

Press release on Vontobel's first-half 2014 results  
30-07-2014



**Client assets hit new high at CHF 172.7 billion  
– pre-tax profit on a par with first half of 2013 at CHF 88.8 million –  
repurchase of Raiffeisen stake has accretive impact on earnings per  
share**

- Since the end of 2013, client assets have risen by 6% to a new high of CHF 172.7 bn. This increase was driven to a significant extent by the successful start to the cooperation with Australia and New Zealand Banking Group (ANZ) and positive performance effects on assets under management.
- At CHF 88.8 m, pre-tax profit reached the same level as in the first half of 2013, thus confirming Vontobel's solid profitability.
- On an IFRS basis, net profit was CHF 73.5 m. Due to tax effects, this figure 3% below the high level set in the same period last year, and represents a marked increase of 59% on the second half of 2013. The result is a normalized return on equity of some 13.3%.
- Adjusted for one-off factors, operating performance improved compared with the first half of 2013, rising a further 12% to CHF 91.1 m.
- Compared with the year end, the BIS Tier 1 capital ratio was once again higher at 26.1%, testament to the bank's stability and soundness.
- Against the backdrop of the cooperation with Raiffeisen expiring in mid-2017, Vontobel is buying back the 12.5% shareholding, held by Raiffeisen related to that agreement, for around CHF 270 m. A proposal regarding the cancellation of the repurchased shares will be submitted to the General Meeting of shareholders of Vontobel Holding AG in spring 2015. Even after this transaction, Vontobel will continue to have a very solid capital base, with a BIS Tier 1 capital ratio of 21%.

Vontobel continued to show growth and stability in the first half of 2014: "In operational terms, we were able to follow on from the strong showing in the same period last year. Our growth is increasingly driven by a range of different pillars in Private Banking, our business with external asset managers, and investment boutiques in Asset Management," said Vontobel CEO Zeno Staub.

Thanks to Vontobel's broad-based business model, the temporary market weakness in the emerging markets and the resultant reallocations made by institutional investors had no lasting impact on results. Vontobel was also able to attract new money in the second quarter via its Global Equity strategy as well as the other above mentioned areas. The net profit in accordance with IFRS was affected by two extraordinary items: the spread effects in the bond portfolio had a negative impact, while currency shifts also weighed on the result. Adjusted for these factors, operating performance improved compared with the first half of 2013, rising a further 12% to CHF 91.1 m.

The logo consists of a dark blue vertical rectangle on the left, followed by the word "VONTOBEL" in white, uppercase, sans-serif font, oriented vertically.

### **Businesses well positioned – sound models**

The Private Banking (pre-tax profit CHF 29 m) and Asset Management (CHF 44 m) businesses accounted for around two-thirds of the pre-tax profit. At Private Banking, the strategy adopted two years ago aimed at ensuring focus and delivering targeted growth has proven its worth in particular. Thanks to its successful multi-boutique strategy – and especially the ongoing strong performance of the Quality Growth product lines – Asset Management again proved to be a key earnings driver. Although the bourses rose to fresh highs, Investment Banking's business performance was shaped by the modest trend in volumes on the financial markets. The result was a pre-tax profit of CHF 36 m, or CHF 50 m before taxes and excluding the spread effect. In a market environment that remained challenging, Vontobel was able to further strengthen its strong competitive position in Switzerland and Germany, in particular in the structured products business. The expansion in Asia and technological leadership in the promising platform business are set to deliver additional growth impetus. "We achieved a solid operating result across all business areas in the first six months of the financial year," said Zeno Staub. "In an increasingly global competitive environment, we confirmed our strong market position. In keeping with our business strategy, we focus primarily on organic growth. The 24% expansion in the number of people working in our front office teams in the emerging markets – and in Private Banking especially – underscores our ambitions. Added to this, we want to establish ourselves even more strongly as a technology leader in the field of digital banking. deritrade® MIP, the leading multi-issuer platform for structured products, is a perfect example of our capacity for innovation, and demonstrably adds value for clients."

