

Media release / 26 July 2016



Vontobel grew its net profit by 8% to CHF 105.7 million in the first half of 2016 in a difficult market environment and continued to deliver profitable growth

- **The return on equity increased to 14.4% and earnings per share rose by 6%.**
- **The cost/income ratio improved from 75.7% in the first half of 2015 to 72.9%.**
- **Vontobel's common equity tier 1 capital ratio (CET1 ratio) of 18.3% substantially exceeded the regulatory minimum requirement.**
- **Asset Management generated a 26% increase in pre-tax profit. The new run-rate gross margin in June of this year was 45 basis points (RoA) and the cost/income ratio was 60%.**
- **The Quality Growth boutique successfully executed the CIO transition.**
- **As a result of record advised client assets of CHF 43.3 billion, pre-tax profit in Wealth Management remained stable despite the low interest rate environment and lower levels of client activity.**
- **Financial Products grew its market share of exchange-traded products in Europe to over 8% and was thus one of the leading providers in this area. The 22% decrease in profit in the first half of 2016 reflects a general decline in trading activities.**
- **Vontobel successfully pursued the expansion and international diversification of the business in a challenging environment and is committed to achieving long-term and profitable growth.**

With market conditions remaining challenging, Vontobel pursued its prudent and systematic approach to business in the first half of 2016 and once again demonstrated the future-oriented nature and earning power of its business model.

Its strong organic growth and good profitability are evidence of the trust that clients place in Vontobel. Despite the adverse operating environment, Vontobel achieved an 8% increase in net profit to CHF 105.7 million compared to the same period of the prior year, with earnings per share rising 6% to CHF 1.87. Although assets under management in the Quality Growth boutique were dented by the change of Chief Investment Officer (CIO) in March of this year, Asset Management was again the main earnings driver at Vontobel, producing a 26% increase in pre-tax profit to CHF 85.3 million compared to the first half of 2015. Wealth Management contributed exactly CHF 34.2 million to pre-tax profit. Financial Products gained market share but felt the effects of weak markets, which were reflected by a 22% decrease in pre-tax profit to CHF 30.0 million.

The robust result was also driven by the good net inflow of new money. In the first six months of 2016, private and institutional clients entrusted Vontobel with more than CHF 3.1 billion of new money, adjusted for the Quality Growth boutique. This corresponds to annualized growth of 7%. Total client assets declined only slightly to CHF 179.3 billion due, in particular, to the successful CIO succession plan in the Quality Growth boutique and the boutique's good performance. The successful growth-oriented business is based on a continued solid BIS common equity tier 1 capital ratio (CET1 ratio) of 18.3%, which substantially exceeds the regulatory minimum requirement. The return on equity was 14.4% in the first half of 2016, significantly exceeding the cost of capital and Vontobel's own target return of over 10%.

"The first half of the year demonstrates that with our strategy, which is focused on delivering benefits for clients and on maintaining our entrepreneurial agility, Vontobel is well positioned to operate even in difficult periods and is on the right track. All three businesses – Wealth Management, Asset Management and Financial Products – display a high level of profitability and business momentum. In this context, Vontobel is primarily striving to generate organic growth, which can be supported by individual transactions – as underscored by the agreements with Raiffeisen," stated Zeno Staub, CEO of Vontobel.

Profitable growth due to excellent products and service

In the first half of 2016, Wealth Management continued to achieve organic growth that exceeded the benchmark. Clients entrusted Wealth Management with a total of CHF 1.0 billion of new money, corresponding to annualized growth in new money of 4.8%. Vontobel was named "Best Private Bank in Switzerland" by the Swiss business magazine Bilanz for the third consecutive year, confirming the consistently high quality of its advice and its excellent products.

Despite current difficult market conditions, Vontobel remained committed to executing its organic growth plans in Wealth Management and made further investments in the recruitment of experienced relationship managers for private clients in Switzerland, Germany and Asia in the first half of 2016. Vontobel will continue to capture the potential of digitalization to create benefits for clients, to support relationship managers and to export Swiss private banking to its focus markets. In recent months, for example, Vontobel made targeted investments in the further development of its private banking app, which is now used by clients in 20 countries and already ranks as one of the leading Swiss private banking apps according to a renowned industry study.

Growth driven by continued digitalization and new distribution channels

Financial Products continued its international expansion and, in May 2016, began distributing leverage products in Italy. After only a few weeks, Vontobel was already the issuer with the broadest range of products in the Italian market for factor certificates. Its market entry in the Netherlands and France is planned for the near future. In spring 2016, Vontobel expanded its front-to-end offering for banks and insurers with White Labelling 2.0. Vontobel believes that the global digital offering – from the creation to the distribution of structured investment solutions for the financial services sector – presents significant growth opportunities now and in the future. This reflects the fact that the digitalization of this business has made a decisive contribution to the reduction of unit costs, which have decreased by 95% since 2009.

Sustained good performance – basis for continued growth

Asset Management continued to make systematic progress in globally diversifying the business in the first half of 2016. At the start of May, a new team began distributing asset management products in the Nordic markets and the Netherlands. Also in May, Vontobel Asset Management signed a cooperation agreement for the distribution of Vontobel products with Eastspring Investments, one of the leading asset managers for retail investors in Taiwan. Vontobel Asset Management also continued to systematically diversify its product range. More than 50% of advised assets now come from the Fixed Income boutiques and the Multi Asset Class boutique. The change of leadership in the Quality Growth boutique was executed successfully. Vontobel implemented its existing and reliable succession plan and laid the foundations for the continued sustainable development of the Quality Growth boutique and its client base. The stability of the current experienced team as well as the continuation of the existing robust investment process that has been in place for more than two decades were of decisive importance in maintaining the trust of investors and limiting the outflows that usually follow when these types of changes occur.

