

Vontobel half-year results 2016

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Overview

Highlights

Half-year results 2016

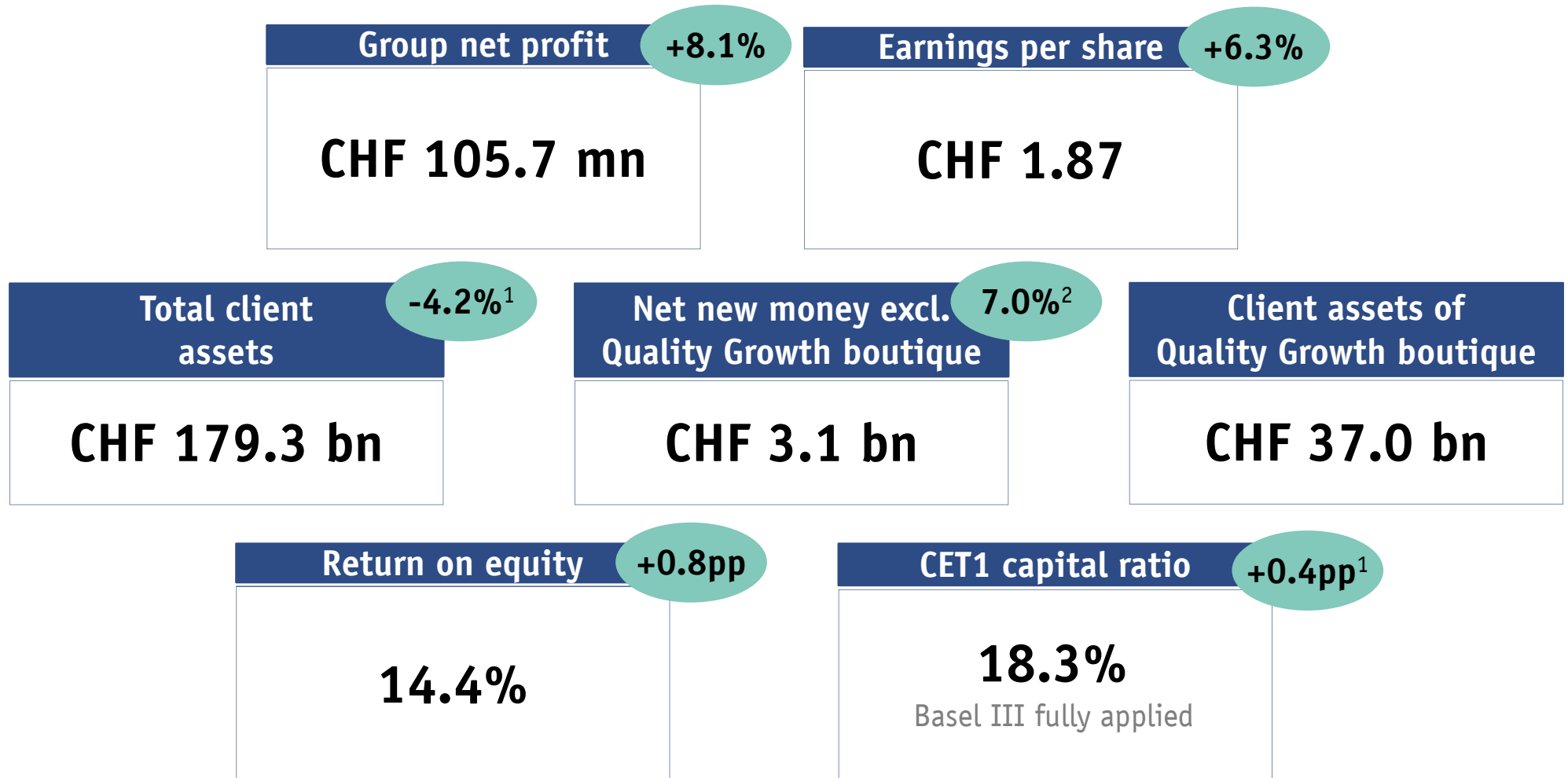
Strategy update

Outlook



Vontobel delivers an increase in net profit and earnings per share in challenging environment

Key figures



¹ Compared to end-2015

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

Vontobel's client-driven business model with a focus on wealth and asset management proves resilient in challenging environment

- **Clients continue to endorse our services and products**
 - Impressive annualized NNM growth of 7.0% in wealth and asset management (excl. Quality Growth boutique)
 - Growing market share in Europe for financial products and successful market entry in Italy
- **Vontobel's client-centric business model is resilient and delivers profitable growth**
 - Business model is focused on wealth and asset management
 - Wealth and asset management contribute 80% of pre-tax profit
- **Succession plan for CIO of Quality Growth boutique was successfully implemented**
 - Successful retention of all investment specialists and traders; investment process remains unchanged
 - Clients with mandatory notice clause in case of manager change withdrew assets in 1H16; all on-site reviews of consultants and clients triggered by manager change completed
 - All strategies delivered style-consistent and impressive outperformance over the short and long-term
- **Vontobel makes further investments in technology and continues to attract and retain top talent**
 - Leading wealth management solutions with app for tablets and smartphones rolled out in 20 countries
 - Unique White Labelling 2.0 for structured products – a best execution-compliant approach for all product components
 - High success rate in recruitment of senior relationship managers since 2014 – well above industry benchmark

Overview

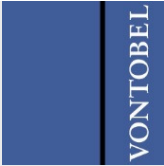
Highlights

Half-year results 2016

Strategy update

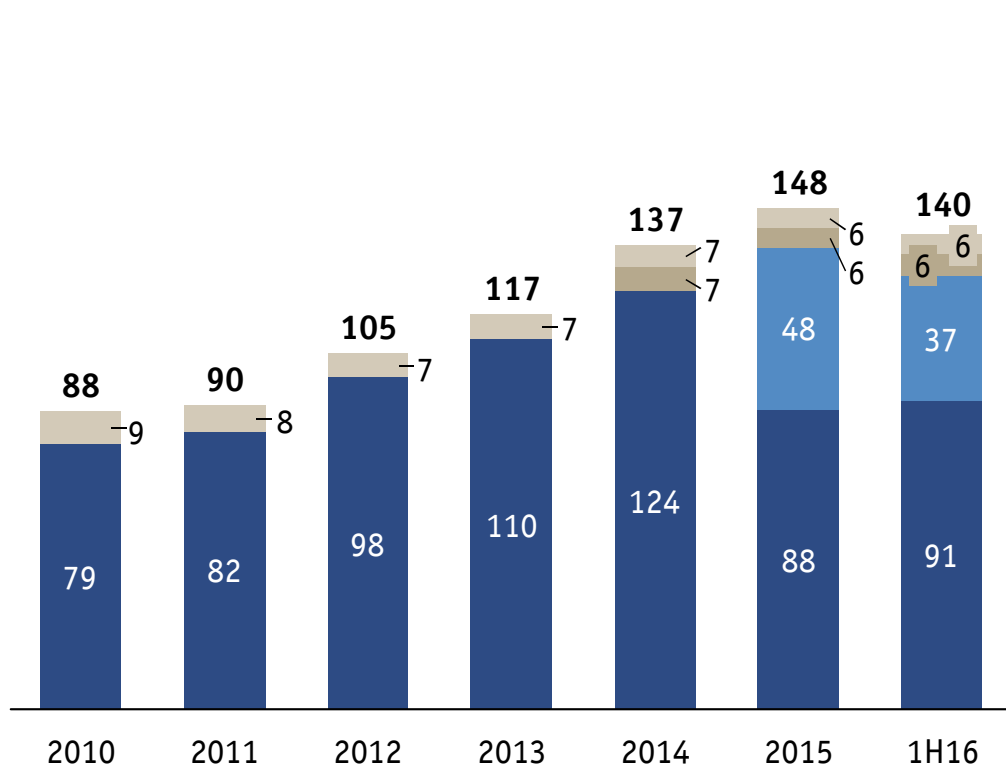
Outlook





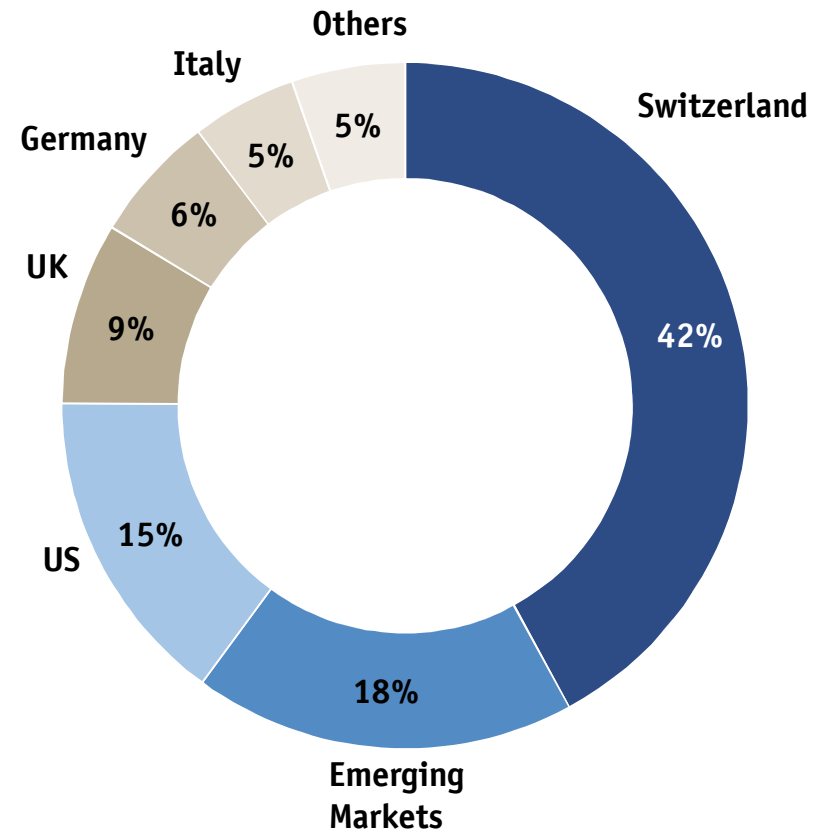
Advised client assets remain high at CHF 140 billion – 95% stem from clients in target markets

Advised client assets (CHF bn, end of period)



■ Assets under management¹ ■ Other advised client assets
■ Quality Growth boutique ■ Structured products

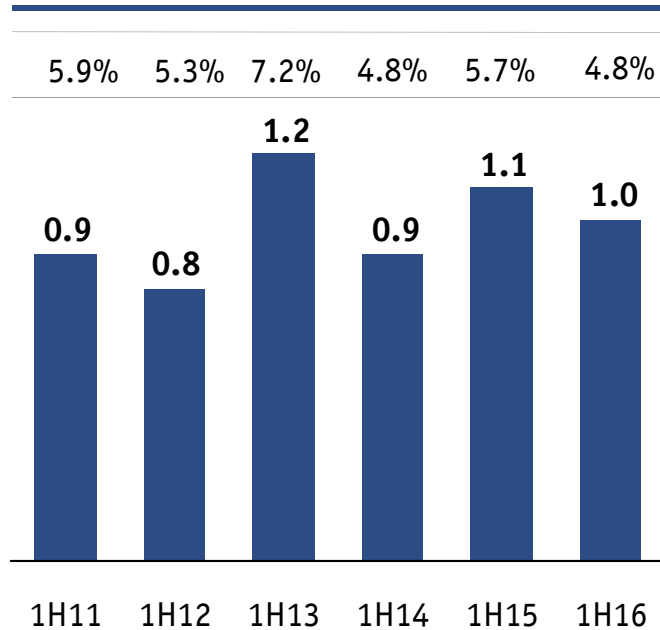
Advised client assets by client domicile (mid-2016)



¹ Excluding Quality Growth boutique in 2015 and 1H16

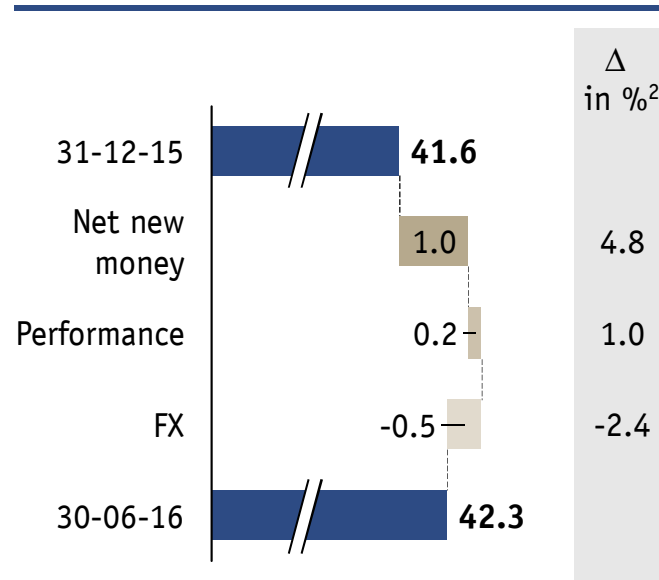
Wealth Management achieves annualized net new money growth of 4.8% – in upper end of target range of 3-5%

Net new money¹ (CHF bn)



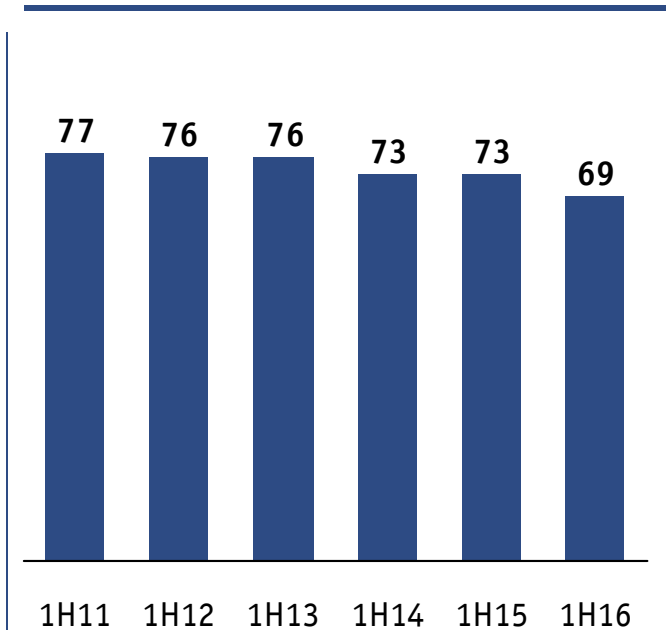
- Large proportion of inflows in 1H16 came from Swiss home market
- Private Banking contributed CHF 0.9 bn; a growth rate of 5.2%²
- Number of relationship managers in Private Banking increased to 187 FTEs from 159 at mid-2015

Development of AuM (CHF bn)



- Continued growth of advised clients assets driven by net new money
- Total advised client assets, which include other advised client assets, reached new record high at CHF 43.3 bn

Gross margin on AuM (bps)



