björn Wettergren, will be proposed for election to the Board of Directors at the General Meeting in April 2016

# Increased asset base at end-January despite decline in equity markets – Emerging Markets products are very well positioned

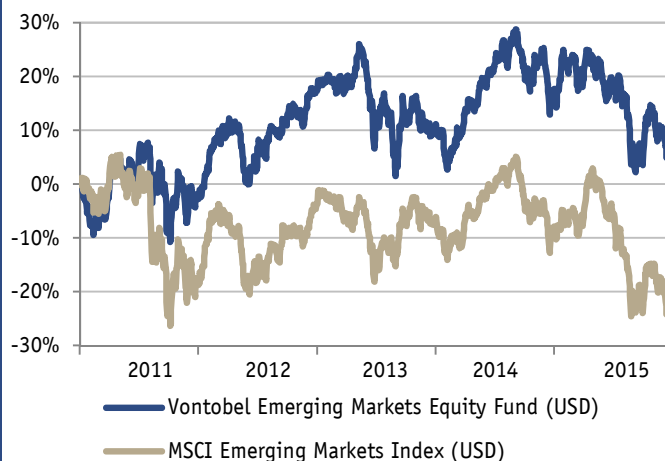
## Vontobel's advised client assets (CHF bn)



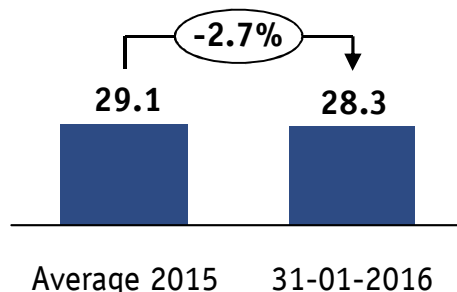
■ Assets under management  
■ Other advised client assets  
■ Structured products outstanding

## Emerging Markets strategy of Quality Growth boutique

### Cumulative total return



### Assets under management (CHF bn)



## Vontobel products are among the most attractive in the industry

- Vontobel's Emerging Markets fund generated an impressive outperformance of 645 bps last year and 2,950 bps over the last 5 years<sup>1</sup>
- The fund was among the top-performing 1% of its peer group over 5 years according to Morningstar®
- All emerging markets funds and mandates managed by the Quality Growth boutique outperformed the benchmark net of fees last year
- Our Quality Growth investment style attracts investors with a long-term investment horizon – producing an additional stabilizing effect

<sup>1</sup> From 01-01-2011 to 31-12-2015  
Source: Bloomberg

## Overview

Highlights

Full-year results 2015

**Strategy update**

Outlook



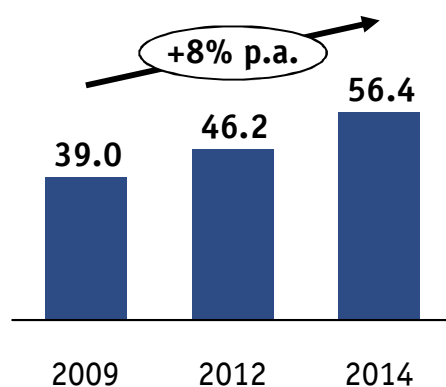
## Vontobel is focused on solidly growing markets – delivering value through a distinctive first-class offering

### Wealth management

- Strong growth of HNWI population and HNWI wealth since 2009
- Vontobel is targeting this market with prime services from Private Banking as well as its offering for EAMs

#### Global HNWI wealth

(USD tn)



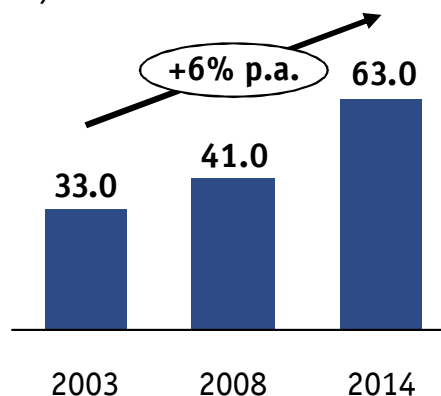
■ Investable wealth

### Active asset management

- Industry AuM grew by 6% p.a. over the last 11 years
- Vontobel's growth exceeded the market average due to its focused multi-boutique approach and outstanding performance quality

#### Actively managed assets globally

(USD tn)



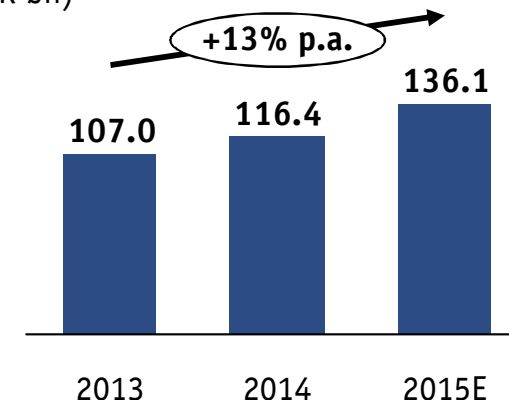
■ Assets under management

### Financial products

- Strong increase in demand in Europe
- Vontobel is well positioned with its leading technology, innovation capability and cost structure

#### Exchange turnover in Europe<sup>1</sup>

(EUR bn)



■ Turnover in structured and leverage products

Source: World Wealth Report 2015 / Capgemini and RBC Wealth Management, BCG Global Asset Management Survey 2015, eusipa, Vontobel

<sup>1</sup> Austria, France, Germany, Italy, Netherlands, Sweden and Switzerland

## Vontobel is 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 2015 by Swiss business magazine BILANZ for the second consecutive year
- Assigned the rating 'Excellent' in Private Banking in 2015 by the investor magazine Euro
- Outstanding service in structured products highlighted by Swiss Derivative Awards and German Zertifikate Awards 2015

#### Performance quality



- 128 awards for Vontobel Asset Management since 2011 – from Lipper, Morningstar and other renowned institutions
- First-class quality of research reaffirmed by Thomson Extel Surveys in 2015

#### Best e-access



- Innovative wealth management solutions with leading app for tablets and smartphone and advanced international rollout
- App for tablets and smartphones is being customized for EAMs and will to be rolled out in 2016
- Technology leadership in providing tailor-made solutions and world's first provider of advice based on smart and crowd data

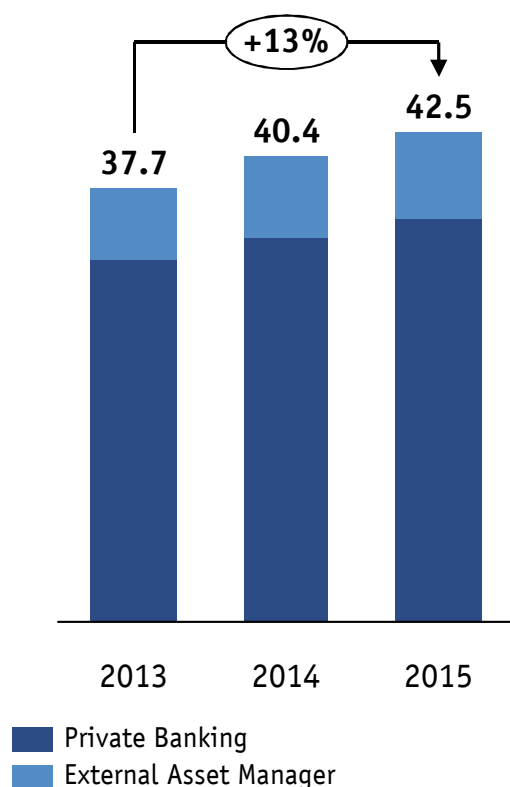
#### Thought leadership

- Proven thought leader in flexible fixed income – generate excess returns while applying sophisticated risk management

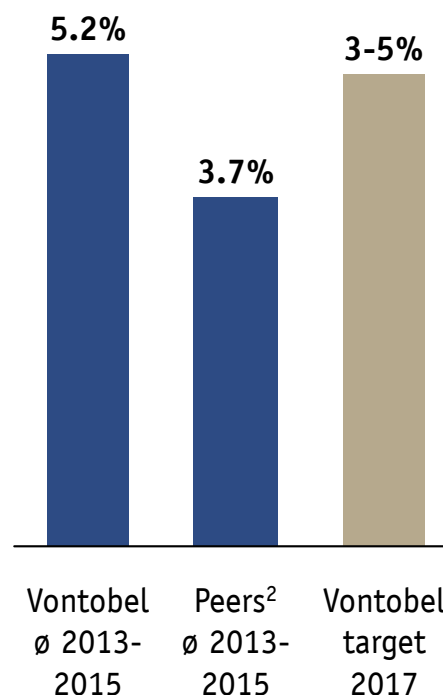
## Wealth Management generated net new money growth of 5.2% over the last three years – clearly exceeding peers

### Vontobel's Wealth Management activities

Advised client assets (year-end, CHF bn)



Net new money growth<sup>1</sup> (CHF bn)



### Comments

- Strong NNM growth of 5.2% over last three years, exceeding peers
- NNM growth in 2015 was 4.4% – at upper end of 3-5% target
- Gross margin of 69 bps in Wealth Management, despite negative interest rates
- Innovative app for tablets and smartphones developed for Private Banking will be rolled out for EAMs in 2016
- Continuous investments in advisory processes, proximity to clients, technology and client advisors to maintain future organic growth

- Margin at 69 bps, of which 58 bps are commission driven, including 41 bps from recurring fee income

<sup>1</sup> Wealth Management growth in AuM attributable to net new money

<sup>2</sup> Unweighted; Julius Bär (2013-2015), EFG International (2013 and 2014), UBS Wealth Management (excl. WM Americas; 2013-2015), Credit Suisse Wealth Management Clients (CH, Internat., Asia Pacific 2013-2015)

## Private Banking outperformed its peers – reflecting its investments in growth and its outstanding offering

### Private Banking with higher number of client advisors and sustained efficiency



- After realigning the business model in 2013 and significantly increasing pre-tax profit, Vontobel is now investing in future growth
- Average assets per client advisor remained stable, despite FX headwinds
- Vontobel Private Banking outperformed its peers in 2015 (Vontobel reported growth of 7% in AuM while peers reported a decline of -3%<sup>1</sup> since end-2014)

■ Private Banking client advisors  
■ AuM, in CHF bn

### Private Banking's outstanding offering endorsed in Switzerland and internationally

- In 2015, Vontobel Private Banking has been endorsed by renowned magazines in Switzerland and internationally
- Clients are becoming more sophisticated and are increasingly scrutinizing investment performance. Our Private Banking division is well positioned to meet changing client needs, as it can leverage our Asset Management division's experience in delivering investment performance to institutional clients for more than two decades
- Reflecting our commitment to digitalization, Vontobel has one of the leading apps for tablets and smartphones for private clients. Through the advanced international rollout of the app, Vontobel can differentiate itself in its target markets