### **Exceptionally strong capital ratio – even after repurchase of Raiffeisen stake by Vontobel**

Measured as a percentage of total assets, Vontobel's equity ratio is high by industry standards at 8.2%. In June 2014, as a result of Raiffeisen Switzerland's termination of the cooperation agreement with Vontobel with effect from 30 June 2017, Vontobel exercised its contractually agreed repurchase right on 29 July 2014. The repurchase of 8.125 million shares of Vontobel Holding AG will be completed within one month at a price rounded to CHF 33.20 per share. As at 31 December 2013, the shareholders' equity of Vontobel Holding AG stood at CHF 988.4 m. The above transaction will result in a reduction of around CHF 269.7 m, with the shares being repurchased using freely disposable equity. As at 30 June 2014, i.e. before the share buyback was carried out, Vontobel as a group had a high BIS Tier 1 capital ratio of 26.1%. Owing to the lower capital after the repurchase, this ratio will be 21% - assuming that its risk-weighted positions are unchanged. Vontobel's business flexibility and growth potential therefore remain intact. The

cancellation of the repurchased shares will be proposed at the Meeting of Shareholders of Vontobel Holding AG in the spring 2015.

### **Medium-term goals focused on profit growth**

As part of a three-year planning cycle, the medium-term targets to 2017 have been reformulated. As before, the central focus of these goals is on growth and on sustainably increasing shareholder value, as expressed in a high return on equity. Profitability, capital strength and dividend policy are the key success factors in the medium-term planning: "In concrete terms, we are seeking to generate a return on equity of at least 10% and a cost/income ratio of less than 75%. In this context, we want to maintain a capital ratio of at least 16%, including 12% in the form of common equity tier 1 capital," said Herbert J. Scheidt, Chairman of the Board of Directors of Vontobel, commenting on the new medium-term targets. "Our keen focus on shareholders is also reflected in a dividend target that is both ambitious and attractive for investors, with a payout ratio of over 50% if the business performs as planned," he added.

### **Outlook**

In a challenging environment that is likely to be increasingly influenced by numerous political conflicts, a cautious outlook is advisable for the second half of the year. Undeterred by external factors, Vontobel will seize the change in the prevailing market situation as an opportunity, growing further against a backdrop of consolidation. Private Banking will therefore seek to secure more gains in market share in the second half of the year, and will also hire further experienced relationship managers to achieve this. For Asset Management, the focus will be on the Global Equity strategy in particular in the Quality Growth boutique, and also on the market position of the other boutiques. Meanwhile, Investment Banking will systematically move ahead with the international rollout of deritrade® MIP and further expanding the business with external asset managers.

### **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 family has stood by these principles for generations. As of 30 June 2014, Vontobel held CHF 173 bn of client assets. Around 1,400 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](http://www.vontobel.com)

### **Contact**

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**Key dates**

Investor day:	11 December 2014
2014 results:	12 February 2015
2015 Annual General Meeting:	28 April 2015



**Presentation of Vontobel's first-half 2014 results**

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**Results press conference followed by Q&A for analysts, investors and the media in English.**

Date:	30 July 2014
Time:	9.30 a.m. (CET)
Speakers:	Dr Zeno Staub, CEO of Vontobel Dr Martin Sieg Castagnola, CFO of Vontobel
Venue:	Vontobel head office, Gotthardstrasse 43, Zurich
To take part by conference call:	+41 (0)58 310 50 00 Continental Europe +44 (0)203 059 58 62 UK +1 (1)631 570 56 13 USA

Please dial in by 9.20 a.m. at the latest and ask for "Vontobel's half year results".