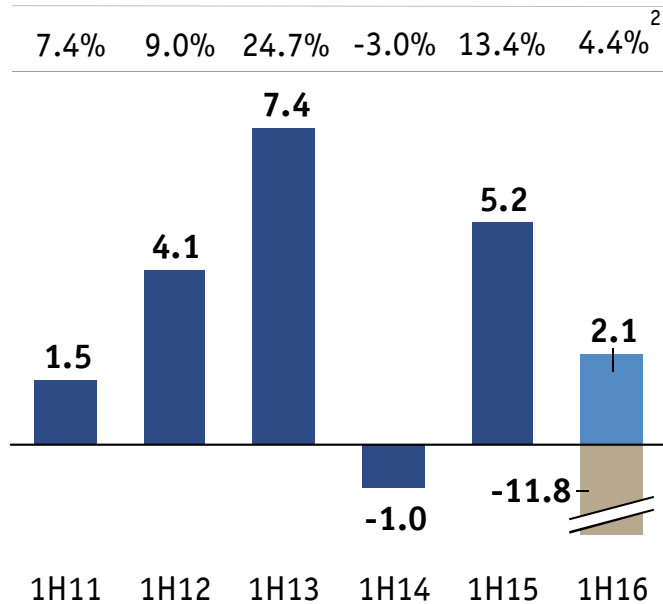
- Continued low levels of client activity and persistent pressure from negative interest rates remains
- Margin of 69 bps, of which 58 bps are commission driven, including 41 bps from recurring fee income

¹ Growth in AuM attributable to net new money is annualized

² 1H16, annualized

Increased operating leverage in Asset Management leads to improved CIR – ongoing diversification across boutiques results in margin of 46 bps

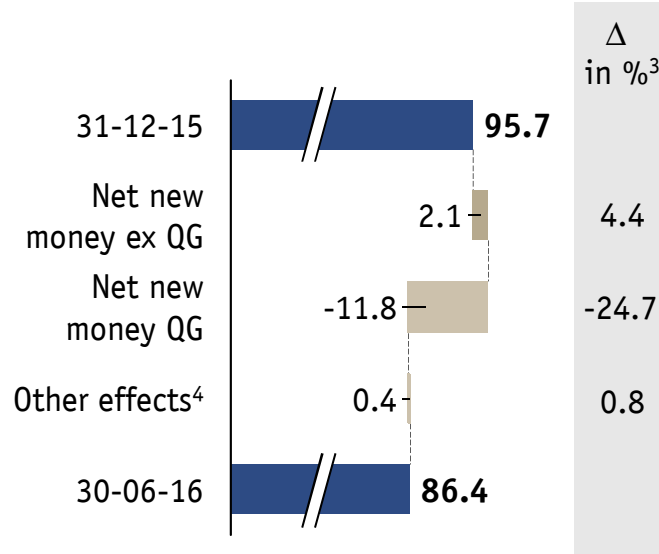
Net new money¹ (CHF bn)



- Clients with mandatory notice clause in case of manager change withdrew assets in 1H16; all on-site reviews of consultants and clients triggered by manager change completed

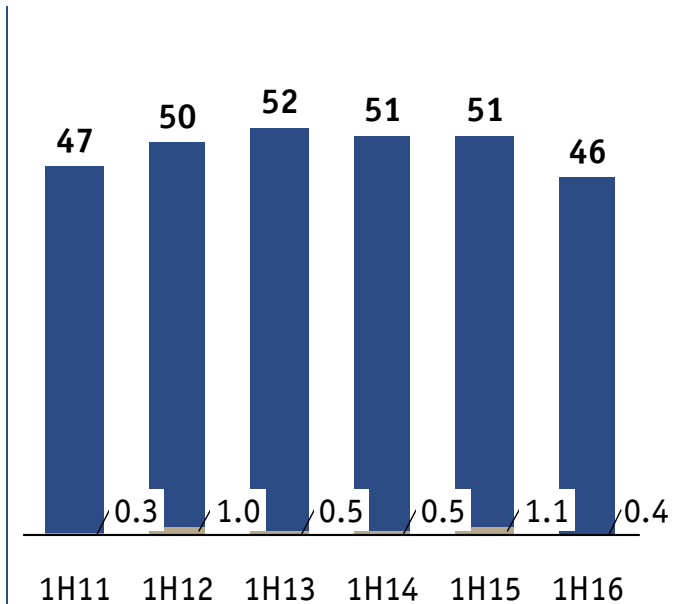
■ Total Asset Management ■ Asset Management
■ Quality Growth boutique ■ excl. Quality Growth

Development of AuM (CHF bn)



- Strong organic growth in Fixed Income, TwentyFour AM, Multi Asset Class and Thematic Equities
- Decline in AuM driven by lower asset base of Quality Growth boutique (CHF 37 bn at mid-2016)

Gross margin on AuM (bps)



- Increased weight of Fixed Income and Multi Asset Class boutiques leads to run-rate margin of 45 bps⁵
- Improved operating leverage leads to run-rate CIR of 60%⁵ (compared to 69% in 2015)

■ Gross margin ■ Performance fees

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

² Excluding net new money of Quality Growth boutique; annualized

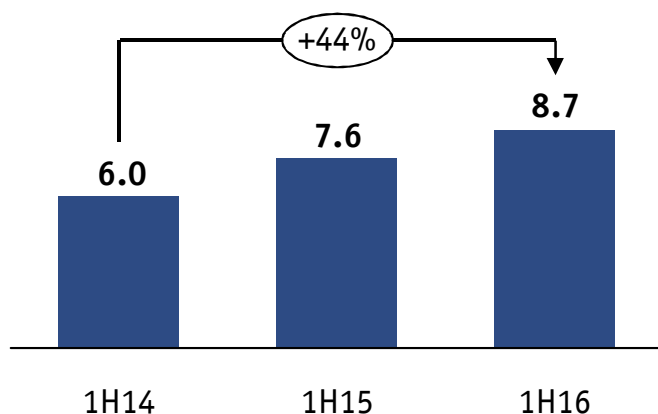
³ Annualized

⁴ Other effects include performance (CHF 3.0 bn), FX (CHF -2.3 bn), change in assets managed on behalf of other segments (CHF -0.3 bn)

⁵ Based on assets at mid-2016; excluding Vescore

Financial Products continues expansion in Europe and reports significant increase in volumes traded on deritrade® MIP

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

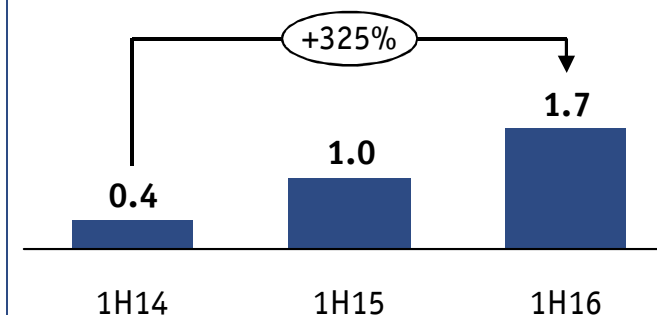


- Overall challenging environment for listed products in Europe in 1H16 – exchange traded volume dropped by 27% compared to 1H15
- Vontobel grew turnover through significant market share gains on the exchanges and by increasing primary issuance through platform business
- Market share in Europe increased from 6.6% in 1H15 to 8.5% in 1H16, driven by growth across all markets

Listed products² in Europe (1H16)

Market	Rank	Market share	
		Turnover	# trades
Switzerland	#2	27.1%	49.8%
Germany	#5	6.5%	8.9%
Nordics ³	#2	18.1%	15.4%
Italy ⁴	#8	0.3%	<0.1%
Europe		8.5%⁵	10.9%⁵

Notional volume issued on deritrade® MIP (CHF bn)



7 issuers⁶

Numerous distributors

- 37 banks
- >400 independent asset managers

2 collaboration agreements in place

- UBS Wealth Management
- Raiffeisen

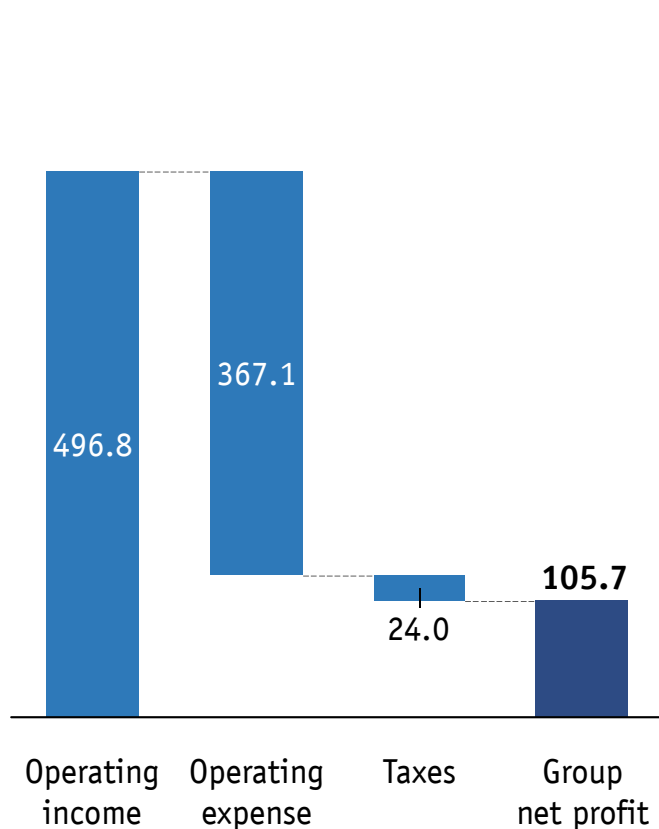
¹ Notional volume issued and volume traded
⁴ Leverage products

² Investment and leverage products
⁵ Includes estimates for Netherland and France

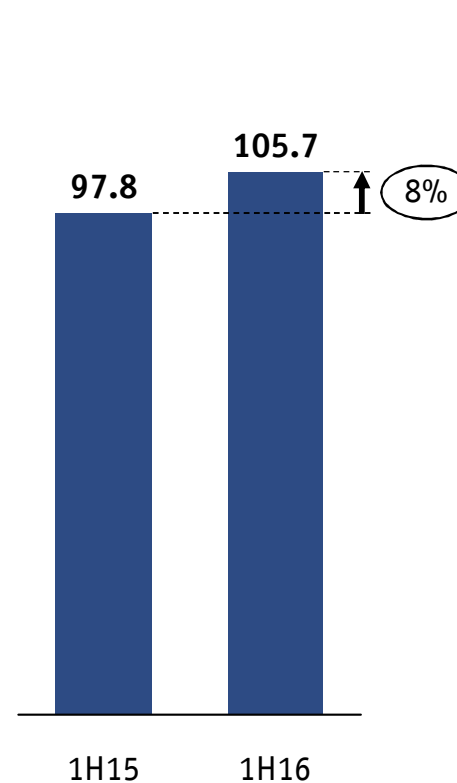
³ Sweden and Finland; leverage products; product categories plain vanilla, knock out and certificates
⁶ Deutsche Bank, JP Morgan, Morgan Stanley, Société Générale, UBS, Vontobel and ZKB

Vontobel delivers net profit of CHF 105.7 million in challenging environment – an increase of 8% compared to 1H15

Breakdown of net profit 1H16 (CHF mn)



Comparison of net profit with previous year (CHF mn)



Comments

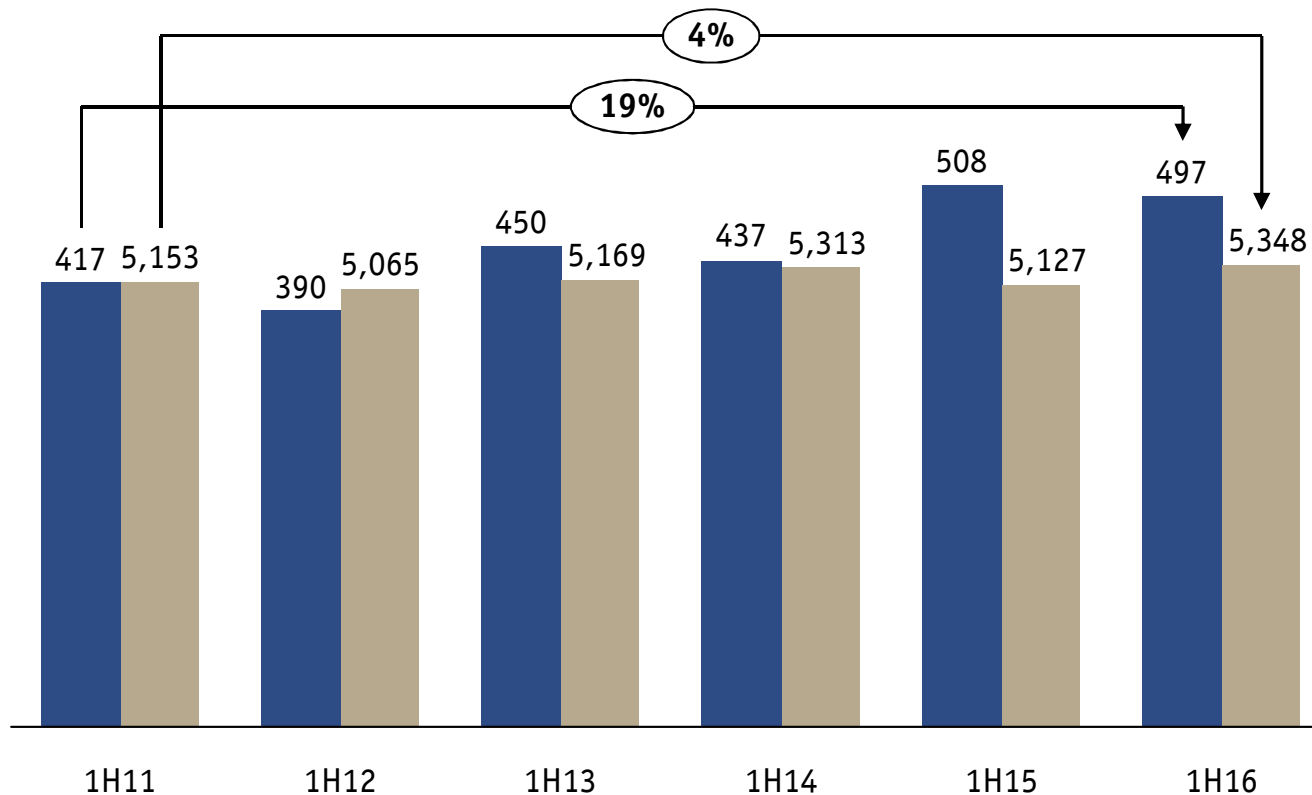
- Operating income proved resilient in tough market conditions due to focus on wealth and asset management
- Operating expense down from 1H15, mainly driven by lower personnel expense
- Integration of Bank Finter resulted in final one-off costs of CHF 3 mn¹
- Settlement with Munich authorities led to one-off charge of CHF 4 mn¹
- CIO change in Quality Growth boutique led to net one-off benefit of CHF 5 million¹
- Negative interest rates are adversely impacting operating income in general, but led to a positive one-off of CHF 10 mn^{1/2} in 1H16

¹ Impact on Group net profit in 1H16 (after taxes)

² Mainly due to selling of negatively yielding Treasury bonds and lower personnel expenses, e.g. pension related service costs

Vontobel generates strong growth with stable risk-weighted assets – reflecting our successful focus on capital-light business models