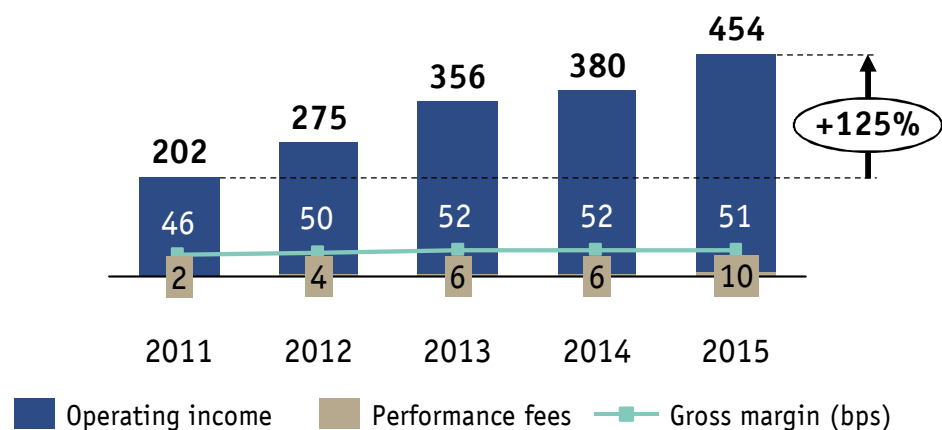


<sup>1</sup> Unweighted; Julius Bär, UBS Wealth Management (excl. WM Americas), Credit Suisse Wealth Management Clients (CH, Internat., Asia Pacific)

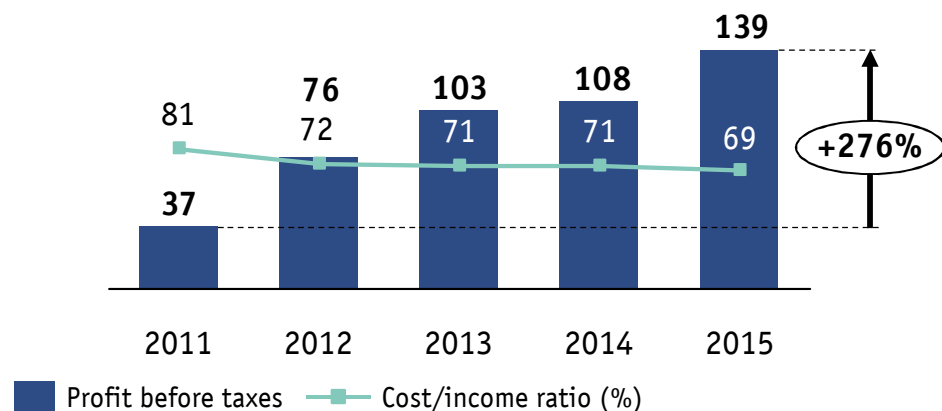


## Asset Management's strategy to run a diversified, institutional-focused and global book of boutiques results in impressive growth

### Growing revenues and stable margin (CHF mn)



### Increased profit before taxes (CHF mn)



### Diversified book of business

- Impressive inflow of net new money of CHF 7.9 bn in 2015 is diversified across boutiques, 68% came from our boutiques in Zurich and London. They now already represent 50% of total assets under management
- Outstanding investment performance in 2015: 82% of assets outperformed their benchmark after fees
- The emerging markets strategy held up very well in 2015, with a slight increase in the asset volume at a time when mutual funds globally suffered a decline of 15%<sup>1</sup> overall
- Fixed income solutions<sup>2</sup>, which also comprise TwentyFour, contributed an impressive CHF 3.8 bn of net new money
- Multi Asset Class and Alternatives boutiques also recorded significant net new money
- Stable margin of above 50 bps
- CIR improved to 69% due to strict cost management and despite investments in growth

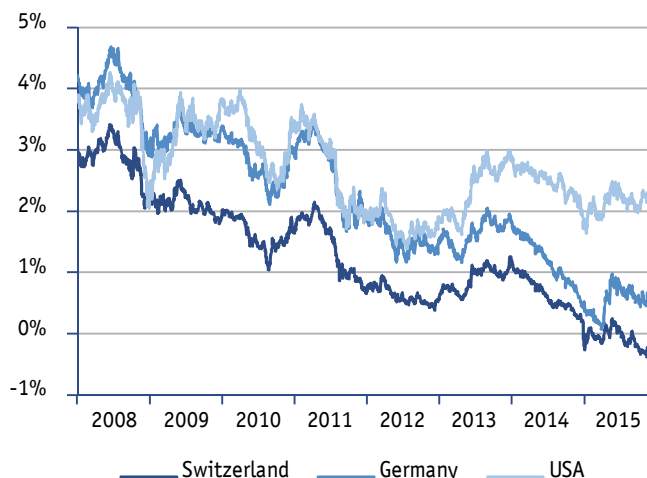
<sup>1</sup> Between end-2014 and November 2015 <sup>2</sup> Comprises the solutions of the Fixed Income team in Zürich, TwentyFour and the Absolute Return Funds managed by the Alternatives boutique  
Source: Morningstar

# Asset Management's fixed income offering is well positioned to meet changing client needs and to capture future growth

## Challenging environment for fixed income investors

- Low or negative interest rates
- Widening gap between risk-free rates and returns required by pension funds/insurance companies to meet their liabilities
- Shrinking bank balance sheets due to regulatory environment

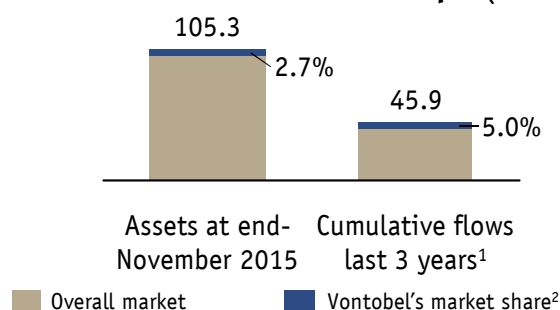
### 10-year government bond yield (%)



## Increasing demand for higher yielding and flexible solutions

- Increasing demand for sophisticated fixed income solutions, particularly for expertise in higher yielding and niche product areas as well as in flexible products
- In-depth knowledge about all fixed income asset classes and an active investment approach are essential to capture return opportunities
- Advanced risk management capabilities are needed

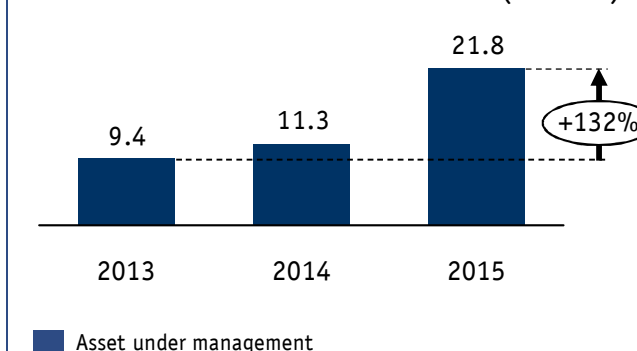
### Global flexible funds in Europe (EUR bn)



## Vontobel provides attractive solutions

- Attractive active global and unconstrained products (e.g.: Dynamic Bond Fund of TwentyFour, Bond Global Aggregate Fund and Absolute Return Bond Funds)
- Compelling investment solutions in the area of credit (e.g.: Corporate Mid Yield or asset-backed securities)
- Sophisticated risk management

### Vontobel's fixed income assets<sup>3</sup> (CHF bn)



<sup>1</sup> From December 2012 to November 2015  
Source: Bloomberg, Morningstar

<sup>2</sup> Including TwentyFour

<sup>3</sup> Comprises the solutions of the Fixed Income team in Zurich, TwentyFour and the Absolute Return Funds managed by the Alternatives boutique

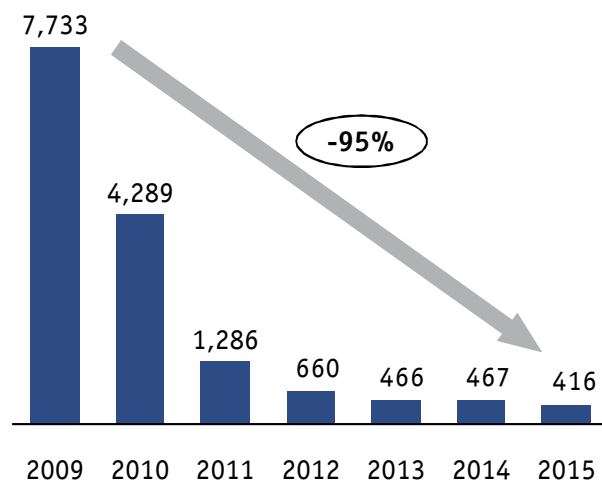
## Financial Products leverages technology and cost structure to gain market share in Europe

### Technology leadership

- Flexible technology platform enables Vontobel to rapidly enter new markets and to establish platform business
- High degree of automation allows Vontobel to enter markets at low marginal costs and to reduce average costs per unit

### Cost leadership

#### Cost per unit<sup>1</sup> (CHF)



### Leverage products in Europe

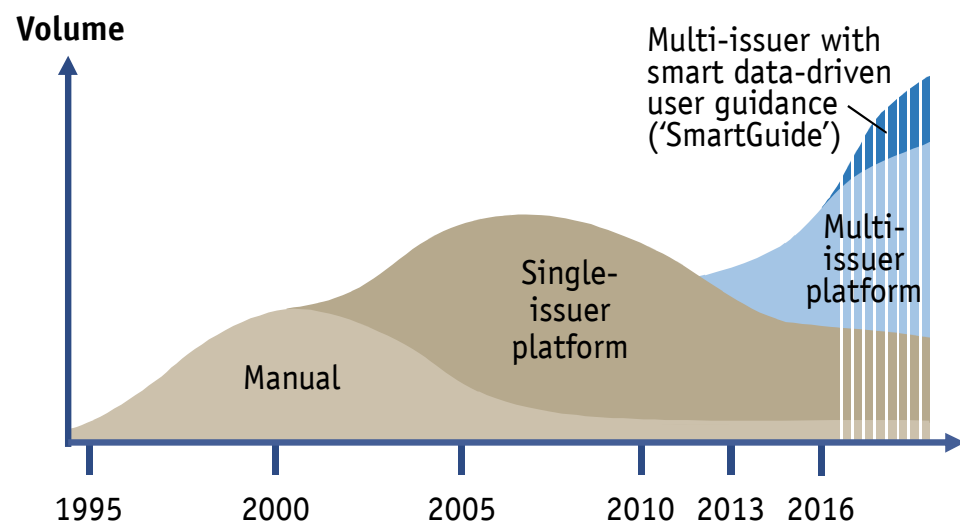
| Markets               | Volume in 2015<br>(estimated;<br>EUR mn) | Volume growth in 2015<br>(estimated) | VT market share in 2015<br>Volume (trades) | Volume in 2017<br>(expected) |   |
|-----------------------|--|--------------------------------------|--|------------------------------|---|
| Vontobel presence     | Switzerland                              | 9,607                                | -12%                                       | 38.3% (50.4%)                | ⇒ |
|                       | Germany                                  | 28,393                               | +30%                                       | 7.0% (6.9%)                  | ↗ |
|                       | Nordics <sup>2</sup>                     | 6,960                                | +3%  | 24.0% (19.3%)                | ⇒ |
| Potential new markets | Italy                                    | 28,716                               | +40%                                       | 0.0%                         | ↗ |
|                       | Netherlands                              | 9,644                                | +7%  | 0.0%                         | ↗ |
|                       | France                                   | 7,616                                | +27%                                       | 0.0%                         | ↗ |
| <b>Total</b>          | <b>90,935</b>                            | <b>+21%</b>                          | <b>8.1%</b>                                | <b>↗</b>                     |   |