Partnership with a focus on clients and growth prospects

Raiffeisen and Vontobel already agreed in February 2016 that beyond the end of the current cooperation agreement in June 2017, Vontobel would remain a partner of Raiffeisen and its subsidiaries in certain areas of asset management and the securities business until at least 2020. On 29 June 2016, Raiffeisen and Vontobel signed a second agreement under which the two companies will deepen their collaboration in the area of asset management, with the new partnership far exceeding the scope and duration of their previous agreement. Raiffeisen will focus on advisory services and on the client business within the investment business and will continue the expansion of this business in line with its growth strategy. Vontobel will make its experience and expertise in global asset management available to Raiffeisen within the framework of their collaboration and will, in particular, support Raiffeisen in the investment process and in the area of distribution. Vontobel will continue to be responsible for developing and managing selected asset management products for the Raiffeisen Group, which currently comprise CHF 7.9 billion of assets under management. As part of the redefinition of their collaboration, Vontobel will acquire the Raiffeisen subsidiary Vescore, which currently manages CHF 15 billion of assets and will ideally complement Vontobel Asset Management's successful international boutique model. Vescore's asset management capabilities mainly comprise the core portfolios of sustainable investments and quantitative investments, as well as fundamental equity strategies. Approximately CHF 9 billion of assets are managed in these core portfolios of Vescore. Following the integration – and with the realization of all synergies – Vescore should make a positive contribution to Group net profit from 2018. The return on this investment should significantly exceed the target return on equity of 10%. In particular, this deeper partnership will provide Vontobel with access to the 3.7 million clients of Raiffeisen – the third-largest bank in its key home market of Switzerland – well into the next decade. Through the former Vescore business, Vontobel will also improve its position in the institutional business in its focus market of Germany.

2016 to remain challenging

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

“We will continue to systematically pursue our growth and profit targets even though we have to assume that operating conditions for our business will not improve in the second half of the year. At Vontobel, we are able to adopt a long-term strategic view while taking decisive and active measures as a result of our special ownership structure as a listed Swiss family business. This approach is more vital than ever in today’s constantly evolving environment,” stated Zeno Staub, CEO of Vontobel.

[Info kit Vontobel half-year results 2016](#)

Vontobel

Vontobel’s mission is to protect and build the wealth our clients have entrusted to us over the long term. Specializing in active asset management and tailor-made investment solutions, we provide responsible and forward-looking advice. In doing so, we are committed to Swiss quality and performance standards. With their good name, our owner families have stood by these principles for generations. As of 30 June 2016, Vontobel held around CHF 180 billion of client assets. Over 1,500 employees worldwide provide first-rate, customized services for clients with an international focus. The registered shares of Vontobel Holding AG are listed on the SIX Swiss Exchange. The Vontobel families and the Vontobel Foundation hold the majority of shares and votes in the company. www.vontobel.com

Contacts

Media Relations:	Peter Dietlmaier	+41 58 283 59 30
	Rebeca Garcia	+41 58 283 76 69
Investor Relations:	Michel Roserens	+41 58 283 76 97
	Susanne Borer	+41 58 283 73 29

Legal information This document is for information purposes only and does not constitute an offer of any kind. The services described in the document are supplied under the agreement signed with the service recipient. The nature, scope and prices of services and products may vary from one country to another and may change without notice at any time. Certain services and products are not available worldwide or from all companies of Vontobel. In addition, they may be subject to legal restrictions in certain countries.

Presentation of Vontobel's 2016 half-year results

Half-year results press conference followed by Q&A for analysts, investors and the media in English.



Date: 26 July 2016
Time: 09.30 a.m. (CET)
Speakers: Zeno Staub, CEO of Vontobel
Martin Sieg Castagnola, CFO of Vontobel

Location: Vontobel headquarters, Gotthardstrasse 43, Zurich

Participation by telephone: +41 58 310 50 00 Continental Europe
+44 203 059 58 62 UK
+1 (1) 631 570 56 13 US

Please dial in by no later than 09.20 a.m. and ask for "Vontobel results".

A video recording of the results press conference will be available on the Internet to replay on the same day at: www.vontobel.com/ir

Vontobel at a glance

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

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

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

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

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

¹ Excluding Quality Growth boutique

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

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

¹ Group net profit annualized as a percentage of average equity based on monthly figures, both without minority interests

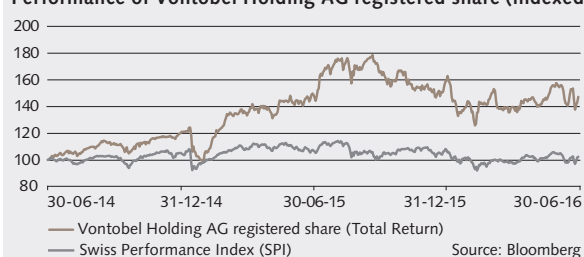
² Operating expense, excl. valuation adjustments, provisions and losses

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

¹ Basis: weighted average number of shares

² Annualized

Performance of Vontobel Holding AG registered share (indexed)



Share information

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

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

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

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

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

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