Operating income and risk-weighted assets (CHF mn)



■ Operating income ■ Risk-weighted assets

Vontobel improves cost/income ratio to 72.9% and increases return on equity to 14.4%, significantly exceeding cost of capital

Development of key figures

	30-06-15	30-06-16	Δ
Operating income (CHF mn)	507.6	496.8	-2%
Operating expense (CHF mn)	384.5	367.1	-5%
Profit before taxes (CHF mn)	123.1	129.7	+5%
Group net profit (CHF mn)	97.8	105.7	+8%
Cost/income ratio (%)	75.7	72.9	-2.8 pp
Basic earnings per share (CHF)	1.76	1.87	+6%
Return on equity (%)	13.6	14.4	+0.8 pp
CET1 ratio (%; Basel III fully applied)	19.2	18.3	-0.9 pp
Average LCR (%; liquidity coverage ratio)	222%	219%	-3 pp

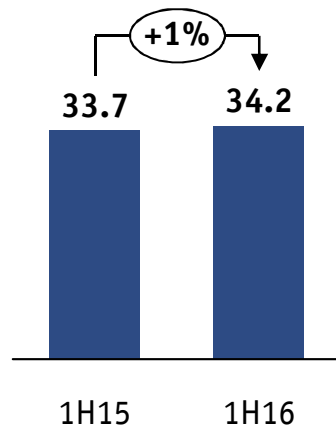
Comments

- Operating income declined by 2% due to lower asset base and lower client activity
- Operating expense declined even more given change in business mix and higher operating leverage
- Vontobel is slightly smaller than last year, but more profitable
- Cost/income ratio improved significantly to 72.9%
- At 18.3%, CET1 ratio remains substantially higher than regulatory requirement
- LCR substantially exceeds FINMA requirements (70% in 2016; 100% from 2019)

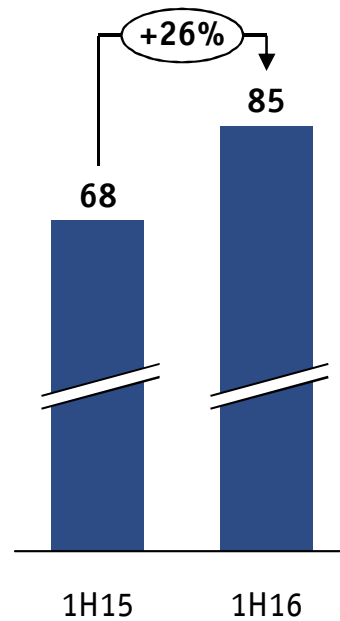
Wealth & Asset Management increases profit contribution – Financial Products delivers robust result in tough environment

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

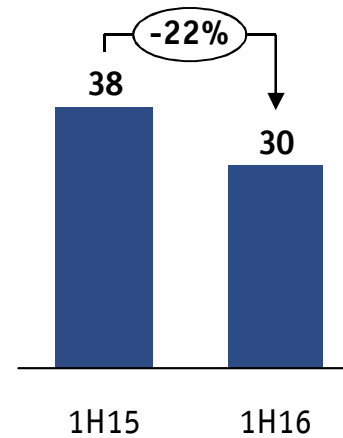
Wealth Management¹



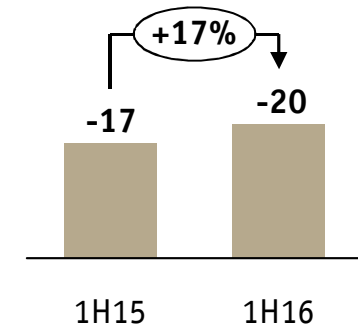
Asset Management



Financial Products



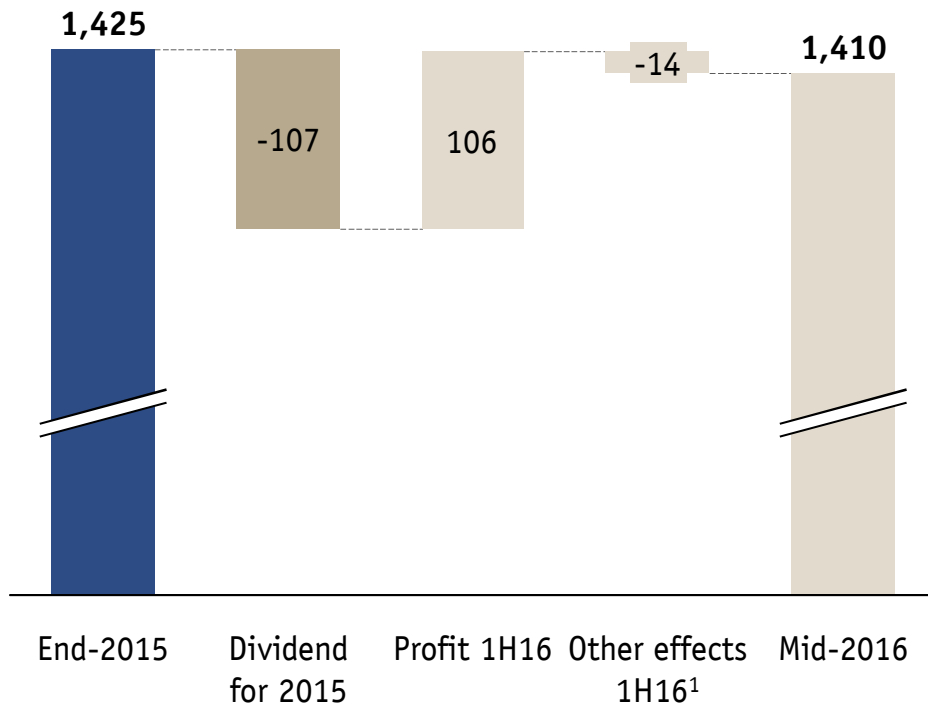
Corporate Center



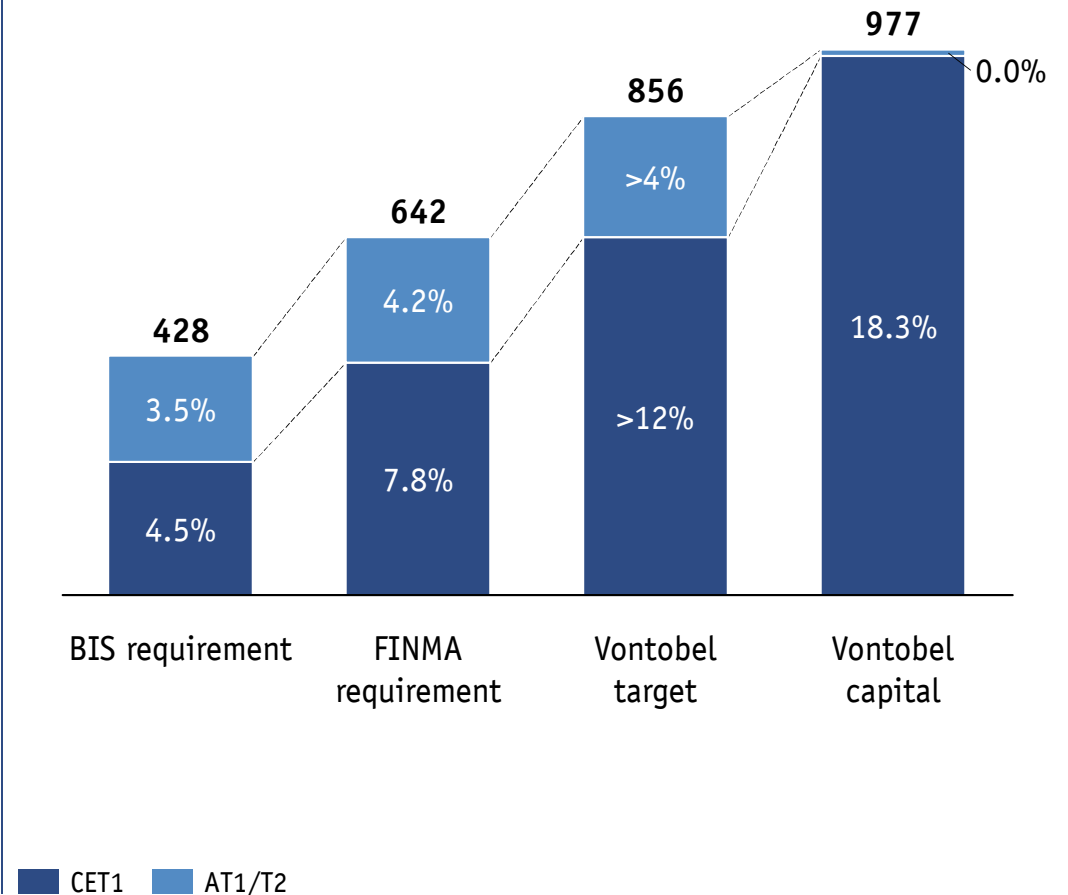
¹ Segment Private Banking and business unit External Asset Managers

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

Vontobel equity (CHF mn; IFRS)



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



¹ Thereof CHF -20.4 mn from other comprehensive income

Overview

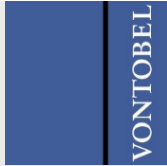
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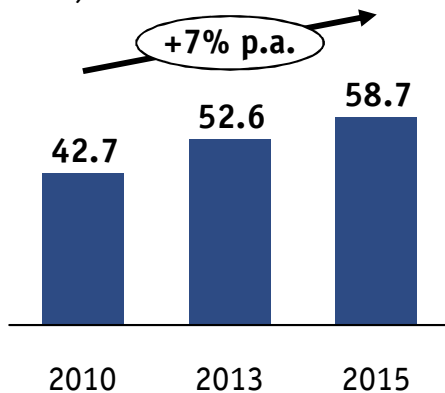


Vontobel is focused on solidly growing markets and is delivering value through a distinctive first-class offering

Wealth management

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

Global HNWI wealth
(USD tn)

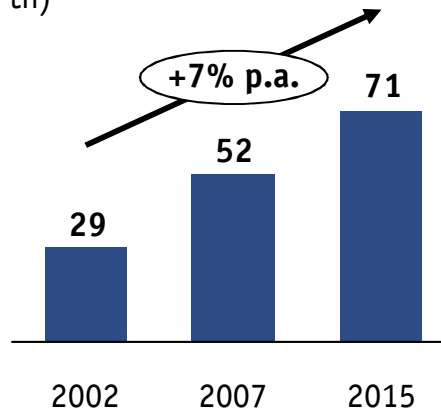


Financial wealth

Active asset management

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

Actively managed assets globally
(USD tn)

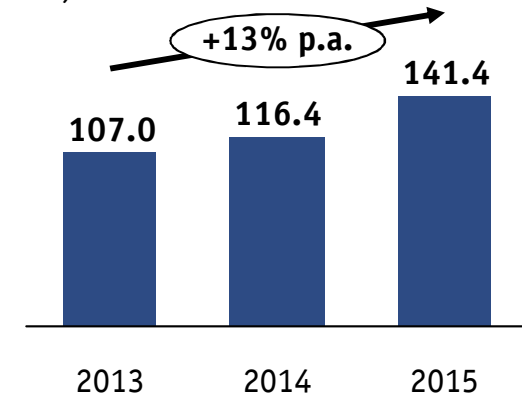


Assets under management

Financial products

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

Exchange turnover in Europe¹
(EUR bn)



Turnover in investment and leverage products

Source: World Wealth Report 2016 / Capgemini, BCG Global Asset Management 2016, eusipa, Vontobel

¹ Austria, France, Germany, Italy, Netherlands, Sweden and Switzerland

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

Our strategy is based on three pillars



Core capabilities

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



Target markets

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



Leading technology

We deliver Swiss quality to our clients by leveraging our state-of-the-art digital platforms globally

Vontobel is successfully delivering on its strategy

Core capabilities

Vontobel's core capabilities are:

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

Strategic priority: service and product excellence

Service leader



- Named 'Best Private Bank in Switzerland' in 2016 by Swiss business magazine BILANZ for third consecutive year
- Assigned the rating 'Excellent' in Private Banking in December 2015 by investor magazine Euro
- Outstanding service in structured products recognized in Swiss Derivative Awards and German Zertifikate Awards 2015

Performance quality



- 144 awards for Vontobel Asset Management since 2011 – from Lipper, Morningstar and other renowned institutions
- Strong outperformance of Quality Growth strategies
- First-class research reaffirmed by Thomson Extel Surveys in 2016

Best technology



- Innovative wealth management solutions with leading app for tablets and smartphone rolled out in 20 countries
- Leading app for tablets and smartphones customized for EAMs and rolled out in 2016
- Technology leadership in offering tailor-made structured products – world's first provider of advice based on smart and crowd data

Thought leadership

- Fostering dialogue with investment community through leading blogs¹ (more than 5,000 followers)

¹ Vontobel Market News (<https://www.vontobel.com/CH/EN/Asset-Management/Market-News>), TwentyFour Asset Management (<http://www.twentyfouram.com/blog>), derinews-Blog (<https://derinet.vontobel.com/CH/DE/Blog>), Zertifikate-Blog (<https://zertifikate.vontobel.com/DE/Blog>) and Roger Studer (<https://rogerstuder.vontobel.com>)

Quality Growth boutique retains entire team of investment professionals and appoints deputy portfolio manager for each strategy

Quality Growth boutique has a fully committed team

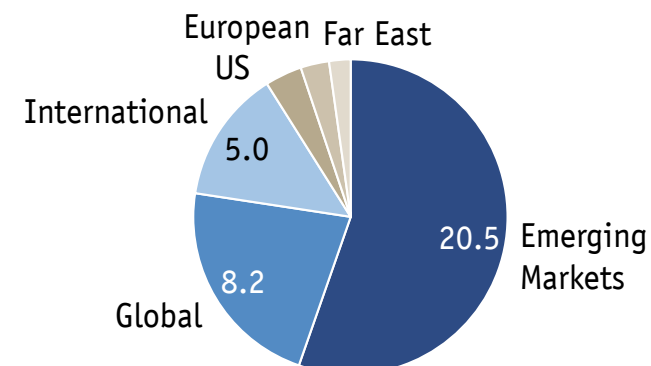
- Quality Growth boutique has 27 investment professionals with an average of 22 years of industry experience
- Matthew Benkendorf has taken over as CIO – all investment professionals have stayed with Vontobel
- Investment philosophy and processes are unchanged
- Deputy portfolio manager appointed for each strategy
- Clients with mandatory notice clause in case of manager change withdrew assets in 1H16; all on-site reviews of consultants and clients triggered by manager change completed



Quality Growth boutique continued to deliver outperformance this year

- All strategies generated impressive outperformance for clients over 1, 3 and 5 years
- Emerging Markets strategy delivered impressive outperformance of 670 bps p.a. over last 5 years and 241 bps YTD¹
- Global, our second largest strategy, delivered outperformance of 555 bps p.a. over last 5 years and 308 bps YTD²