<sup>1</sup> Calculated as total operating expense of business unit Financial Products divided by number of products issued  
Source: eusipa, Vontobel

<sup>2</sup> Sweden and Finland

# 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 4<sup>th</sup> quarter 2015 and was very well received by deritrade® users
- December 2015 was the best month ever in terms of volume

## 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
  - Products with higher relative performance
  - Most popular products
  - Products liked by the community

## Market growth in Asia-Pacific expected to continue – Vontobel is ready to capture opportunities resulting from global diversification needs

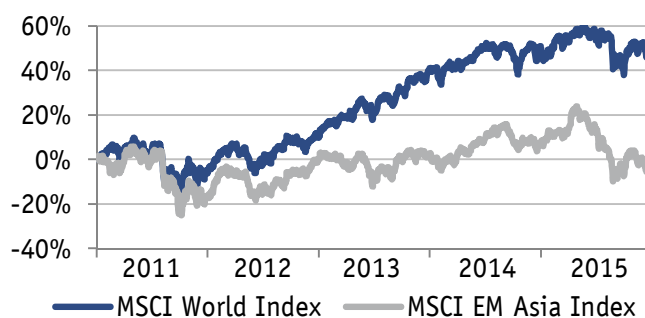
### Asia continues to be an attractive growth market

- Growth expectations for Asian economies have been lowered but remain significantly higher than for developed markets
- There is a strong demand for retirement savings due to the aging population
- Wealth generation remains strong as savings rates in Asia reach 13%, more than twice the world average
- Proportion of managed assets in large Asian economies, such as China, is still very low – creating opportunities for additional growth

### Demand for global diversification is increasing

- Relatively poor performance of equity markets in Asia compared to developed markets over last 5 years
- Proportion of assets that HNWI's invest outside their region grew from 26% in 2013 to 38% in 2015
- Entrepreneurial wealth is being handed down to next generation, which is looking for reasonable returns while minimizing risks

#### Cumulative total return



### Vontobel's niche offering is attractive to Asian clients

- Vontobel's investment capabilities are well suited to meet the increasing demand for global diversification from Asia
- Asian clients are looking for high-quality products and services – Vontobel's offering meets high Swiss quality standards
- Asian clients demand easy access to online information – Vontobel is well positioned to meet this need with its commitment to digitalization. Vontobel has leading solutions with deritrade® and its app for tablets and smartphones, which are already available in Asia

## Overview

Highlights

Full-year results 2015

Strategy update

**Outlook**



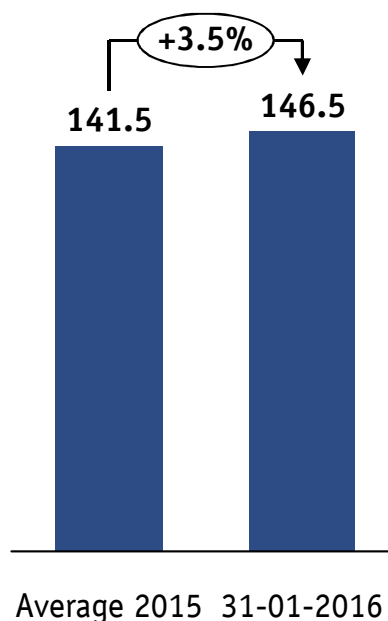
## Outlook: Vontobel to continue on its growth path

### A growing industry in a challenging environment

- Continued expansion of asset pools driven by generation of new wealth and long-term market performance
- World is once again becoming more regionally focused, the benefits of scale are receding – strengths such as agility, quality and client orientation are becoming more important as market conditions evolve ever more rapidly
- Operating environment to remain challenging – with low or even negative interest rates and subdued client activity

### Vontobel's assets resilient to turbulent market conditions

#### Advised client assets (CHF bn)



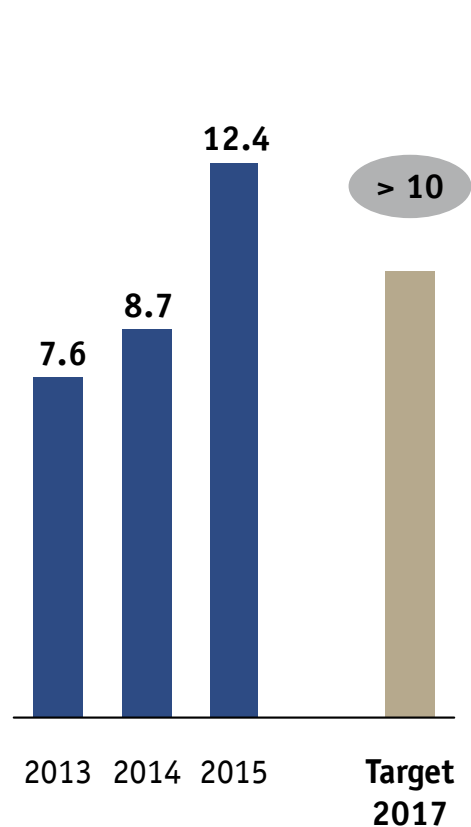
■ Advised client assets

### Growth initiatives to be continued

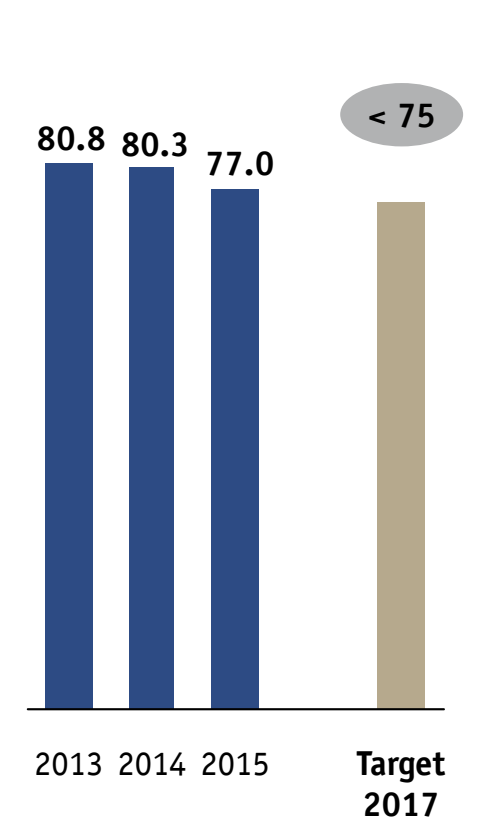
- Wealth Management: Pursue growth by targeting Swiss and international clients with dedicated offering, investing in technology and hiring client advisors
- Asset Management: Increase diversification across boutiques; leverage thought leadership and position in fixed income as well as in multi-asset-class for future growth
- Financial Products: Leverage technology leadership to expand position in Europe and to roll out deritrade® MIP in Europe and Asia
- Asia: Accelerate growth across all core activities with dedicated initiatives

## Successful implementation of our growth strategy combined with operating leverage brings targets for 2017 within reach

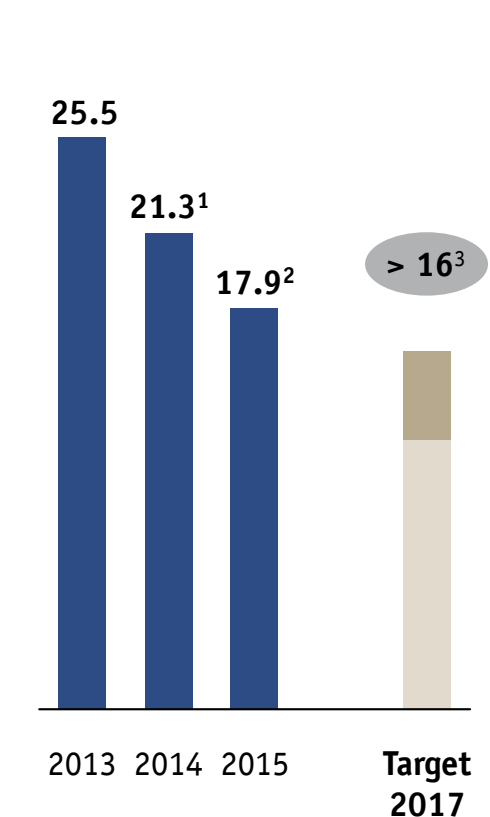
### Return on equity (in %)



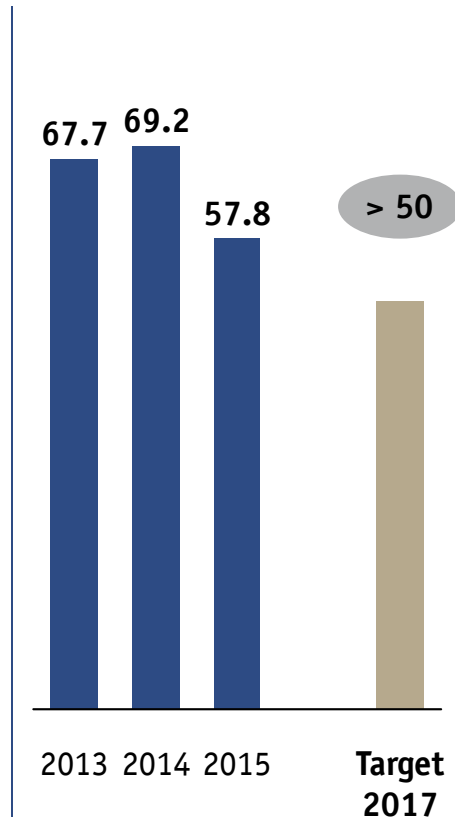
### Cost/income ratio (in %)



### Total capital ratio (in %)



### Payout ratio (in %)



<sup>1</sup> Includes share buyback of 12.5% in 2H14

<sup>2</sup> Includes acquisition of majority stake in TwentyFour in 1H15 (accounting for 100% of TwentyFour) and acquisition of Finter Bank Zurich in 2H15

<sup>3</sup> CET1 target of >12%



Thank you for your attention.