A video recording of the results press conference will be available to replay on the Internet from 2 p.m. on the same day at [www.vontobel.com/ir](http://www.vontobel.com/ir)

# Consolidated income statement

	6 months ending 30-06-14 CHF m	6 months ending 30-06-13 CHF m	6 months ending 31-12-13 CHF m	Change to 30-06-13 CHF m	in %
Interest income	31.1	30.7	20.9	0.4	1
Interest expense	1.8	1.7	1.6	0.1	6
<b>Net interest income</b>	<b>29.3</b>	<b>29.0</b>	<b>19.3</b>	<b>0.3</b>	<b>1</b>
Fee and commission income	377.7	377.9	376.3	(0.2)	(0)
Fee and commission expense	75.8	76.7	81.2	(0.9)	(1)
<b>Net fee and commission income</b>	<b>301.9</b>	<b>301.2</b>	<b>295.1</b>	<b>0.7</b>	<b>0</b>
<b>Trading income</b>	<b>101.6</b>	<b>117.1</b>	<b>81.8</b>	<b>(15.5)</b>	<b>(13)</b>
<b>Other income</b>	<b>4.5</b>	<b>2.9</b>	<b>2.9</b>	<b>1.6</b>	<b>55</b>
<b>Total operating income</b>	<b>437.3</b>	<b>450.2</b>	<b>399.1</b>	<b>(12.9)</b>	<b>(3)</b>
Personnel expense	234.3	236.1	216.1	(1.8)	(1)
General expense	82.7	88.7	89.1	(6.0)	(7)
Depreciation of property, equipment and intangible assets	30.2	28.5	28.0	1.7	6
Value adjustments, provisions and losses	1.3	8.1	1.3	(6.8)	(84)
<b>Operating expense</b>	<b>348.5</b>	<b>361.4</b>	<b>334.5</b>	<b>(12.9)</b>	<b>(4)</b>
<b>Profit before taxes</b>	<b>88.8</b>	<b>88.8</b>	<b>64.6</b>	<b>0.0</b>	<b>0</b>
Taxes	15.3	12.7	18.4	2.6	20
<b>Group net profit</b>	<b>73.5</b>	<b>76.1</b>	<b>46.2</b>	<b>(2.6)</b>	<b>(3)</b>
of which allocated to minority interests	0.0	0.0	0.0	0.0	
of which allocated to shareholders of Vontobel Holding AG	73.5	76.1	46.2	(2.6)	(3)
<b>Share information</b>					
Basic earnings per share (CHF) <sup>1</sup>	1.16	1.19	0.73	(0.03)	(3)
Diluted earnings per share (CHF) <sup>1</sup>	1.14	1.18	0.71	(0.04)	(3)

1 Basis: weighted average number of shares

# Consolidated balance sheet

<b>Assets</b>	<b>30-06-14</b> CHF m	31-12-13 CHF m	Change to 31-12-13 CHF m	in %
Cash	4,350.4	4,086.7	263.7	6
Due from banks	1,325.6	1,197.8	127.8	11
Cash collateral for reverse-repurchase agreements	970.5	1,574.3	(603.8)	(38)
Trading portfolio assets	2,097.7	2,088.3	9.4	0
Positive replacement values	131.1	144.5	(13.4)	(9)
Other financial assets at fair value	5,985.6	6,486.2	(500.6)	(8)
Securities lent or delivered as collateral	861.0	214.7	646.3	301
Due from customers	2,254.5	1,839.7	414.8	23
Accrued income and prepaid expenses	182.7	194.6	(11.9)	(6)
Financial investments	1,205.4	1,406.4	(201.0)	(14)
Investments in associates	0.5	0.5	0.0	0
Property and equipment	190.2	192.5	(2.3)	(1)
Goodwill and other intangible assets	120.4	124.2	(3.8)	(3)
Current tax assets	32.8	29.0	3.8	13
Deferred tax assets	7.5	10.6	(3.1)	(29)
Other assets	75.3	53.2	22.1	42
<b>Total assets</b>	<b>19,791.2</b>	<b>19,643.2</b>	<b>148.0</b>	<b>1</b>
<b>Liabilities and equity</b>				
Due to banks	1,096.7	694.1	402.6	58
Cash collateral from securities lending agreements	2.5	2.5	0.0	0
Cash collateral from repurchase agreements	600.0	0.0	600.0	
Trading portfolio liabilities	818.5	894.7	(76.2)	(9)
Negative replacement values	473.8	515.2	(41.4)	(8)
Other financial liabilities at fair value	6,294.0	6,140.5	153.5	2
Due to customers	8,466.2	9,303.8	(837.6)	(9)
Accrued expenses and deferred income	293.5	342.6	(49.1)	(14)
Current tax liabilities	6.1	2.8	3.3	118
Deferred tax liabilities	53.4	50.9	2.5	5
Provisions	22.4	25.2	(2.8)	(11)
Other liabilities	43.7	44.9	(1.2)	(3)
<b>Total liabilities</b>	<b>18,170.8</b>	<b>18,017.2</b>	<b>153.6</b>	<b>1</b>
Share capital	65.0	65.0	0.0	0
Treasury shares	(55.9)	(60.4)	4.5	
Capital reserve	124.6	131.3	(6.7)	(5)
Retained earnings	1,460.6	1,457.3	3.3	0
Other components of shareholders' equity	26.1	32.8	(6.7)	(20)
<b>Shareholders' equity</b>	<b>1,620.4</b>	<b>1,626.0</b>	<b>(5.6)</b>	<b>(0)</b>
Minority interests	0.0	0.0	0.0	
<b>Total equity</b>	<b>1,620.4</b>	<b>1,626.0</b>	<b>(5.6)</b>	<b>(0)</b>
<b>Total liabilities and equity</b>	<b>19,791.2</b>	<b>19,643.2</b>	<b>148.0</b>	<b>1</b>