Advised client assets (in CHF bn) – Total of CHF 37 bn



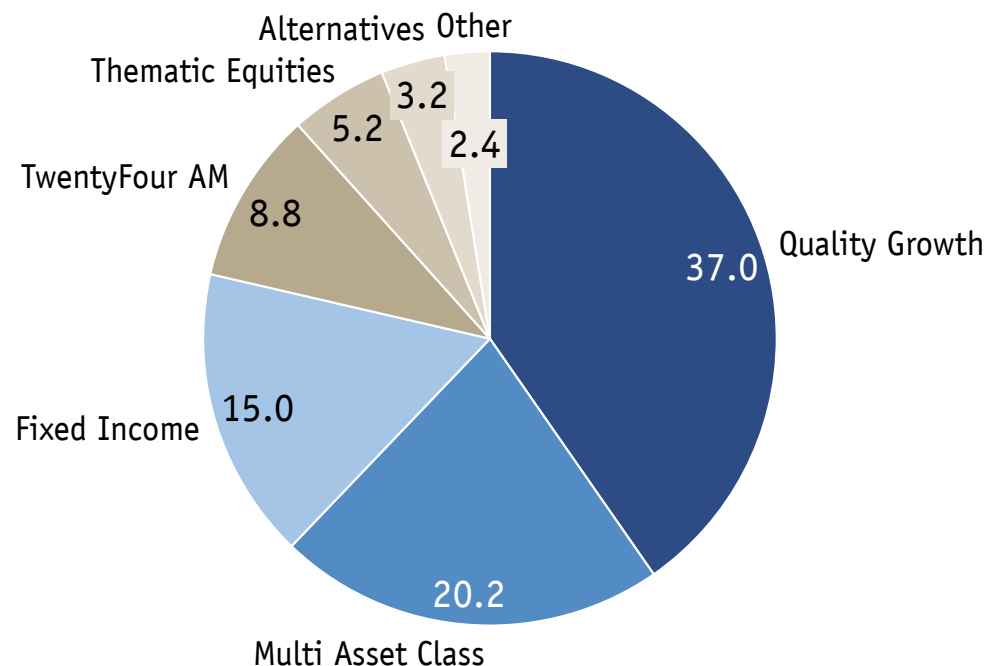
¹ Gross returns of the Emerging Markets Equity composite as of 30 June 2016

² Gross returns of the Global Markets Equity composite as of 30 June 2016

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

Diversified book of business (CHF bn)

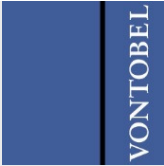
Total advised client assets: CHF 91.8 bn



Comments

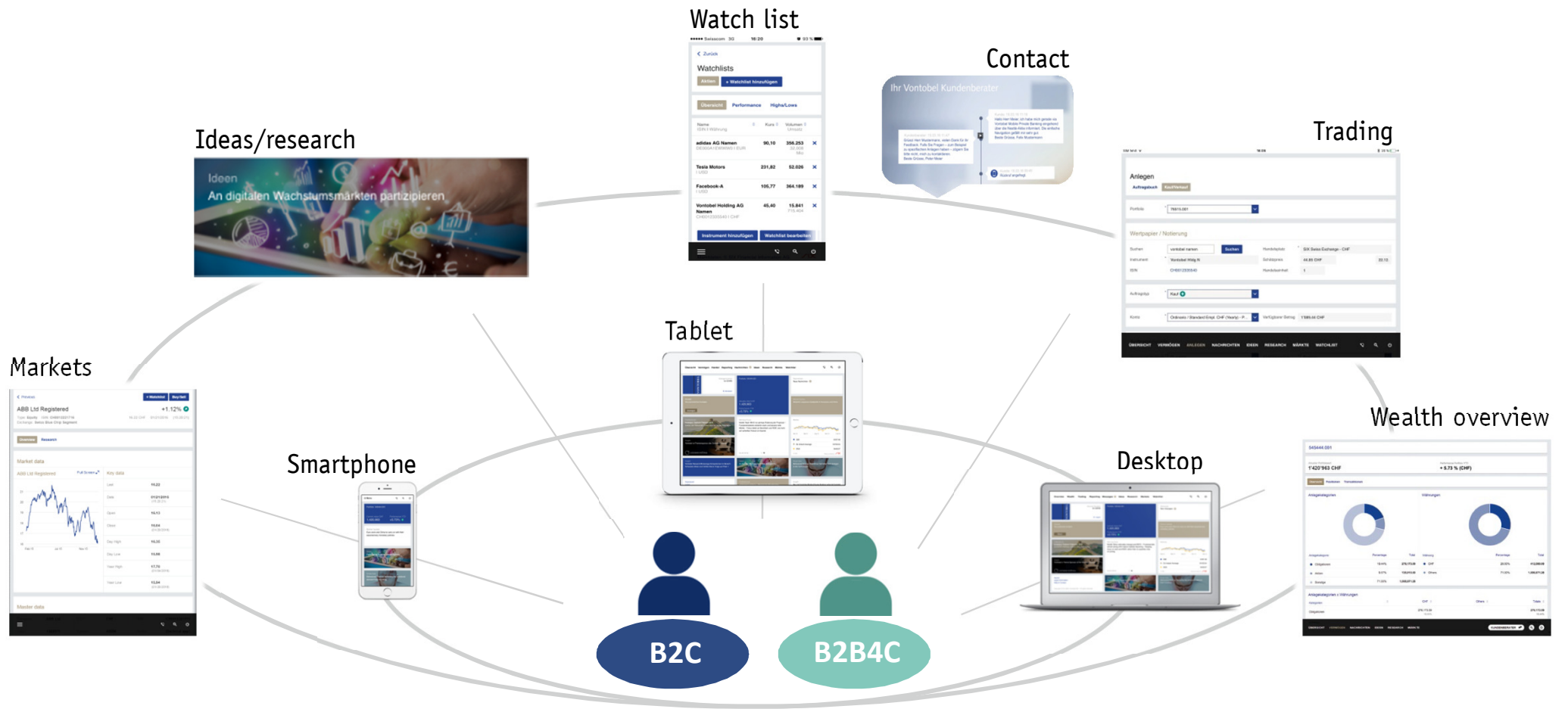
- Diversification of book of business improved due to inflows in various boutiques, acquisition of TwentyFour Asset Management and lower asset base of Quality Growth
- Today, more than 50% of our book of business is in asset classes other than equities
- Assets managed by Quality Growth boutique in Emerging Markets strategy amount to CHF 20.5 bn – less than 15% of Vontobel's total advised client assets
- Vontobel Asset Management is an institutional-focused manager committed to talent and investment performance
- Significant pre-tax contribution expected going forward based on assets under management of CHF 86.4 bn, gross margin of 45 bps and run-rate CIR of 60%¹ (improvement from 69% in 2015 given higher operating leverage)

¹ Excluding Vescore



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

Vontobel's omni-channel offering



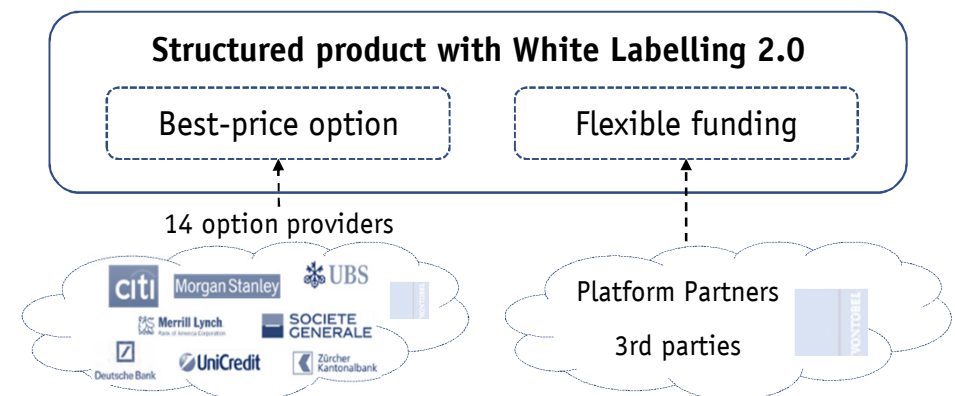
Financial Products combines technology and cost leadership with innovation capabilities to deliver unique services to our clients

Continuous expansion in European markets

- Financial Products increased market share in focus market Germany to 6.5% from 5.7% in 2015 and is about to launch innovative 'Zertifikate'-solution in Germany
- Market entry in Nordics in January 2015 was extremely successful – now established as a leading player (#2 in 1H16)
- Italy is the largest market for exchange traded leverage products in Europe – EUR 12.5 bn traded in 1H16, about 1/3 of total volume in Europe
- Italy is a highly concentrated market – three players account for more than 90% of turnover in leverage products
- Financial Products entered Italian market in May 2016; only a few weeks later, Vontobel was already the issuer with the largest product range for factor certificates
- Market entry in the Netherlands and France is planned

White Labelling 2.0 – a unique solution

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



¹ Vontobel estimate

² If funding is not provided by Vontobel

Successful partnership between Raiffeisen and Vontobel extended beyond 2020 – Vontobel to acquire Vescore

Expansion of partnership with Raiffeisen

- Raiffeisen is a leading Swiss retail bank with 3.7 million clients – almost every second inhabitant in Switzerland – and has a clear ambition to further develop its business with investment clients
- Raiffeisen focuses on its core competencies and works with Vontobel to deliver the best possible service to its clients
- Based on its global investment expertise and state-of-the-art digital technology, Vontobel continues to be the asset management partner of Raiffeisen
- Under the terms of the expanded agreement announced on June 30, Vontobel will provide the following services and solutions to Raiffeisen
 - Investment content and process as well as sales support
 - Asset management for Raiffeisen funds (CHF 7.9 bn¹)
 - Services and solutions in further selected areas
- Partnership has been in place for more than two decades and will last long into the future. The current agreement extends well beyond 2020

RAIFFEISEN

Acquisition of Vescore

- In the context of their expanded partnership, Vontobel will acquire Raiffeisen's Assets Management subsidiary Vescore (advised client assets of CHF 15 billion)
- Vescore's core investment solutions focus on sustainable and quantitative investments – ideally complementing Vontobel Asset Management's product offering
- Vescore's large footprint and good reputation in Germany significantly enhances Vontobel's market access
- Closing is expected in 3Q16

vescore:

¹ At 31.5.2016

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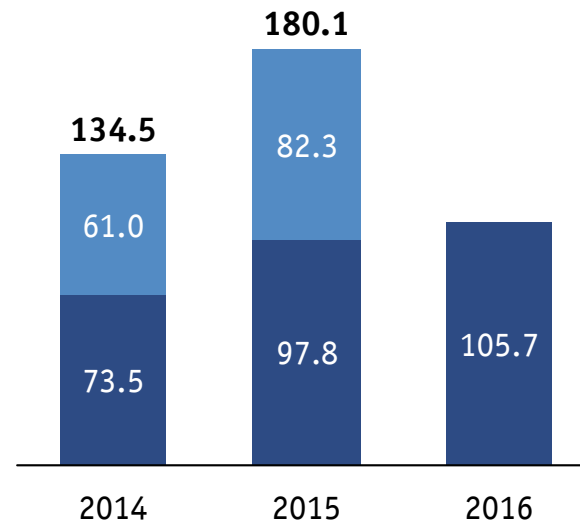
Outlook: Vontobel to continue on its growth path

A growing industry in a challenging environment

- Continued expansion of asset pools driven by generation of new wealth and long-term asset appreciation
- World is becoming more regionally focused – Brexit as a recent example
- Economies 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 – declining economic growth, low or even negative interest rates and subdued client activity

First half of year is seasonally stronger

Group net profit (CHF mn)



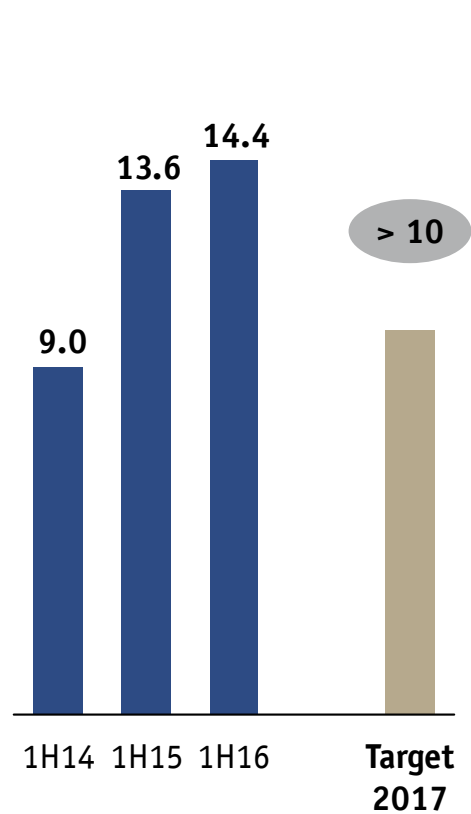
■ H2
■ H1

Growth initiatives to be continued

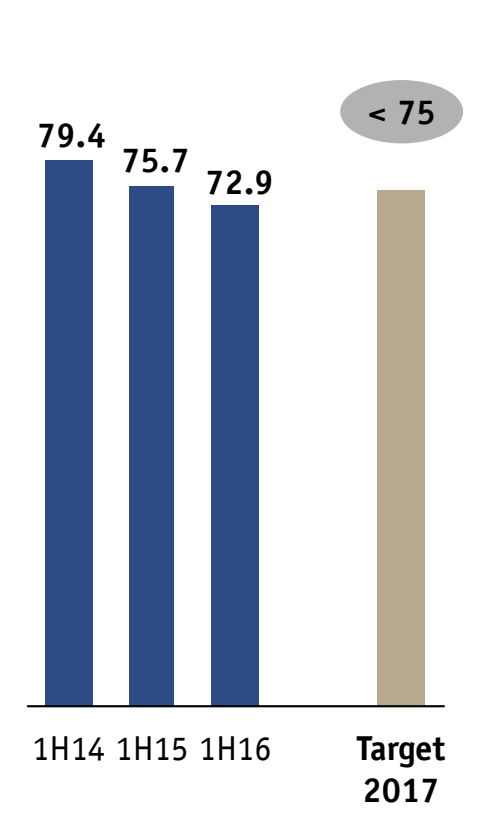
- Wealth Management: Pursue growth by targeting Swiss and international clients with dedicated offering, investing in technology and hiring additional relationship managers
- Asset Management: Increase diversification across boutiques through organic growth; support Raiffeisen's growth plans in investment business and integrate Vescore
- Financial Products: Leverage technology and cost leadership to expand position in Europe and roll out deritrade® MIP in Europe and Asia

Successful implementation of growth strategy combined with operating leverage means we are on track to meet 2017 targets

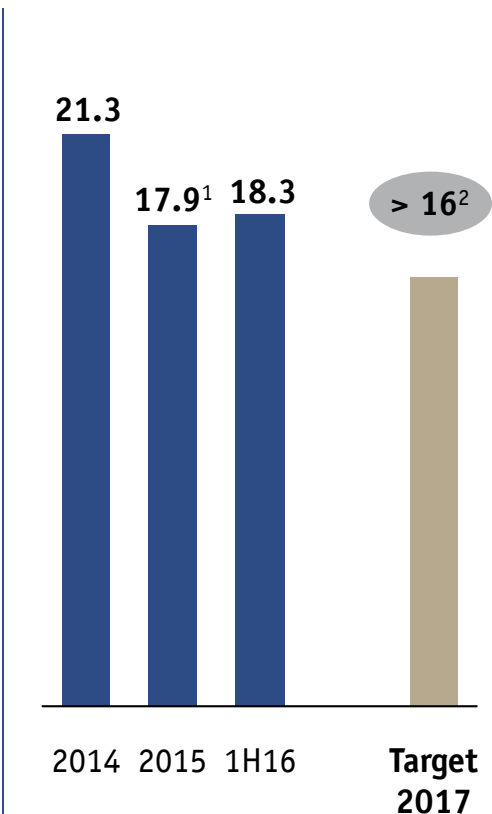
Return on equity (in %)



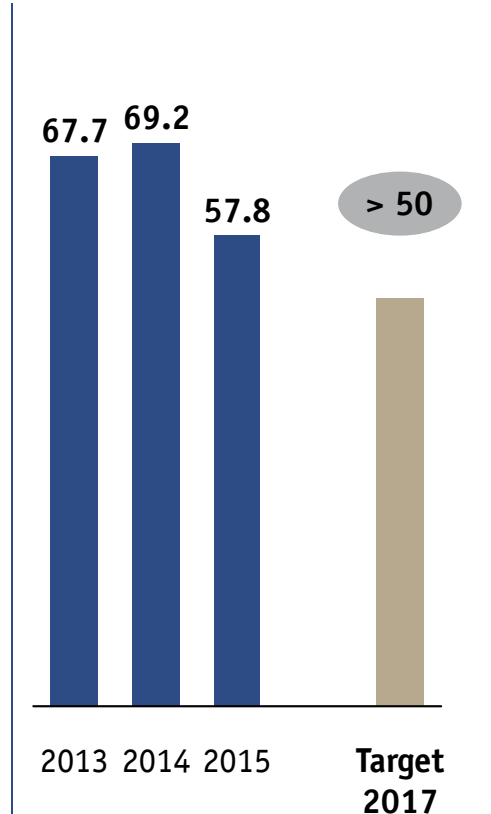
Cost/income ratio (in %)



Total capital ratio (in %)



Payout ratio (in %)



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

² CET1 target of >12%

Thank you for your attention.