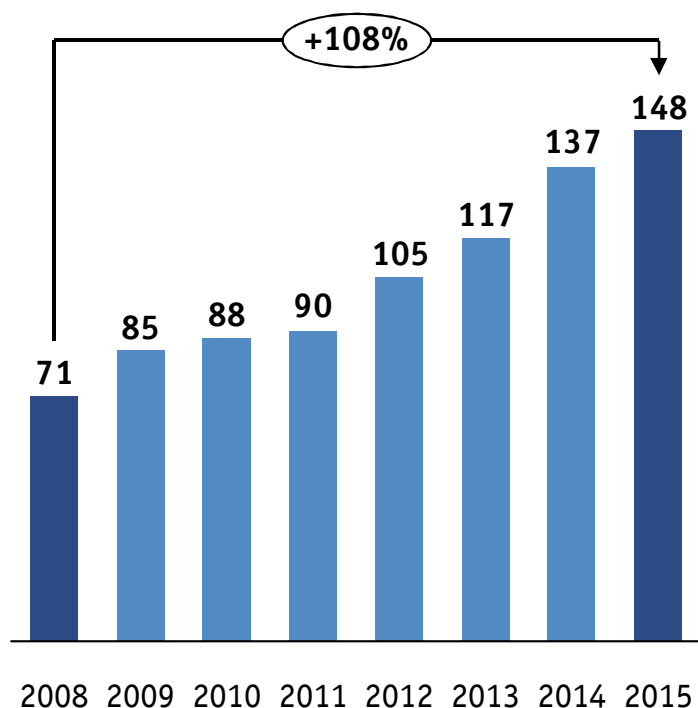
# Appendix

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## Growth in advised client assets of over 100% since 2008 – confirming Vontobel's successful focus on its core capabilities

### Advised client assets (CHF bn, year-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 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 71% in 2015 – 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 the end-2015 (CHF bn)

|                          | Home market                | Focus markets              |                            |                            |                                 |                               | Other markets              | Total             |
|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------------|-------------------------------|----------------------------|-------------------|
|                          | Switzerland <sup>1</sup>   | Germany                    | Italy                      | UK                         | US                              | Emerging Markets <sup>2</sup> |                            |                   |
| Advised client assets    | 56.6                       | 8.9                        | 7.3                        | 12.5                       | 28.5                            | 26.1                          | 7.9                        | 147.8             |
| Wealth Management        | Full offering              | Onshore<br>Cross-border    | Cross-border               | Cross-border               | Onshore <sup>3</sup><br>and EAM | Onshore<br>Cross-border       | Cross-border               | 42.5              |
| Asset Management         | Institutional<br>Wholesale | Institutional<br>Wholesale | Institutional<br>Wholesale | Institutional<br>Wholesale | Institutional<br>Wholesale      | Institutional<br>Wholesale    | Institutional<br>Wholesale | 97.1 <sup>4</sup> |
| Financial Products       | FP, Brokerage,<br>CF, TB   | FP<br>Brokerage            | -                          | Brokerage                  | Brokerage                       | FP                            | Brokerage                  | 8.2               |
| Breakdown                |                            |                            |                            |                            |                                 |                               |                            |                   |
| Assets under mgmt.       | 52.0                       | 7.7                        | 7.3                        | 12.5                       | 28.5                            | 20.5                          | 7.8                        | 136.3             |
| Other adv. client assets | 0.3                        | -                          | -                          | -                          | -                               | 5.6                           | 0.1                        | 6.0               |
| Structured products      | 4.3                        | 1.2                        | -                          | -                          | -                               | -                             | -                          | 5.5               |

<sup>1</sup> Including Liechtenstein

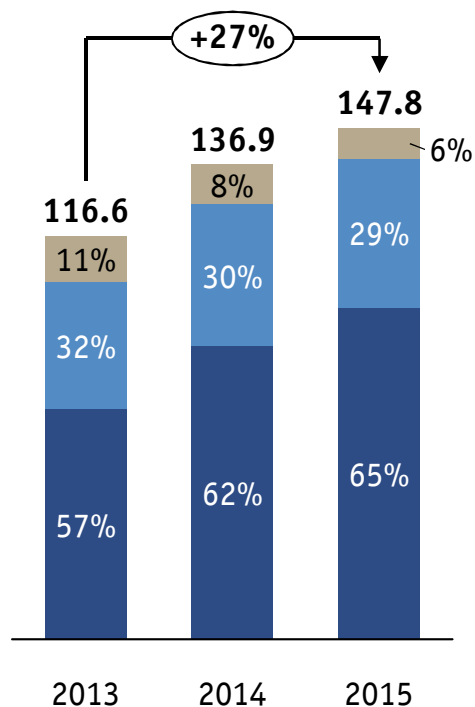
<sup>2</sup> Asia Pacific Region, CEE, LATAM, Middle East and Africa

<sup>3</sup> Vontobel Swiss Wealth Advisors AG (SEC-registered investment advisor)

<sup>4</sup> Excluding assets managed on behalf of other segments (CHF 3.7 bn)

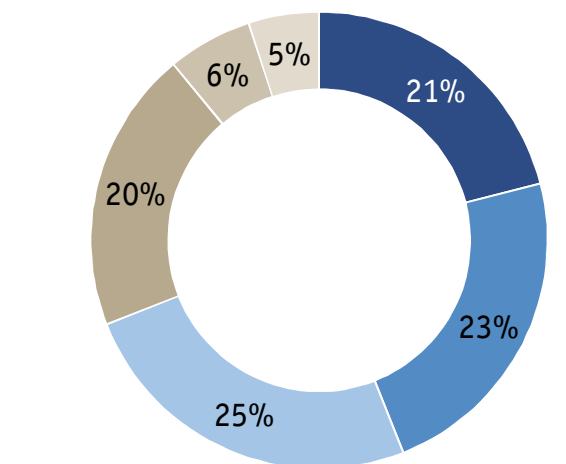
# Advised client assets have grown by 27% since 2013 and are well diversified across asset classes

**Advised client assets (CHF bn)**



**Advised client assets by asset class (end-2015)**

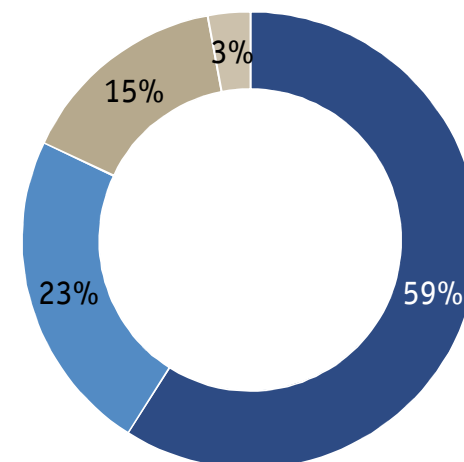
## Wealth Management



- Liquidity/money market
- Bonds
- Foreign equities
- Domestic equities
- Others<sup>2</sup>
- Alternatives

■ Wealth Management clients hold 21% of their assets in cash (down from 24% at end-2014)

## Asset Management



- Equity
- Fixed Income
- Balanced/MAC
- Alternatives

■ Large proportion of assets from institutional clients (70%)

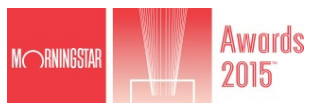
■ Asset Management with low proportion of money market funds

■ Asset Management<sup>1</sup>  
 ■ Wealth Management  
 ■ Financial Products

<sup>1</sup> Excluding assets managed on behalf of other segments  
<sup>2</sup> Including structured products

# Strong performance culture is confirmed by the market

We have received 128 awards for our investment funds and investment expertise since 2011



# Vontobel's derivatives factory with well-balanced business model – leverage products and structured products

## Capital markets

### Risk management

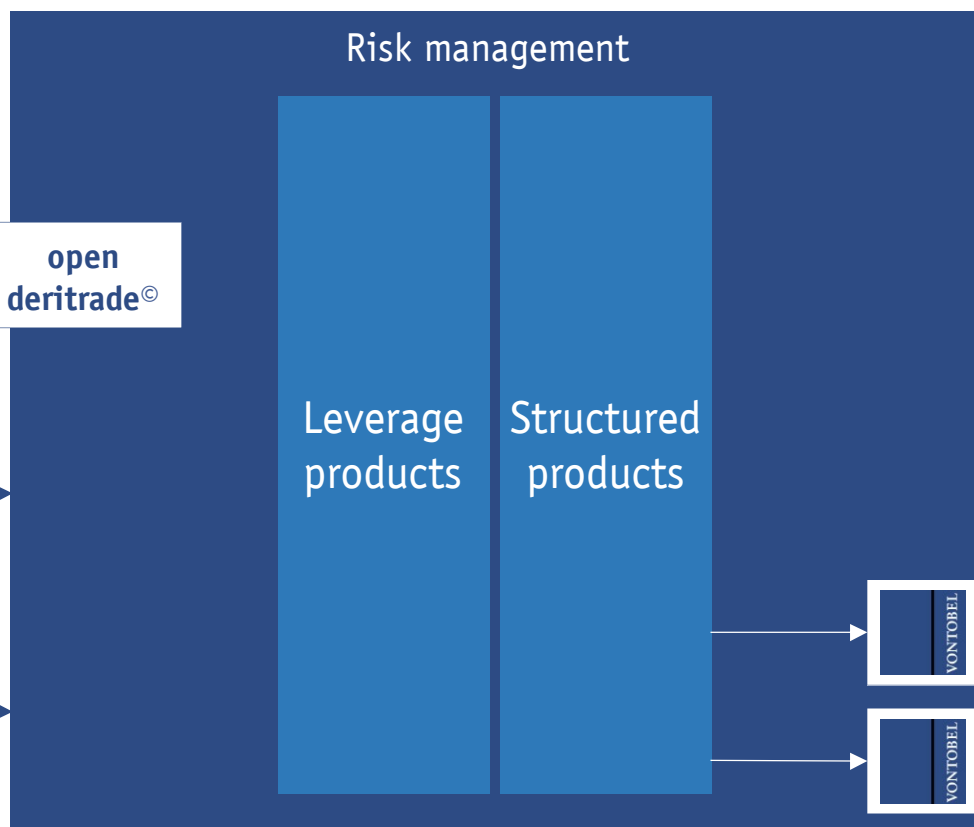
- Asset classes
  - Fixed income
  - Credit
  - Equities
  - Commodities
  - FX
  - Alternative investments
- Venues
  - Exchanges
  - OTC
  - Interbank markets

### Third-party wrapper / notes

offering discontinued

### Third-party issuers

## Derivatives factory



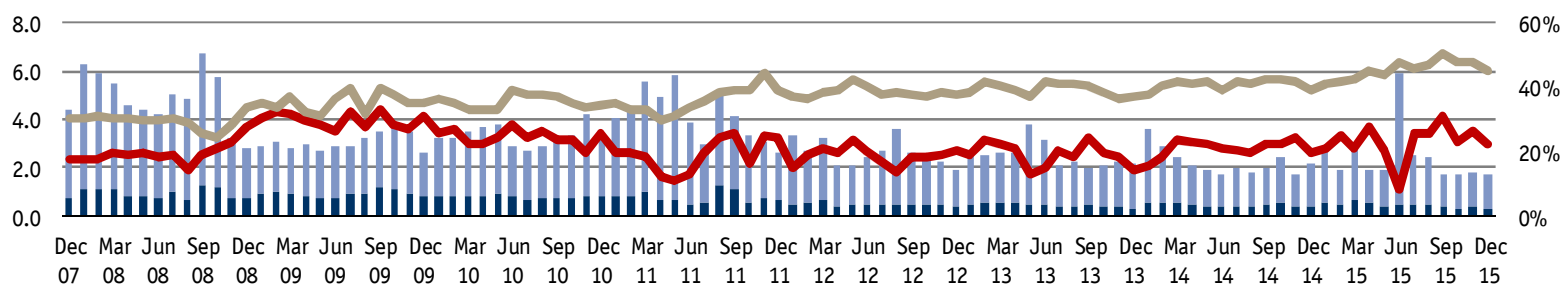
## Distribution



# Strong position in Swiss home market and growing market share in Germany – impressive entry into rapidly growing Nordics market