# Segment reporting

<b>Business segment reporting</b>	Private Banking CHF m	Asset Management CHF m	Investment Banking CHF m	Corporate Center CHF m	Total Group CHF m
<b>6 months ending 30-06-14</b>					
Net interest income	8.7	0.2	2.1	18.3	29.3
Other operating income	109.3	174.4	121.1	3.2	408.0
<b>Operating income</b>	<b>118.0</b>	<b>174.6</b>	<b>123.2</b>	<b>21.5</b>	<b>437.3</b>
Personnel expense	42.8	92.6	43.6	55.3	234.3
General expense	6.0	13.6	18.4	44.7	82.7
Services from/to other segment(s)	38.3	20.9	24.8	(84.0)	0.0
Depreciation of property, equipment and intangible assets	1.3	2.9	0.3	25.7	30.2
Value adjustments, provisions and losses	0.2	0.4	0.5	0.2	1.3
<b>Operating expense</b>	<b>88.6</b>	<b>130.4</b>	<b>87.6</b>	<b>41.9</b>	<b>348.5</b>
<b>Segment profit before taxes</b>	<b>29.4</b>	<b>44.2</b>	<b>35.6</b>	<b>(20.4)</b>	<b>88.8</b>
Taxes					15.3
<b>Net profit</b>					<b>73.5</b>
of which minority interests					0.0
<b>Additional information</b>					
Segment assets	1,907.8	230.9	10,331.8	7,320.7	19,791.2
Segment liabilities	6,169.1	627.4	10,053.5	1,320.8	18,170.8
Allocated equity according to BIS <sup>1</sup>	127.1	101.5	195.0	94.5	518.1
Client assets (CHF bn)	31.7	76.2	67.2	(2.4)	172.7
Net new money (CHF bn)	0.7	(1.0)	0.4	(0.1)	0.0
Capital expenditure	0.0	0.0	2.7	21.5	24.2
Employees (full-time equivalents)	330.1	257.9	342.6	429.4	1,360.0

1 The allocation of the regulatory capital required in accordance with BIS standards to the individual segments is based on the principle of origination. With regard to capital requirements for credit risks related to balance sheet assets, allocation is based on guidelines analogous to those used for reporting segmental assets. The prescribed deduction of CHF 120.4 m from core capital for intangible assets has been included in the figures above of the segments Private Banking and Asset Management. The valuation adjustments of own liabilities are assigned to the Investment Banking segment. The deduction of CHF 55.9 m from core capital for treasury shares is not included in the figures above.

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Vontobel Group

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