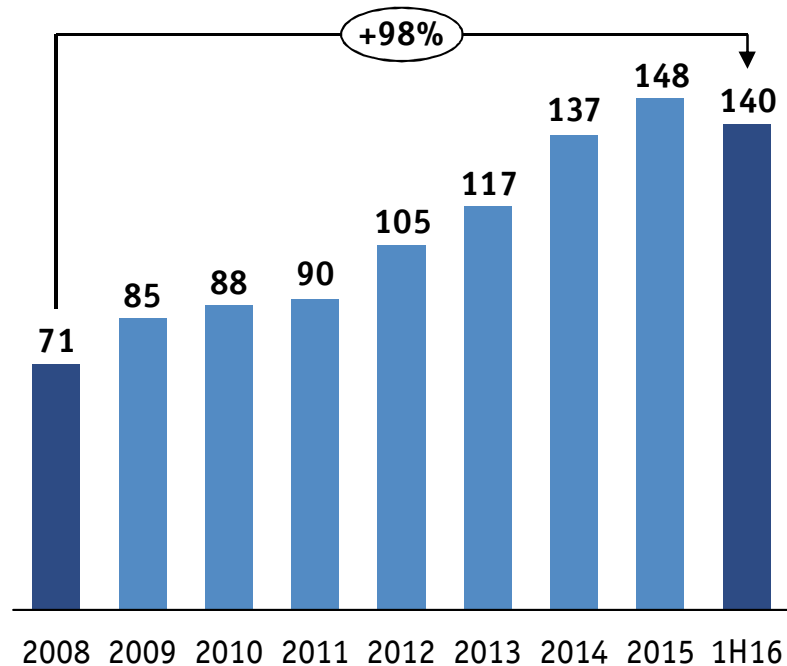
Vontobel Investor Relations
Gotthardstrasse 43
CH-8022 Zurich
+41 58 283 76 97
vontobel.com



Appendix

Growth in advised client assets almost doubled since 2008 – confirming Vontobel’s successful focus on its core capabilities

Advised client assets (CHF bn, period-end)



Vontobel’s business model

- **Vontobel’s core capabilities** are to protect and build wealth, to manage assets actively and to deliver tailor-made investment solutions
- **Advised client assets** are a key financial indicator to measure performance in Vontobel’s core capabilities. They consist of:
 - Assets under management
 - Other advised client assets
 - Structured products outstanding
- Advised client assets almost 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 66% in 1H16 – 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 come from home and focus markets

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

	Home market	Focus markets					Other markets	Total
	Switzerland ¹	Germany	Italy	UK	US	Emerging Markets ²		
Advised client assets	58.2	8.9	7.3	12.2	20.3	25.5	7.7	140.1
Wealth Management	Full offering	Onshore Cross-border	Cross-border	Cross-border	Onshore ³ and EAM	Onshore Cross-border	Cross-border	43.3
Asset Management	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	Institutional Wholesale	88.4 ⁴
Financial Products	FP, Brokerage, CF, TB	FP Brokerage	FP (cloud services)	Brokerage	Brokerage	FP	FP (cloud services), Brokerage	8.4
Breakdown								
Assets under mgmt.	52.8	7.8	7.3	12.2	20.3	19.8	7.6	127.8
Other adv. client assets	0.6	-	-	-	-	5.7	0.1	6.4
Structured products	4.8	1.1	-	-	-	-	-	5.9

¹ Including Liechtenstein

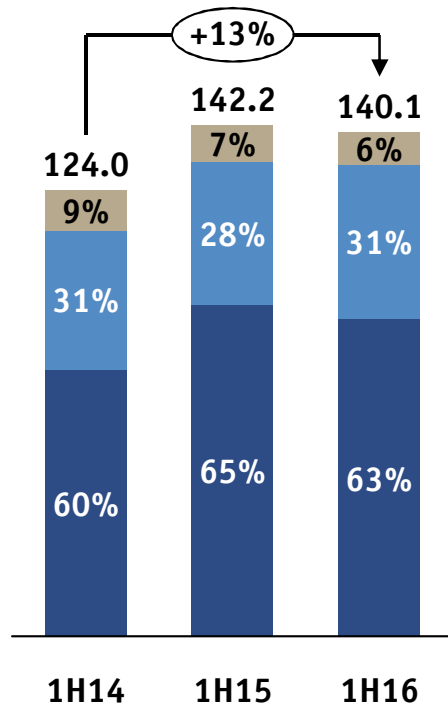
² Asia Pacific Region, CEE, LATAM, Middle East and Africa

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

⁴ Excluding assets managed on behalf of other segments (CHF 3.4 bn)

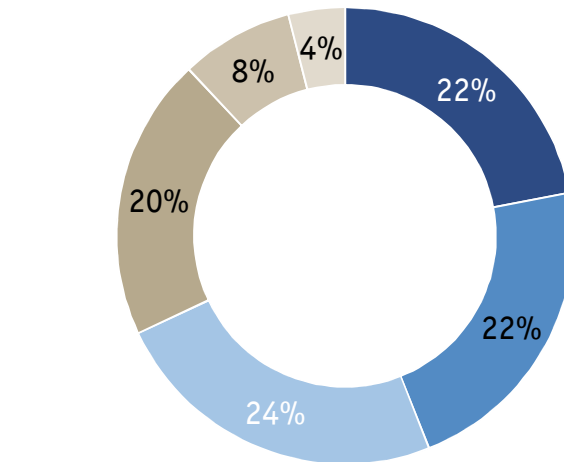
Advised client assets have grown by 13% since 1H14 and are well diversified across asset classes

Advised client assets (CHF bn)



Advised client assets by asset class (mid-2016)

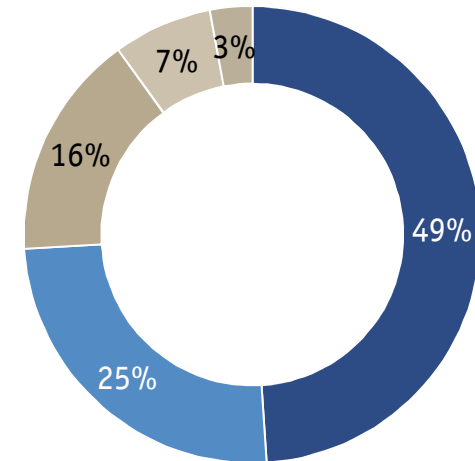
Wealth Management



- Liquidity/money market
- Foreign equities
- Bonds
- Domestic equities
- Alternatives
- Others

■ Wealth Management clients currently hold 22% of their assets in cash (up from 21% at end-2015)

Asset Management



- Equity
- Fixed Income
- ANZ
- Altern./Comm.

- Large proportion of AuM from institutional clients (71%)
- Asset Management with low proportion of money market funds

¹ Excluding assets managed on behalf of other segments
² Including structured products

Strong performance culture is confirmed by the market

We have received 144 awards for our investment funds and investment expertise since 2011



Vontobel Asset Management boutiques focus on clearly defined investment strategies

Equities

Quality Growth Boutique

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

Assets¹
(CHF bn)

37.0

Thematic Boutique

“Themes” in the equity portfolio offer added value – the range extends from Global Leaders to global megatrends through to Swiss companies.

5.2

Multi Asset Boutique

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

20.2

Multi Asset Class

Fixed Income

Fixed Income Boutique

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

Assets¹
(CHF bn)

15.0



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

8.8

Alternatives



Focusing with alternative investments on strategies that do not move in line with equities or bonds.

3.2

¹ Advised client assets at mid-2016
Note: Excluding other advised client assets of CHF 2.4 bn

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

Vontobel's offering for asset management partners

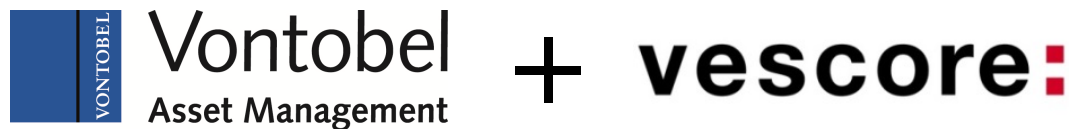
- Distinctive offering for financial institutions focusing on core competencies such as client relationships and advisory, marketing, communication and distribution
- Vontobel offers flexible asset management services depending on client needs
- All-inclusive services range from asset allocation to management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

Partners across the globe rely on Vontobel's offering



Vescore ideally complements Vontobel Asset Management's product offering

Combined product offering



Good cultural fit

- Sustainable Investing and Quantitative Investing strategies complement existing product offering
- Vontobel Asset Management's multi-boutique set-up is the 'natural home' for the two new Vescore investment hubs
- Vescore's boutique leadership has committed to join Vontobel Asset Management
- Independence of investment processes and organizational stability are key values of Vontobel Asset Management

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

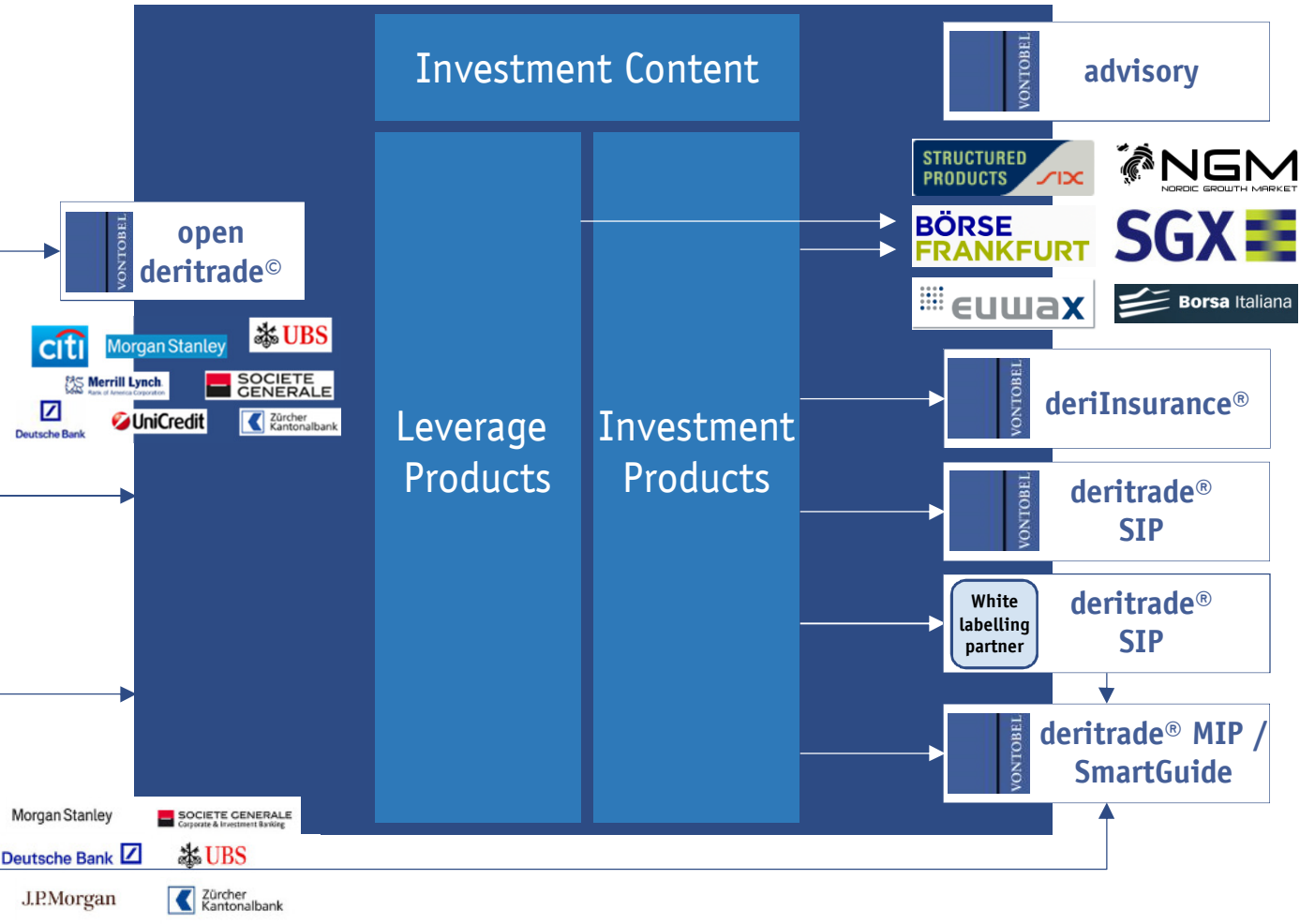
Capital markets

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

Third-party wrappers / notes

Products from third-party issuers

Vontobel's derivatives factory



Distribution

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

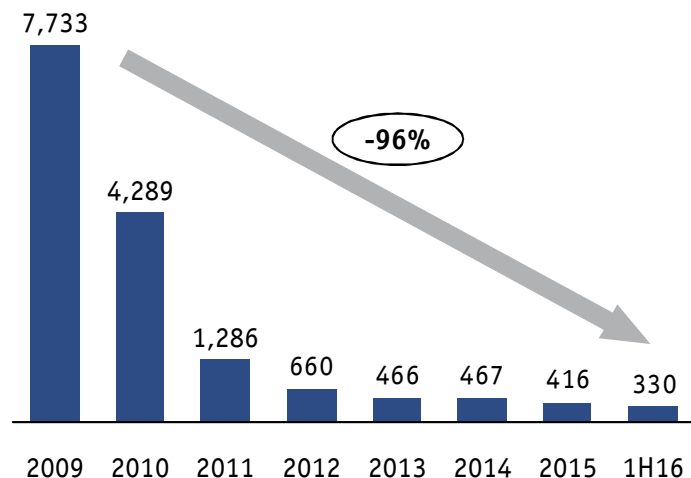
Financial Products leverages technology and cost structure to gain market share in Europe