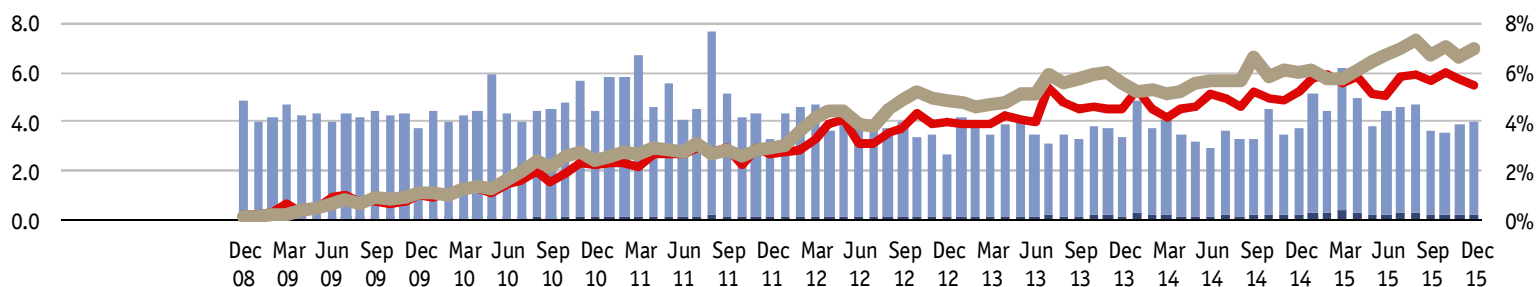
## Switzerland (CHF bn)

|                     |       |
|---------------------|-------|
| Rank                | #2    |
| <b>Market share</b> |       |
| Turnover            | 20.5% |
| # of trades         | 45.3% |



## Germany (EUR bn)

|                     |      |
|---------------------|------|
| Rank                | #6   |
| <b>Market share</b> |      |
| Turnover            | 5.7% |
| # of trades         | 6.5% |



## Nordics (EUR bn)

|                     |       |
|---------------------|-------|
| Rank                | #2    |
| <b>Market share</b> |       |
| Turnover            | 24.0% |
| # of trades         | 19.3% |



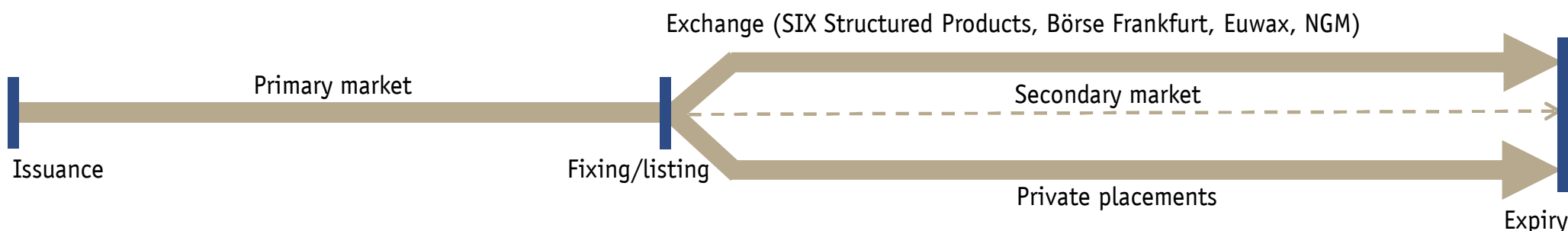
■ Market turnover w/o Vontobel (lhs)  
 ■ Vontobel turnover (lhs)  
 — Vontobel market share by volume (rhs)  
 — Vontobel share by number of trades (rhs)

Source: Technolab, DDV (data do not include OTC trading of listed products), NGM



# Distribution strategy for Financial Products geared towards high-growth areas

## Derivatives market



### Market description (2015)

#### Switzerland

- Turnover CHF 26.9 bn
- Ø trade size CHF 31.0 k
- > 31,800 listed products (end-2015)

#### Germany

- Turnover EUR 52.1 bn
- Ø trade size EUR 8.6 k
- > 1,274,450 listed products (end-2015)

#### Nordics

- Turnover EUR 7.0 bn
- Ø trade size EUR 4.2 k
- > 9'100 listed products (end-2015)

### Vontobel on the exchange (2015)

#### Switzerland

- Turnover CHF 5.5 bn (#2/20.5%<sup>1</sup>)
- Ø trade size CHF 14.1 k
- >17,500 VT products listed (end-2015)

#### Germany

- Turnover EUR 2.9 bn (#6/5.7%<sup>1</sup>)
- Ø trade size EUR 7.5 k
- 246'700 VT products listed (end-2015)

#### Nordics

- Turnover EUR 1.7 bn (#2/24.0%<sup>1</sup>)
- Ø trade size EUR 5.3 k
- >4'600 VT products listed (end-2015)

### deritrade® (2015)

#### Leading deritrade® platform:

- Over 4,000 users
- 5,000 simulations/week
- 70% of primary market products are created via deritrade®

#### 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 amount of trading volume generated with non-listed products

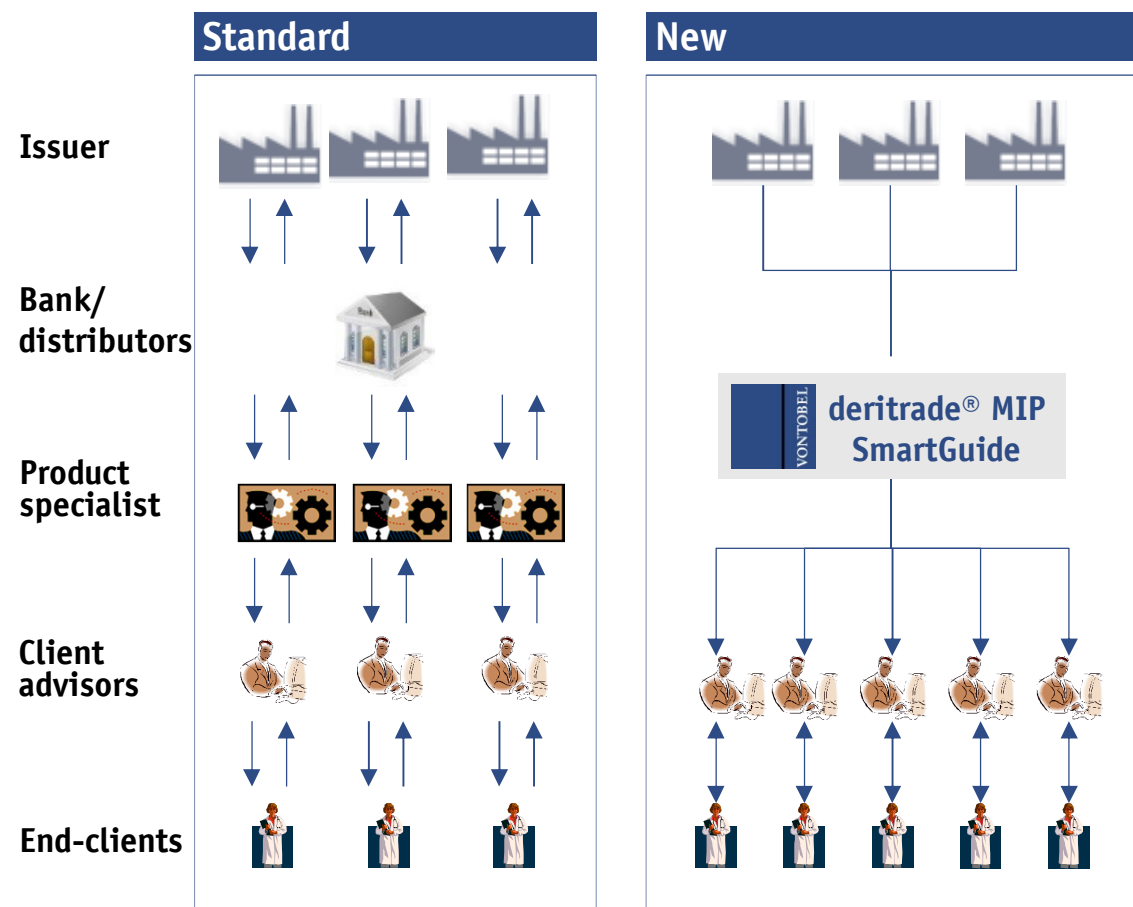
<sup>1</sup> Rank / market share

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, VT Estimates

# deritrade® Multi-Issuer Platform is setting a new standard, driving rapid growth in demand from issuers and distributors

## Business model



**Issuers**  
market reach,  
distribution,  
low costs

**deritrade® MIP**  
connecting issuers  
and distributors,  
harmonized offering,  
price transparency,  
technology  
and support

**Client advisors**  
multi-issuer offering,  
decision support,  
best execution, fully  
automated trade  
processing,  
low distribution costs

**End-clients**  
tailored structured  
products

## Cornerstones

- Increased market reach
- Cost reduction

- Best execution
- Scalability
- Cost reduction


- Support in decision-making based on smart and crowd data
- Regulatory requirements addressed

- Higher client returns
- Investment suitability

▶ Vontobel deritrade® MIP and deritrade® SmartGuide are redefining the market for structured products

# deritrade® Multi-Issuer Platform provides 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

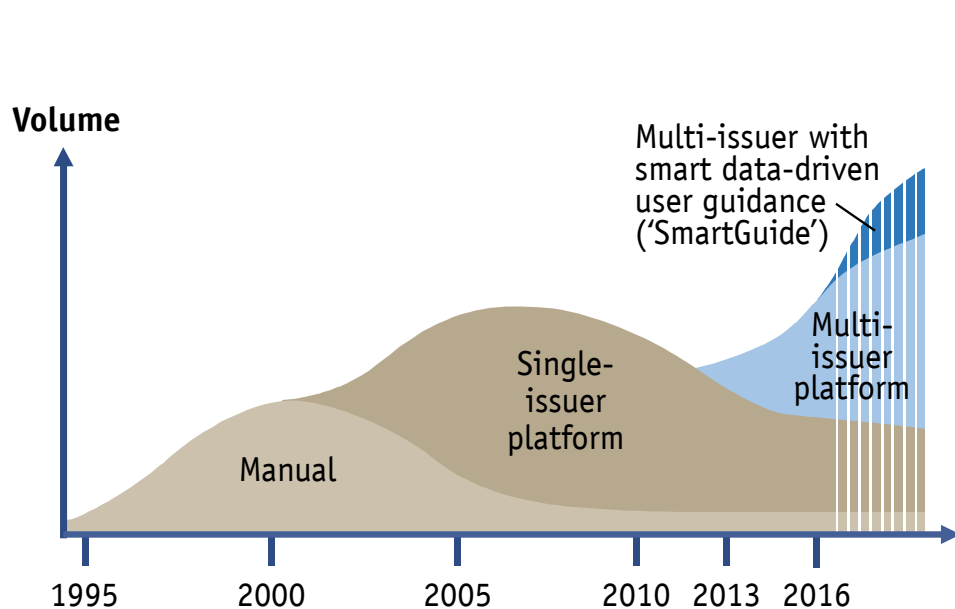
Simulate

| 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 %<br>8.3300 % absolute | Trade<br>EUR 750,000.00 36 sec |
| Issuer 2          | →                             | Termsheet<br>Deutsch<br>English<br>Français<br>Italiano | 7.4118 %<br>7.7000 % absolute | Trade<br>EUR 750,000.00 39 sec |
| Issuer 3          | →                             |   | 7.8900 %<br>8.1976 % absolute | Trade<br>EUR 750,000.00 33 sec |
| Issuer 4          | →                             |   | 9.0000 %<br>9.3500 % absolute | Trade<br>EUR 750,000.00 43 sec |
| Issuer 5          | →                             |   | 8.2011 %<br>8.5200 % absolute | Trade<br>EUR 750,000.00 36 sec |
| Issuer 6          | →                             |   | 8.6800 %<br>9.0367 % absolute | Trade<br>EUR 750,000.00 41 sec |
| Issuer 7          | →                             |   | 7.7983 %<br>8.2319 % absolute | Trade<br>EUR 750,000.00 39 sec |

Didn't find what you were looking for? Try **SmartGuide**  
Click to find more ideas

# Technology leadership enables next-generation solution – the multi-issuer platform with smart data-driven user guidance

## Structured products innovation cycle and associated KPIs



|                                    | Manual | Single-issuer platform | Multi-issuer platform | Multi-issuer with SmartGuide |
|------------------------------------|--------|------------------------|-----------------------|------------------------------|
| # issuers/ platforms               | ~20    | ~6                     | Vontobel              | Vontobel                     |
| Production costs                   | High   | Low                    | Much lower            | Much lower                   |
| Scalability                        | No     | Yes                    | Yes                   | Yes                          |
| Tailor-made offering               | No     | Yes                    | Yes                   | Yes                          |
| Price competition (best execution) | No     | No                     | Yes                   | Yes                          |
| Smart data-driven user guidance    | No     | no                     | No                    | Yes                          |

## 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



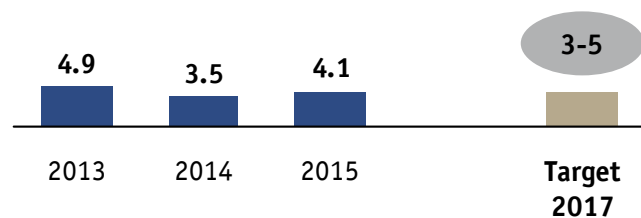
### Mergers and acquisitions

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

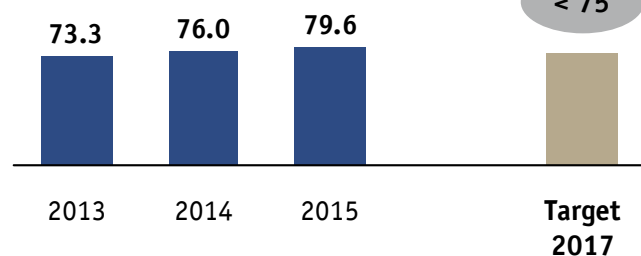
## All segments with ambitious targets for 2017

### Private Banking

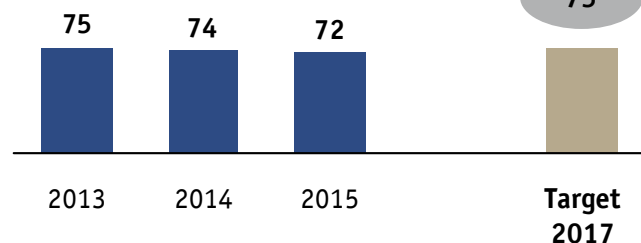
#### NNM growth (in %)



#### Cost<sup>2</sup>/income ratio (in %)

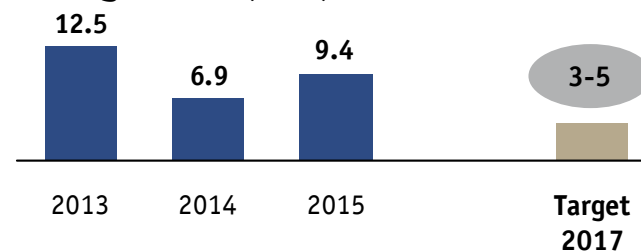


#### Return on assets (in bps)

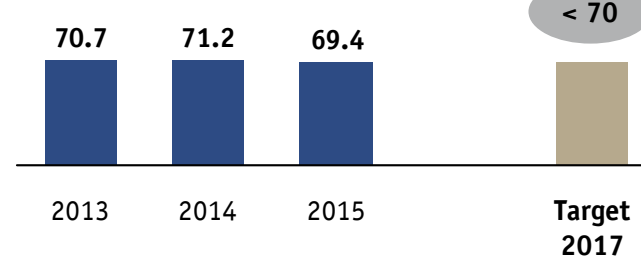


### Asset Management

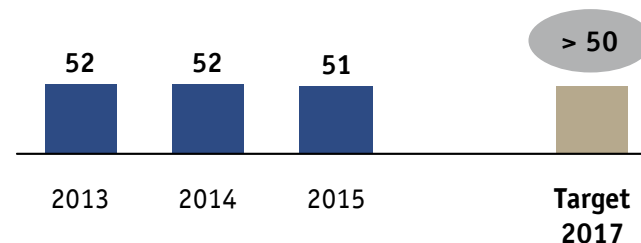
#### NNM growth<sup>1</sup> (in %)



#### Cost<sup>2</sup>/income ratio (in %)

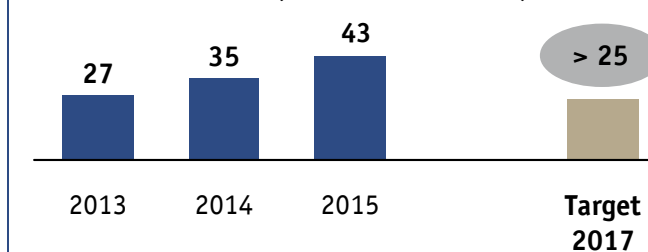


#### Return on assets (in bps)

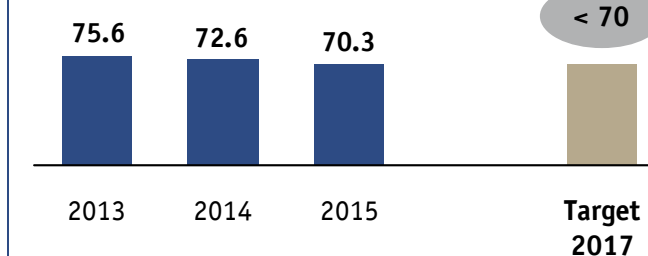


### Financial Products & EAM

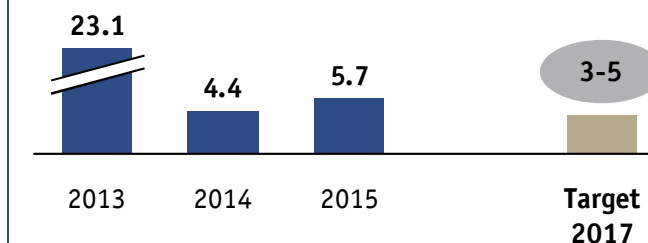
#### Pre-tax ROAC<sup>3</sup> (in %, annualized)



#### Cost<sup>2</sup>/income ratio (in %)



#### EAM NNM growth (in %)



<sup>1</sup> Adjusted for assets that are managed on behalf of other segments

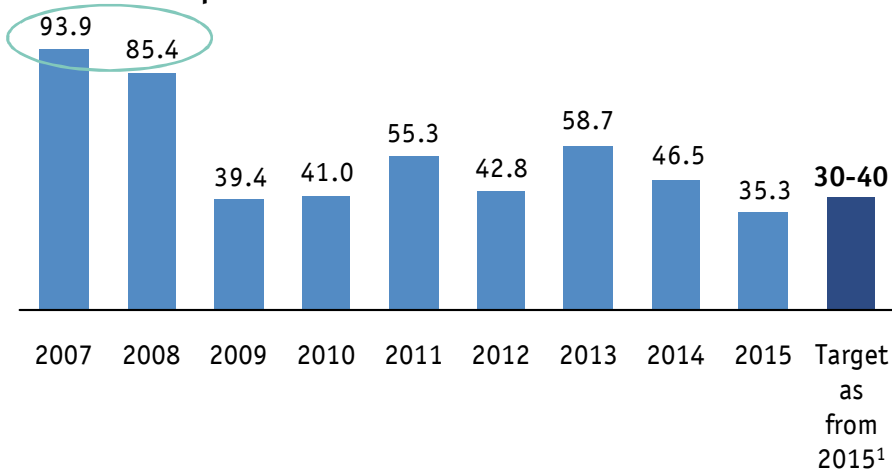
<sup>2</sup> Operating expense excl. valuation adjustments, provisions and losses

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

## Active management of capital expenditure will lead to CIR improvement of 2-3 percentage points by 2021<sup>1</sup>

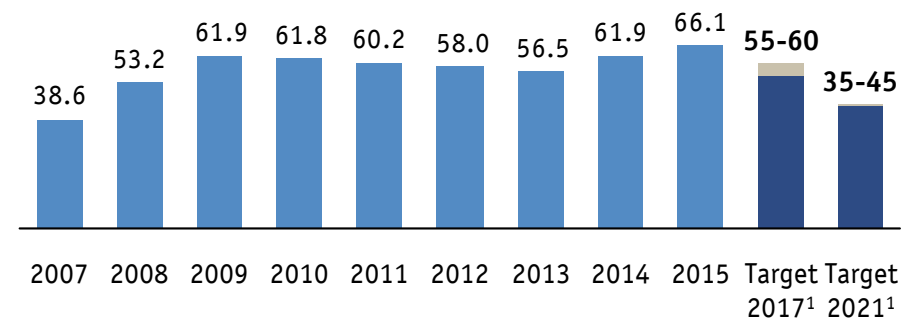
### Development of capital expenditure (CHF mn)

includes avaloq



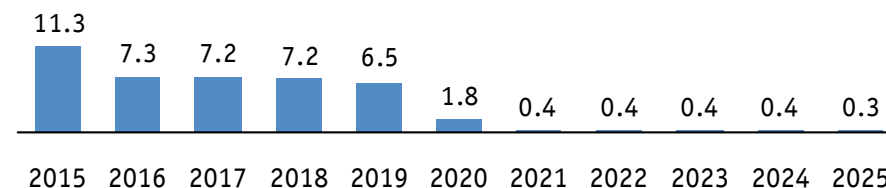
- Significant investments in IT (renewal of front office systems and avaloq) completed – initial investments in avaloq in 2007/08 will be fully depreciated by end-2018
- Major investments in office buildings completed
- Significant reduction in capital expenditure planned from 2015