Technology leadership

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

Cost leadership

Cost per unit¹ (CHF)



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

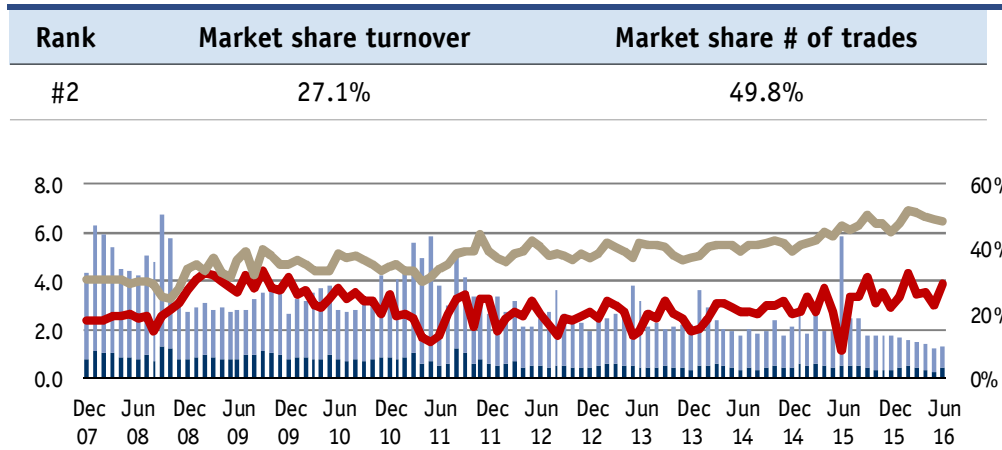
Leverage products in Europe

Markets	Volume in 1H16 (EUR mn)	Volume growth in 1H16	VT market share in 1H16 Volume (trades)	Vontobel Volume in 2017	
Vontobel presence	Switzerland	3,556	-35.6%	47.3% (55.7%)	⇒
	Germany	10,650	-33.6%	8.6% (9.4%)	↗
	Nordics ²	6,546	-2.8%	18.1% (15.4%)	⇒
	Italy	12,515	-7.7%	0.3% (0.0%)	↗
Potential markets	Netherlands	3,144 (estimated)	-35.6%	0.0% (0.0%)	↗
	France	2,604 (estimated)	-34.7%	0.0% (0.0%)	↗
Total	39,018	-23.1%	9.8% (11.3%)	↗	

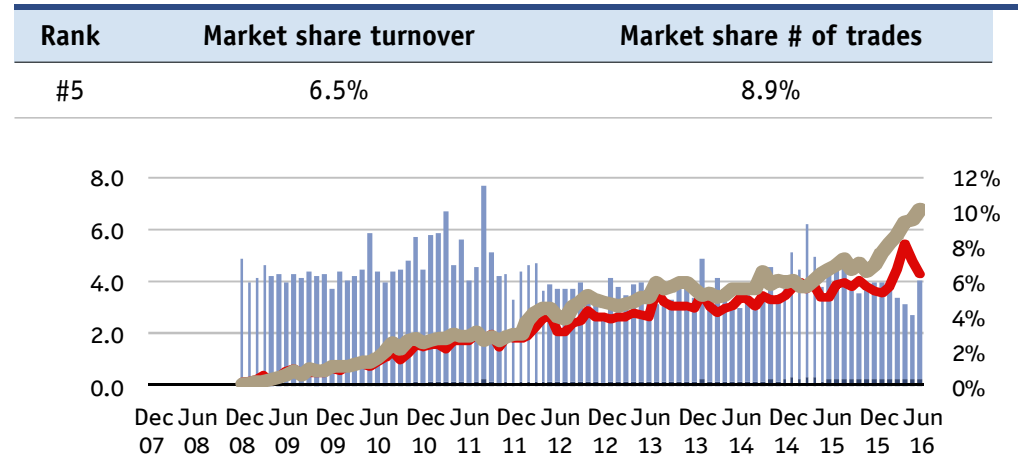
² Sweden and Finland; product categories plain vanilla, knockouts and certificates

Financial Products with stable or growing market share across all markets

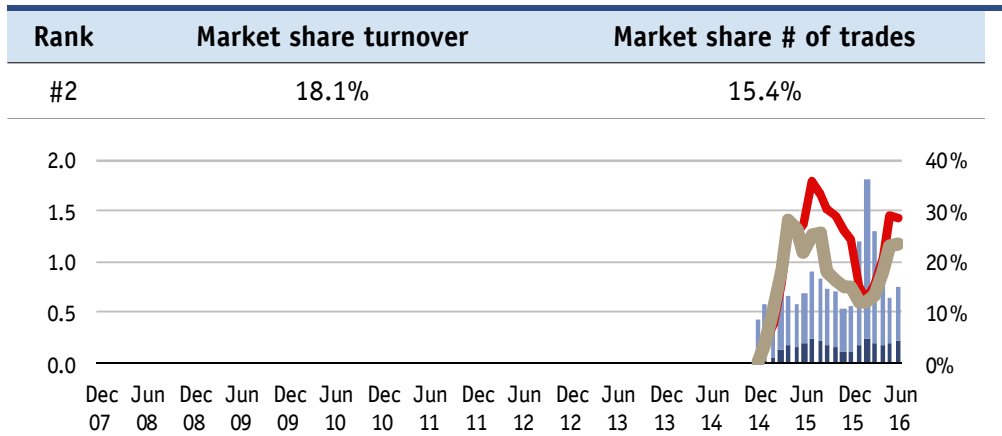
Switzerland (CHF bn)



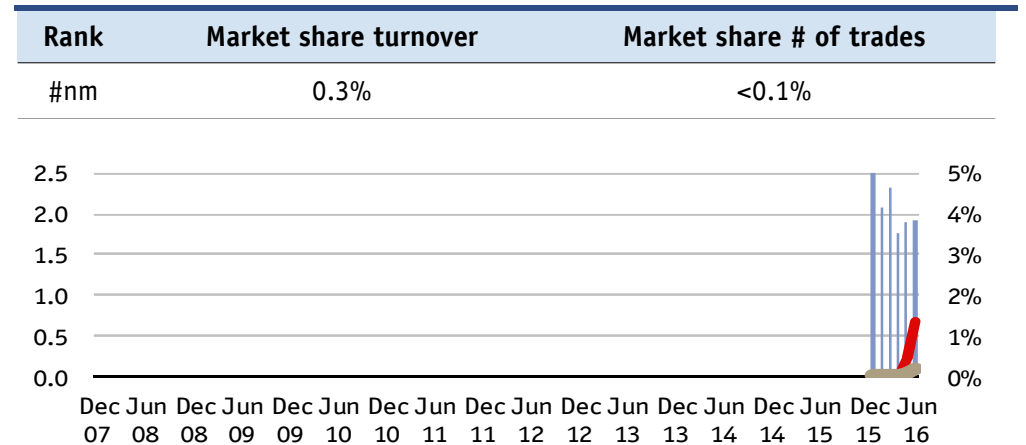
Germany (EUR bn)



Nordics¹ (EUR bn)



Italy² (EUR bn)



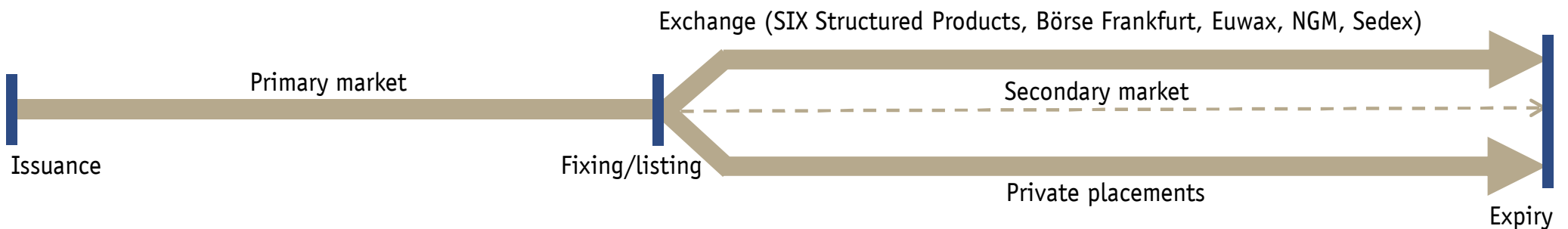
■ Market turnover (lhs)
 ■ Vontobel turnover (lhs)
 — Vontobel market share by volume (rhs)
 — Vontobel share by number of trades (rhs)

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

² Leverage products

Distribution strategy for Financial Products geared towards high-growth areas

Derivatives market



Exchange traded volume (1H16)

Market	Switzerland	Germany ²	Nordics	Italy ³
▪ Turnover	CHF 8.7 bn	EUR 21.1 bn	EUR 6.5 bn	EUR 12.5 bn
▪ Ø trade size	CHF 23.9 k	EUR 7.8 k	EUR 3.3 k	EUR 8.3 k
▪ Listed products ¹	> 31,000	> 1,205,000	> 9'000	> 5'150
Vontobel				
▪ Rank	#2	#5	#2	#8
▪ Turnover	CHF 2.4 bn	EUR 1.4 bn	EUR 1.2 bn	EUR 0.035 bn
▪ Market share	27.1%	6.5%	18.1%	0.3%
▪ Ø trade size	CHF 13.0 k	EUR 5.7 k	EUR 3.9 k	EUR 58.5 k
▪ Vontobel products listed ¹	> 12'200	> 100'000	> 2'500	> 80

deritrade[®] MIP (1H16)

Leading multi-issuer platform

- Notional issued CHF 1.7 bn
- Ø product size CHF 200 k
- >8,500 products issued

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

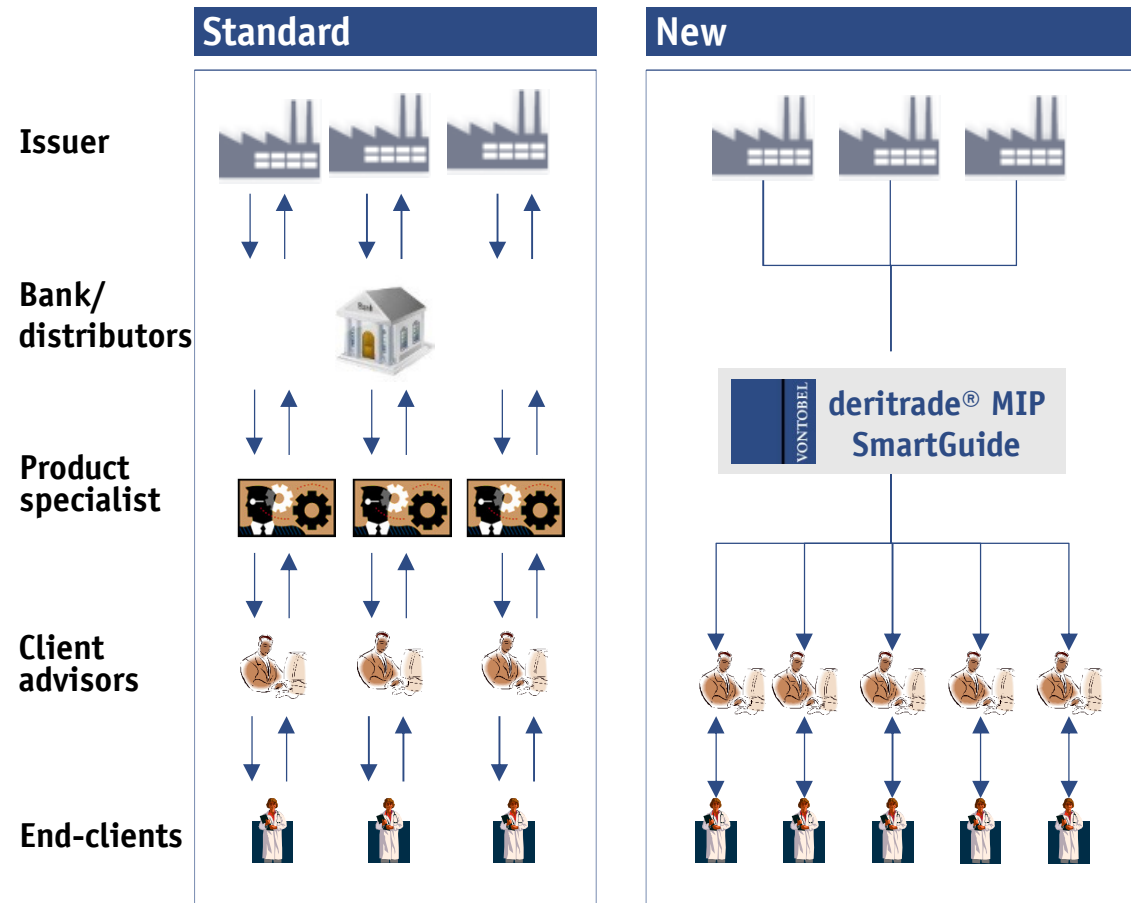
- Cost reduction for clients and issuers
- High level of confidence in Vontobel as an issuer
- Significant amount of trading volume generated with non-listed products