### Development of depreciation and amortization (CHF mn)



■ Impact of TwentyFour / Finter Bank

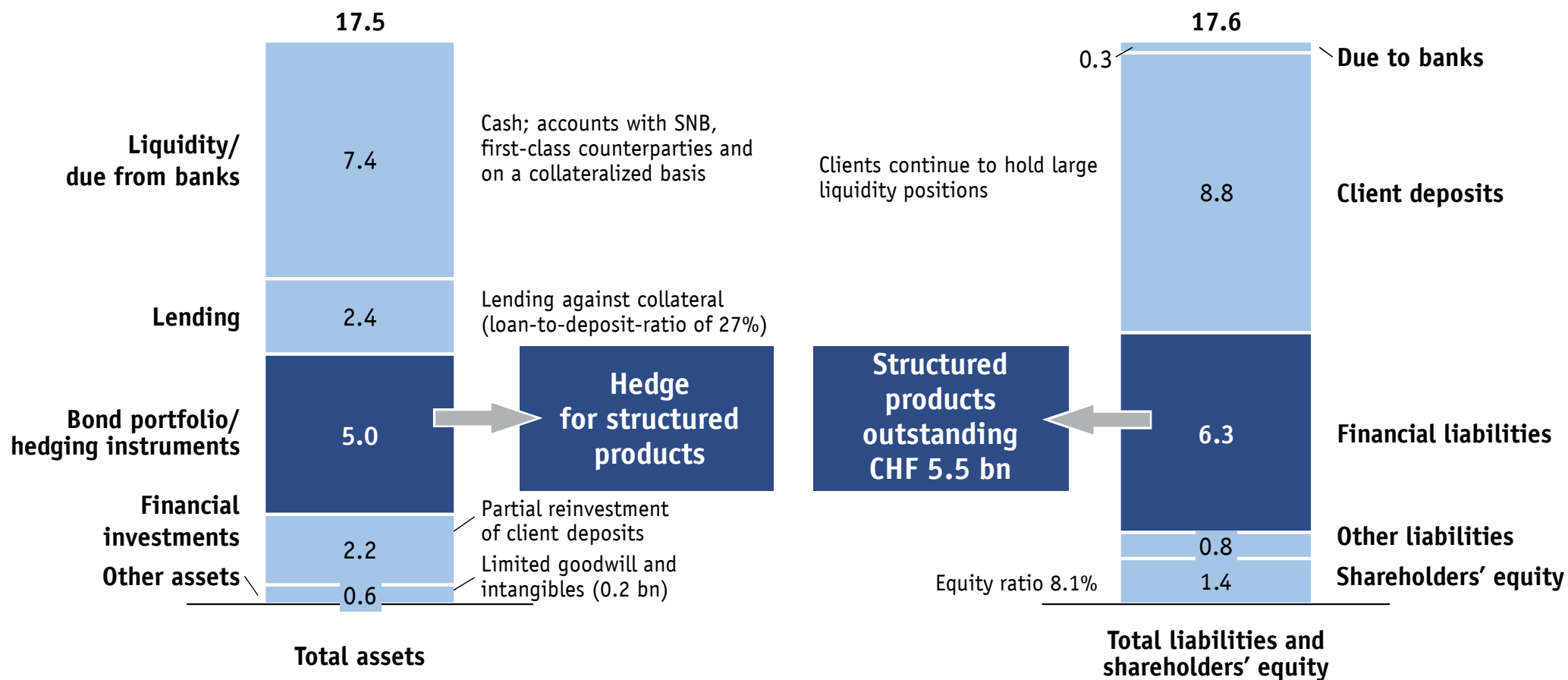
### Run-down of amortization of intangibles from former acquisitions (CHF mn)



<sup>1</sup> Based on current planning

# Conservative balance sheet ratios – reflecting high level of client deposits and business with structured products

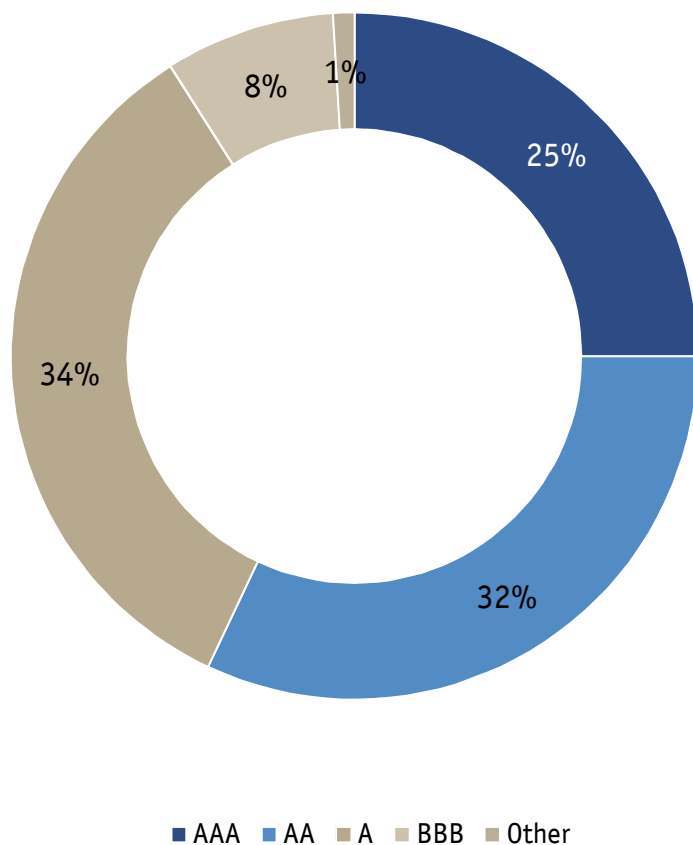
## Balance sheet at end-2015 (CHF bn)



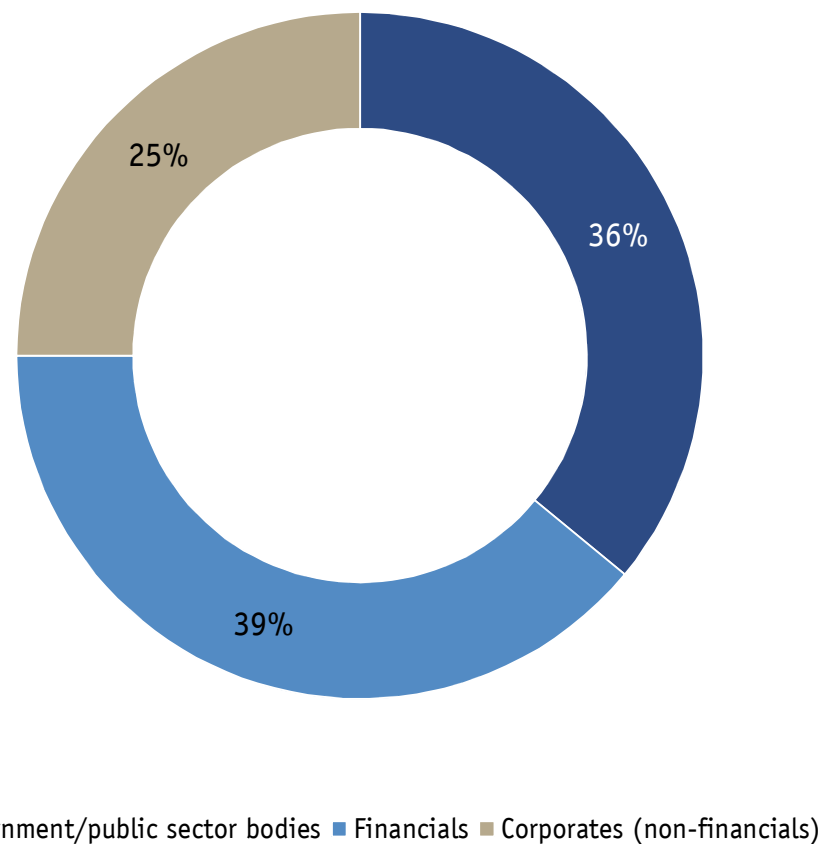


## High quality of bond portfolio maintained

### Counterparty exposure by rating (end-2015)



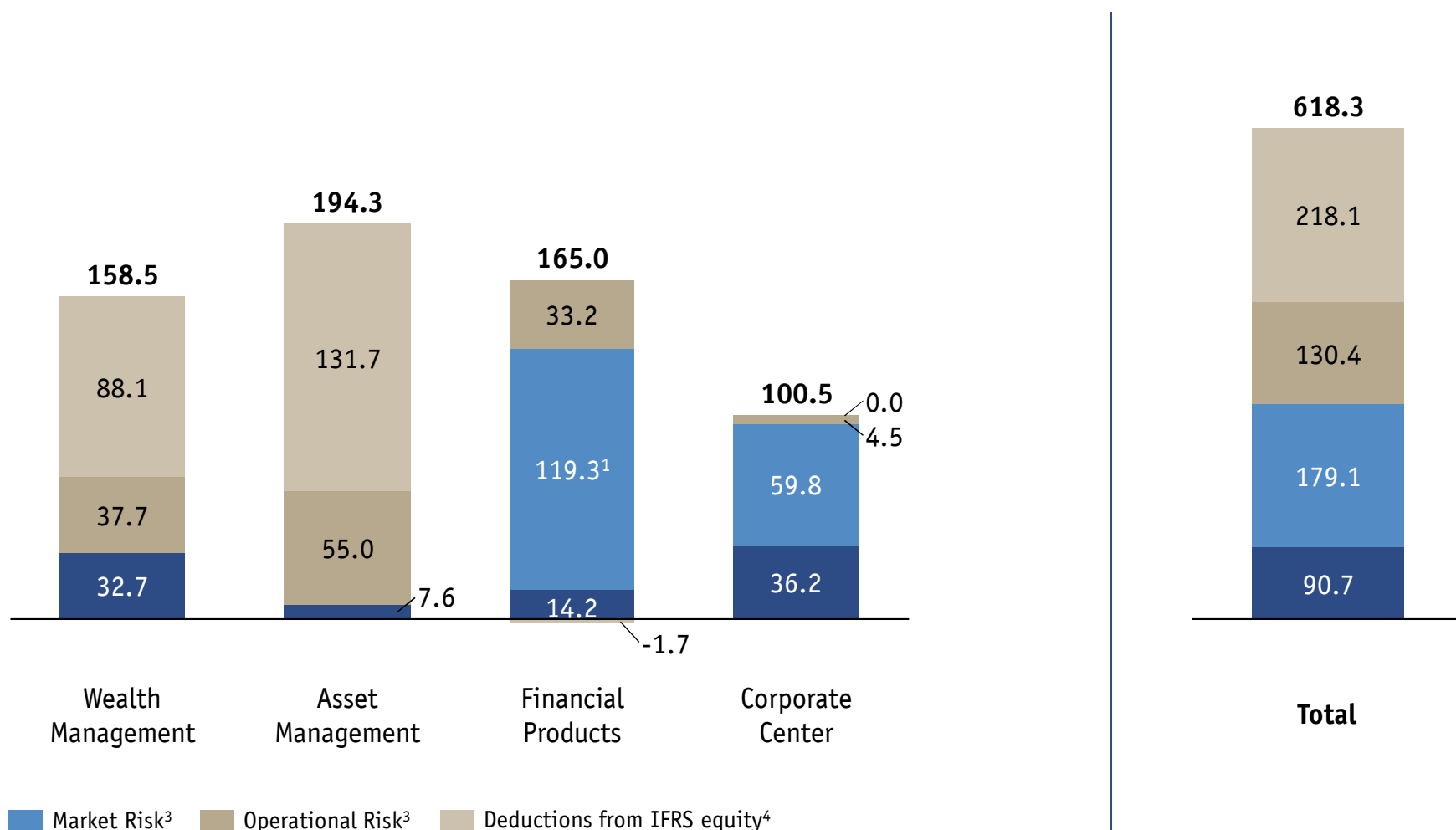
### Counterparty exposure by sector (end-2015)



The purpose of the actively managed bond portfolio of CHF 5.8 bn is to hedge structured products and to invest treasury liquidity

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

### Capital consumption as of end-2015 (CHF mn)



■ Credit Risk<sup>2/3</sup>
■ Market Risk<sup>3</sup>
■ Operational Risk<sup>3</sup>
■ Deductions from IFRS equity<sup>4</sup>

<sup>1</sup> Average value at risk of CHF 3.0 Mio. in 2015 (historical simulation, 99% confidence level, 1-day holding period and 4-year historical observation period); Equity-Vega sensitivity of approx. CHF 400 tsd at end-2015

<sup>2</sup> Including non-counterparty related risks <sup>3</sup> Reported figures are based on BIS capital requirements, i.e. RWA multiplied by 8% <sup>4</sup> 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"> <li>▪ Leverage our cross-border platform and gain market share in home and focus markets</li> </ul>   | Add scale and/or skills: <ul style="list-style-type: none"> <li>▪ Increase diversification across boutiques by gaining market share and/or adding competencies</li> </ul> |
| Markets   | <ul style="list-style-type: none"> <li>▪ Switzerland (priority market)</li> <li>▪ Germany</li> <li>▪ Asia (excl. local booking platform)</li> </ul> | <ul style="list-style-type: none"> <li>▪ Switzerland</li> <li>▪ Germany</li> <li>▪ Asia</li> <li>▪ US</li> <li>▪ UK</li> </ul>  |

## 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 17.9%
- Strong family shareholder base; main shareholders committed to long-term profitable growth
- Attractive dividend yield despite investments in profitable growth (3.9% in 2015<sup>1</sup>)
- 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 more than CHF 1 bn since 2003

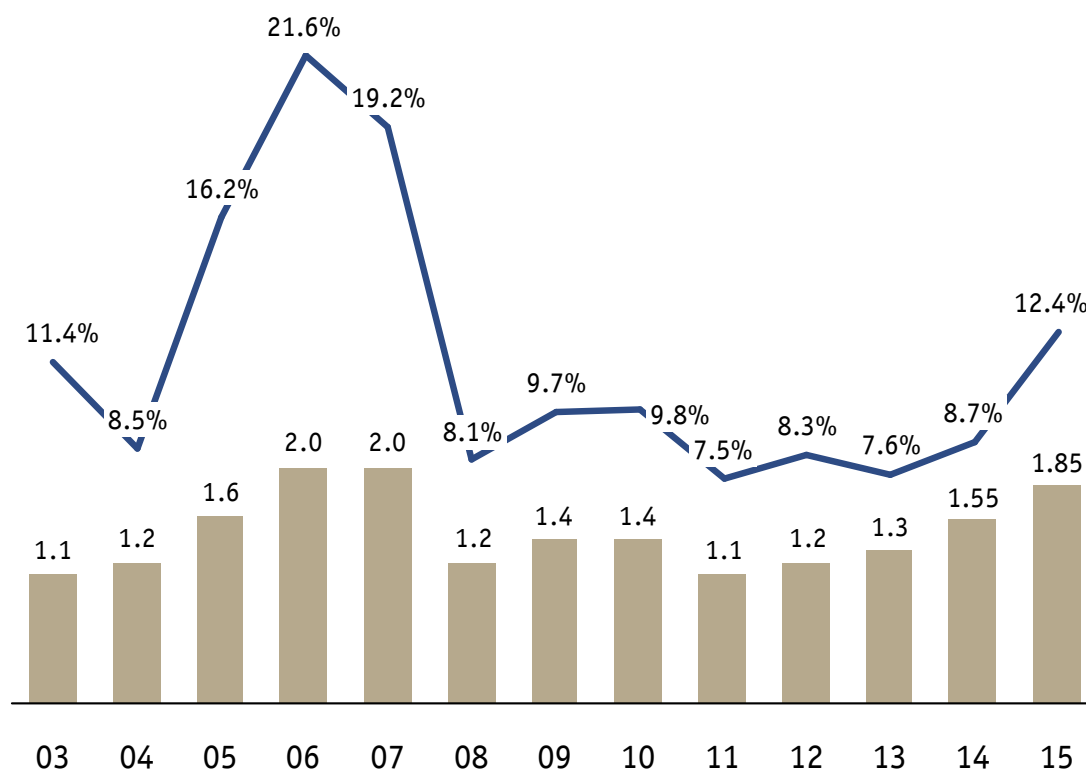
### ... and potential for M&A

- 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
- 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
- Main shareholders hold 62.8% of share capital, which provides financial flexibility

<sup>1</sup> Dividend paid out in 2016 / share price at end-2015

## Successful implementation of Vontobel's strategy 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 11.5% since 2003 – which is clearly above Vontobel's cost of equity
- Attractive dividend policy
  - average dividend of CHF 1.45 per share since 2003
  - cumulative dividends of more than CHF 1,000 mn since 2003
  - in 2015, dividend was increased for fourth consecutive year
- Increase of shareholders' equity by almost CHF 500 mn since 2003
- In 2014, active capital management was demonstrated by share buyback of 12.5%

## Vontobel provides additional transparency on its wealth management activities

### Financial disclosure

| Organizational set-up/<br>IFRS reporting               | Core activities    |
|--|--------------------|
| Private Banking<br>External Asset Manager <sup>1</sup> | Wealth Management  |
| Asset Management                                       | Asset Management   |
| Financial Products <sup>1/2</sup>                      | Financial Products |

### Comments

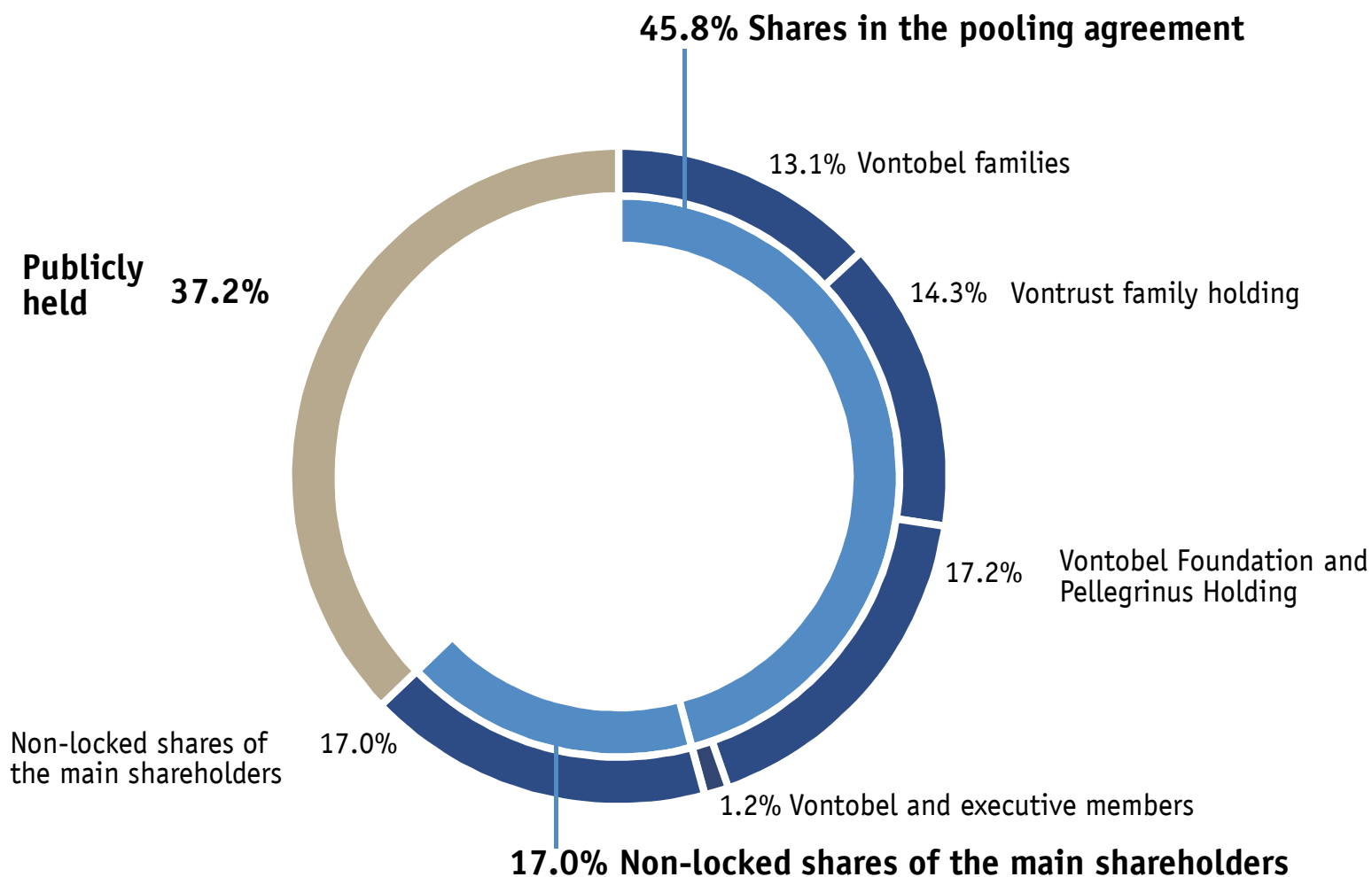
- Vontobel's Wealth Management activities consist of Private Banking (PB) and the business with External Asset Manager (EAM)
- The EAM business is similar to PB in terms of its business model, stable income streams and risk profile
- To provide a comparable level of information on PB and EAM, Vontobel provides a high level of transparency about its EAM business
- The combined Wealth Management business reported advised client assets of CHF 42.5 bn, a gross margin of 69 bps and an annualized NNM growth rate of 4.4% 2015

<sup>1</sup> Reported under the Investment Banking segment in the annual report

<sup>2</sup> Includes Brokerage, Corporate Finance and Transaction Banking

## Strong commitment of Vontobel families

### Shareholder structure as of the end-2015<sup>1</sup>



<sup>1</sup> Based on nominal share capital of CHF 56.875 mn