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

³ Start in May 2016

deritrade® 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

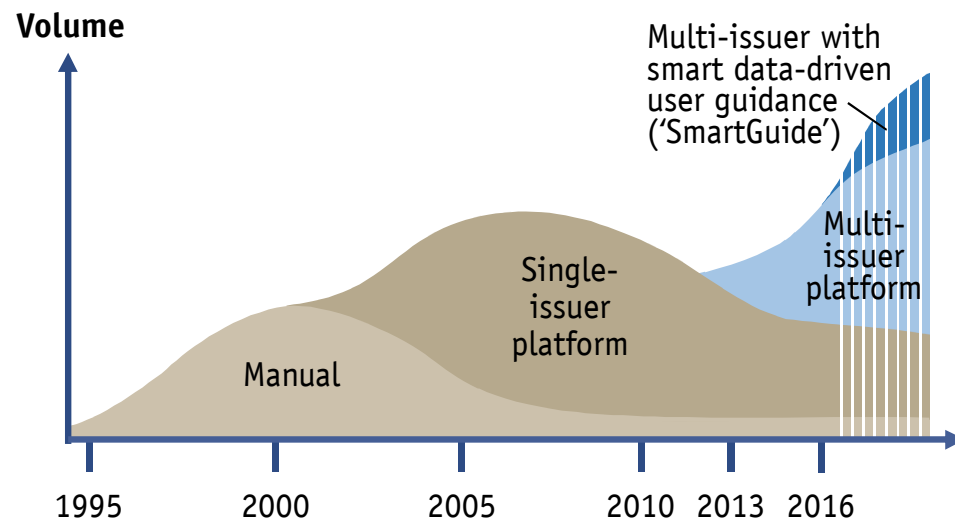
Cornerstones

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

Innovation cycles



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

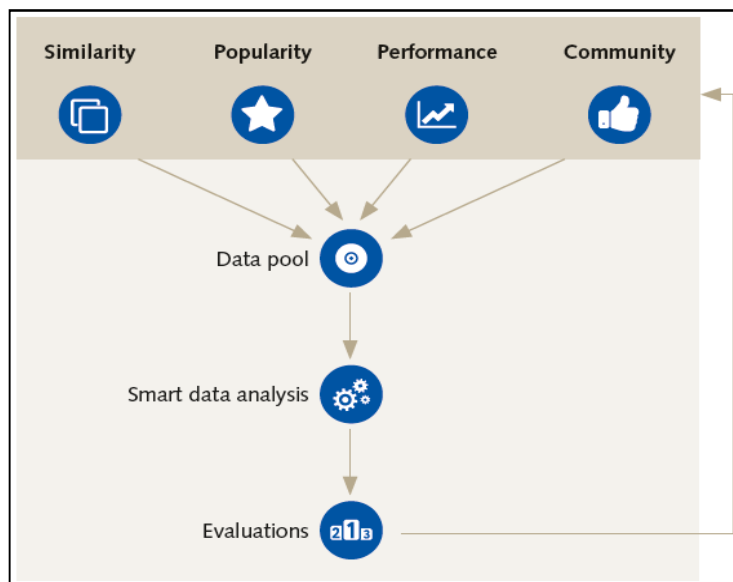
Benefits of Vontobel's multi-issuer platform

- deritrade® MIP provides full customization capabilities at best prices – bringing the Internet revolution to structured products and thus empowering the consumer
- Vontobel's multi-issuer platform provides numerous benefits such as:
 - Best execution
 - Higher client returns
 - Increased market reach for issuers
 - Scalability and lower costs
- In addition, Vontobel is leveraging its smart and crowd data capabilities to support clients in their decision making ('SmartGuide'). SmartGuide suggests alternative products based on client preferences, e.g.
 - Products with similar characteristics
 - Products with higher relative performance
 - Most popular products
 - Products liked by the community

deritrade® SmartGuide

The intelligent decision-making tool

The new standard of tomorrow ...



deritrade® SmartGuide

SmartGuide has generated some alternative product ideas tailored to your preferences

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

↓ Show more 🛠 Personalise

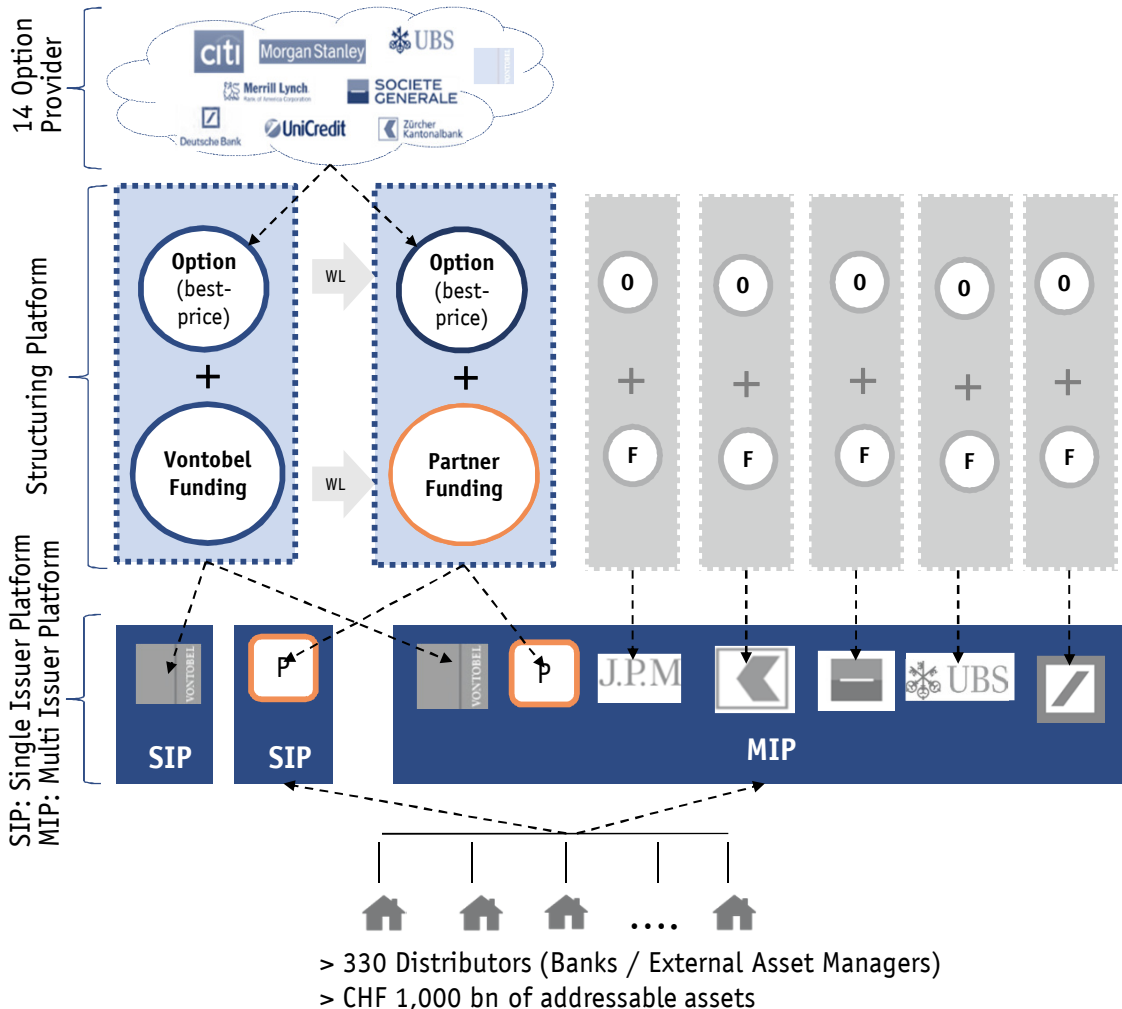
SmartGuide is based on the user preferences and on statistical data of the deritrade usage. This product list does neither consider personal risk factors nor any suitability aspects. This list is neither an investment proposal nor based on any investment research or financial analysis and is for pure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

...is already operating in today's world

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

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

Open architecture as a mission statement



Value propositions

- Best execution for all product components
 - Including the option component – a real USP
 - Fully MIFID compliant
 - Best price increases potential for profitability margin
- Access to a large distribution network
 - 37 banks and > 400 EAMs already onboard
 - > CHF 1,000 bn addressable AuM¹
- Low operational risk and improved offering
 - ‘Best-in-class’ with Vontobel as enabler
 - Fast time to market


Market potential

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

¹ Vontobel estimates

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

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Click to find more ideas

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

Wealth management

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

Asset management

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

Financial products

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

Investments

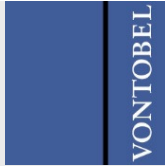
- No build-up of significant cost base
- Growth initiative to be fully funded by existing operations
- Target cost/income ratio for 2017 remains unchanged (<75%)

Vontobel's offices in APAC



Mergers and acquisitions

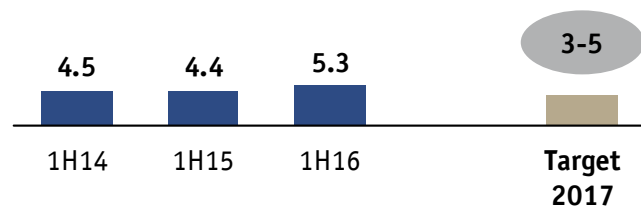
- Focus on organic growth
- M&A is an option for the core activities wealth and asset management



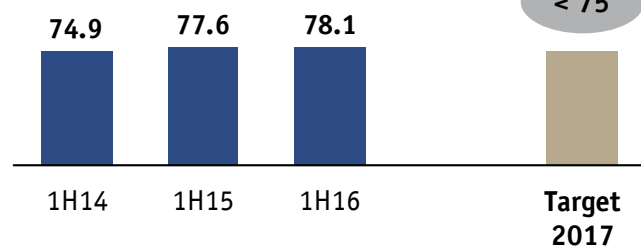
All segments with ambitious targets for 2017

Private Banking

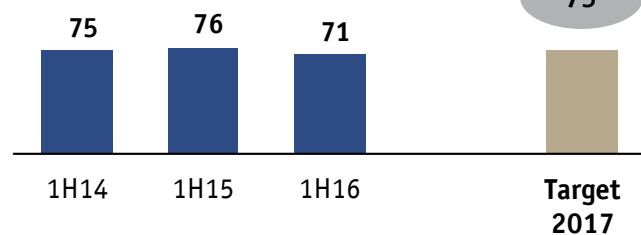
NNM growth¹ (in %)



Cost²/income ratio (in %)

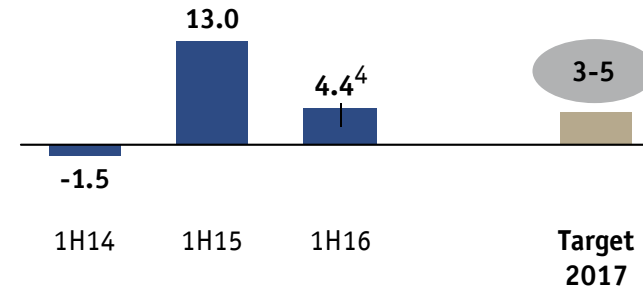


Return on AuM (in bps)

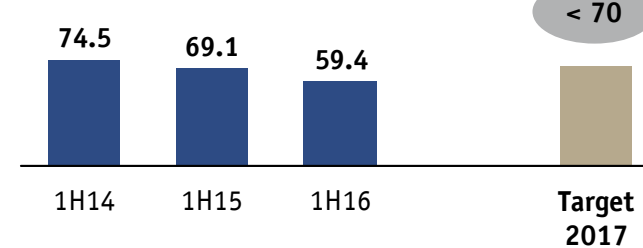


Asset Management

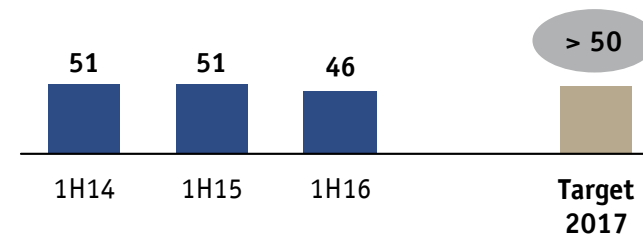
NNM growth^{1/3} (in %)



Cost²/income ratio (in %)

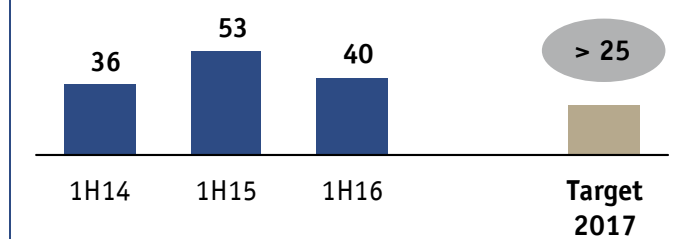


Return on AuM (in bps)

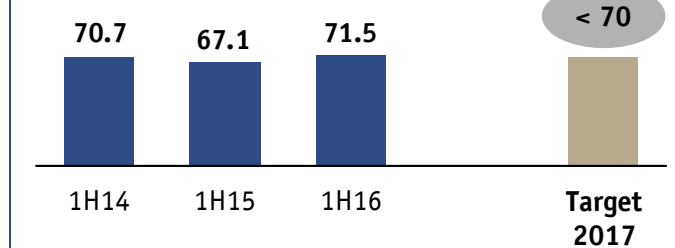


Financial Products & EAM

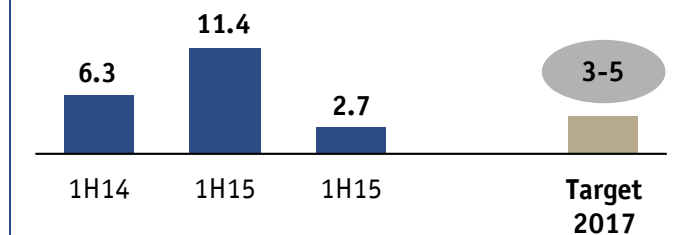
Pre-tax ROAC⁵ (in %, annualized)



Cost²/income ratio (in %)



EAM NNM growth¹ (in %)

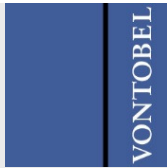


¹ Annualized ² Operating expense excl. valuation adjustments, provisions and losses

³ Adjusted for assets that are managed on behalf of other segments

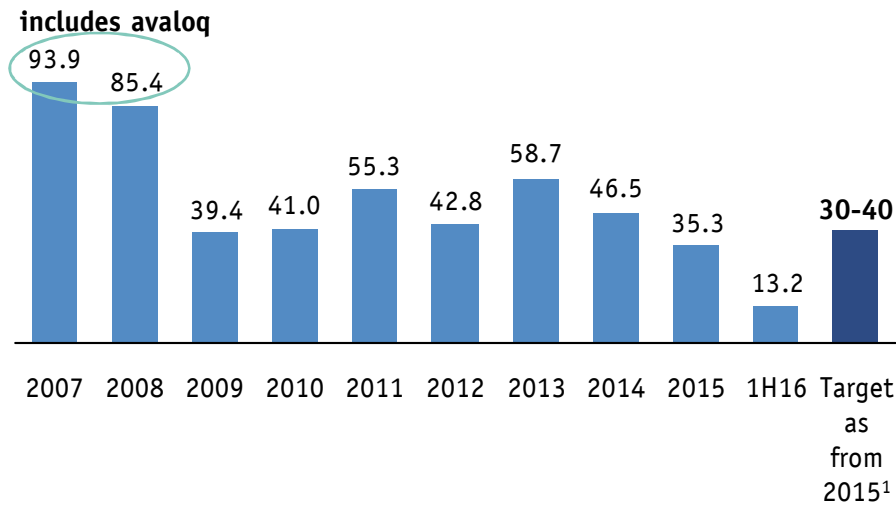
⁴ Excluding net new money of Quality Growth boutique; annualized

⁵ Pre-tax return on allocated capital (according to BIS III, 8%)



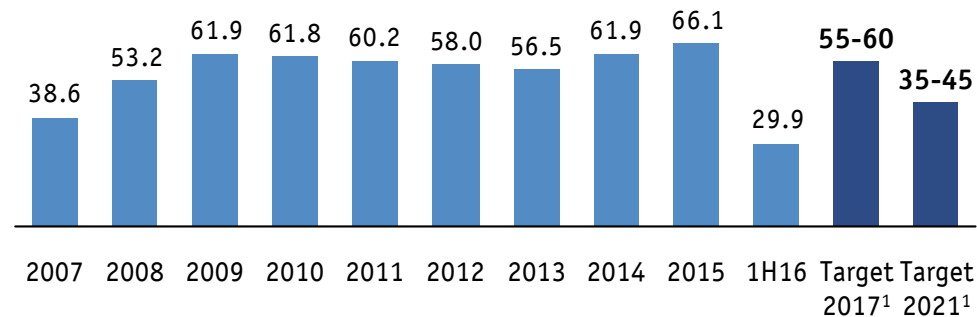
Active management of capital expenditure will lead to CIR improvement of about 1 percentage point by 2021¹

Development of capital expenditure (CHF mn)

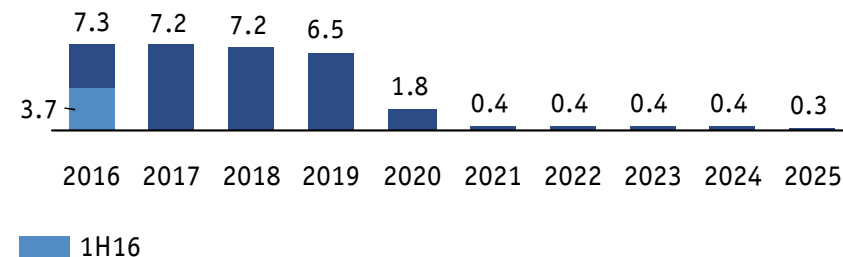


- Significant investments in IT (renewal of front office systems and avaloq) completed – initial investments in avaloq in 2007/08 will be fully depreciated by end-2018
- Major investments in office buildings completed
- Significant reduction in capital expenditure going forward

Development of depreciation and amortization (CHF mn)

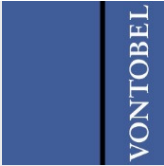


Run-down of amortization of intangibles from former acquisitions² (CHF mn)



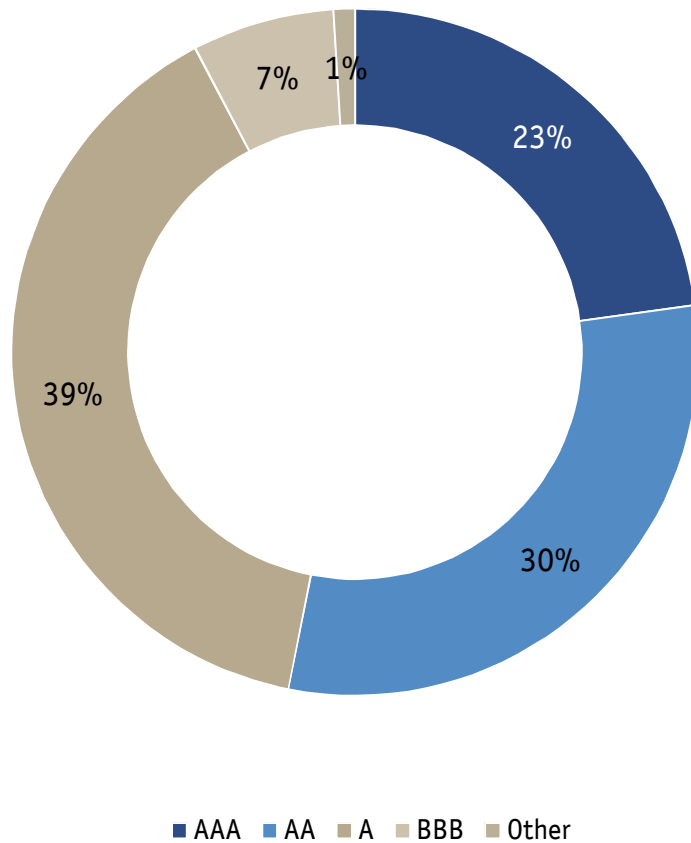
¹ Based on current planning

² Without Vescore

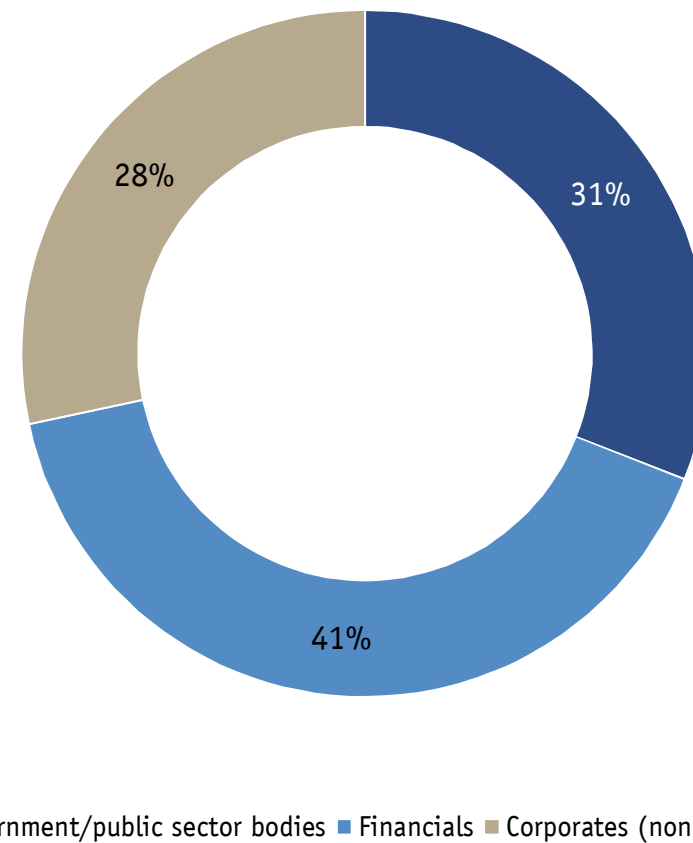


High quality of bond portfolio maintained

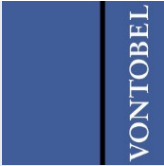
Counterparty exposure by rating (mid-2016)



Counterparty exposure by sector (mid-2016)

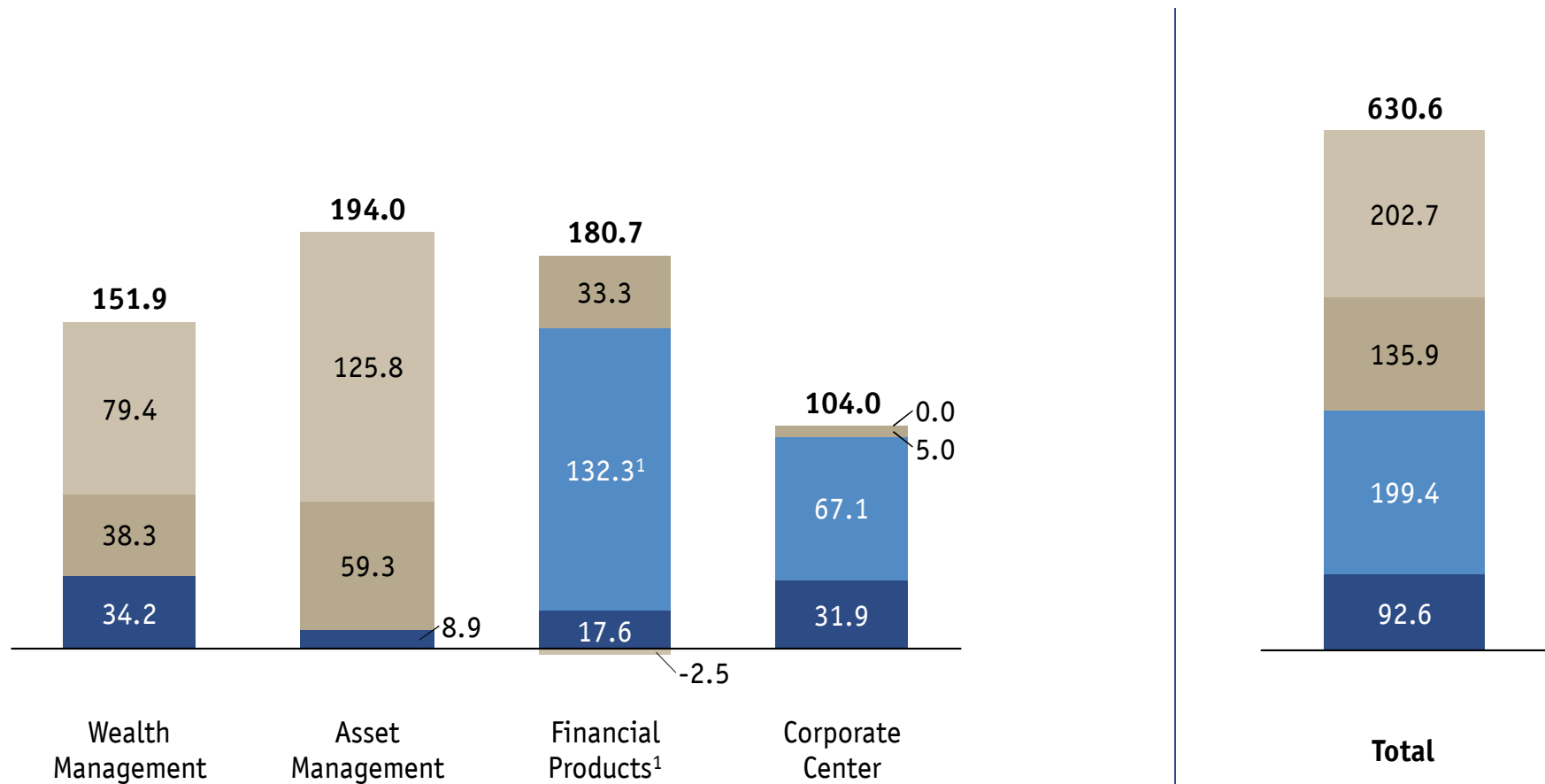


Note: Total issuer risk from debt instruments amounts to CHF 5.3 bn



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

Capital consumption as of mid-2016 (CHF mn)



■ Credit risk^{2/3}
■ Market risk³
■ Operational risk³
■ Deductions from IFRS equity⁴

¹ Average value at risk of CHF 2.8 Mio. in 1H16 (historical simulation, 99% confidence level, 1-day holding period and 4-year historical observation period); Equity-Vega sensitivity of CHF 0.3 mn at mid-2016

² Including non-counterparty related risks ³ Reported figures are based on BIS capital requirements, i.e. RWA multiplied by 8% ⁴ Goodwill, intangible assets and gains/losses due to change in own credit spread

Vontobel continues to pursue disciplined M&A approach

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

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

Vontobel represents an attractive value proposition for investors

A growth case ...

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

... with strong financial discipline ...

- Capital-light business model as a wealth and asset manager
- Solid capital base with CET1 ratio of 18.3%
- Strong family shareholder base; main shareholders committed to long-term profitable growth
- Attractive dividend yield despite investments in profitable growth (3.9% in 2015¹)
- 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

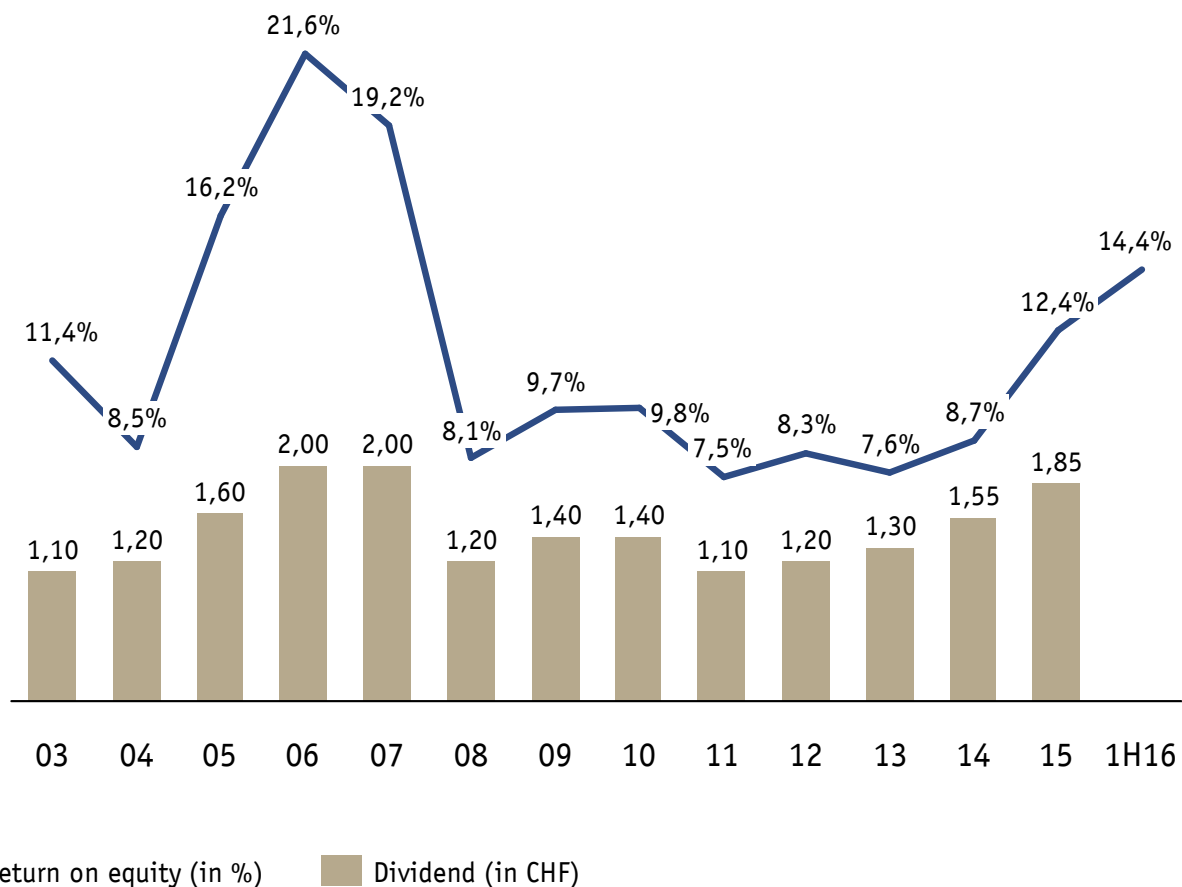
... and potential for M&A

- 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
- Some excess capital is available to finance M&A (target total capital ratio of >16% for 2017)
- Additional non-dilutive capital could be raised by issuing hybrid instruments if necessary
- Main shareholders hold 62.3% of share capital, which provides financial flexibility

¹ 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



Comments

- Attractive business with average return on equity of 11.7% 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

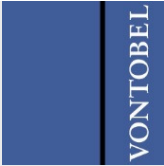
Organizational set-up/ IFRS reporting	Core activities
Private Banking External Asset Managers ¹	Wealth Management
Asset Management	Asset Management
Financial Products ^{1/2}	Financial Products

Comments

- Vontobel's Wealth Management activities consist of Private Banking (PB) and the business with External Asset Managers (EAM)
- The EAM business is similar to PB in terms of its business model, stable income streams and risk profile
- To provide a comparable level of information on PB and EAM, Vontobel provides a high level of transparency about its EAM business
- The combined Wealth Management business reported advised client assets of CHF 43.3 bn, a gross margin of 69 bps and an annualized NNM growth rate of 4.8% in 1H16

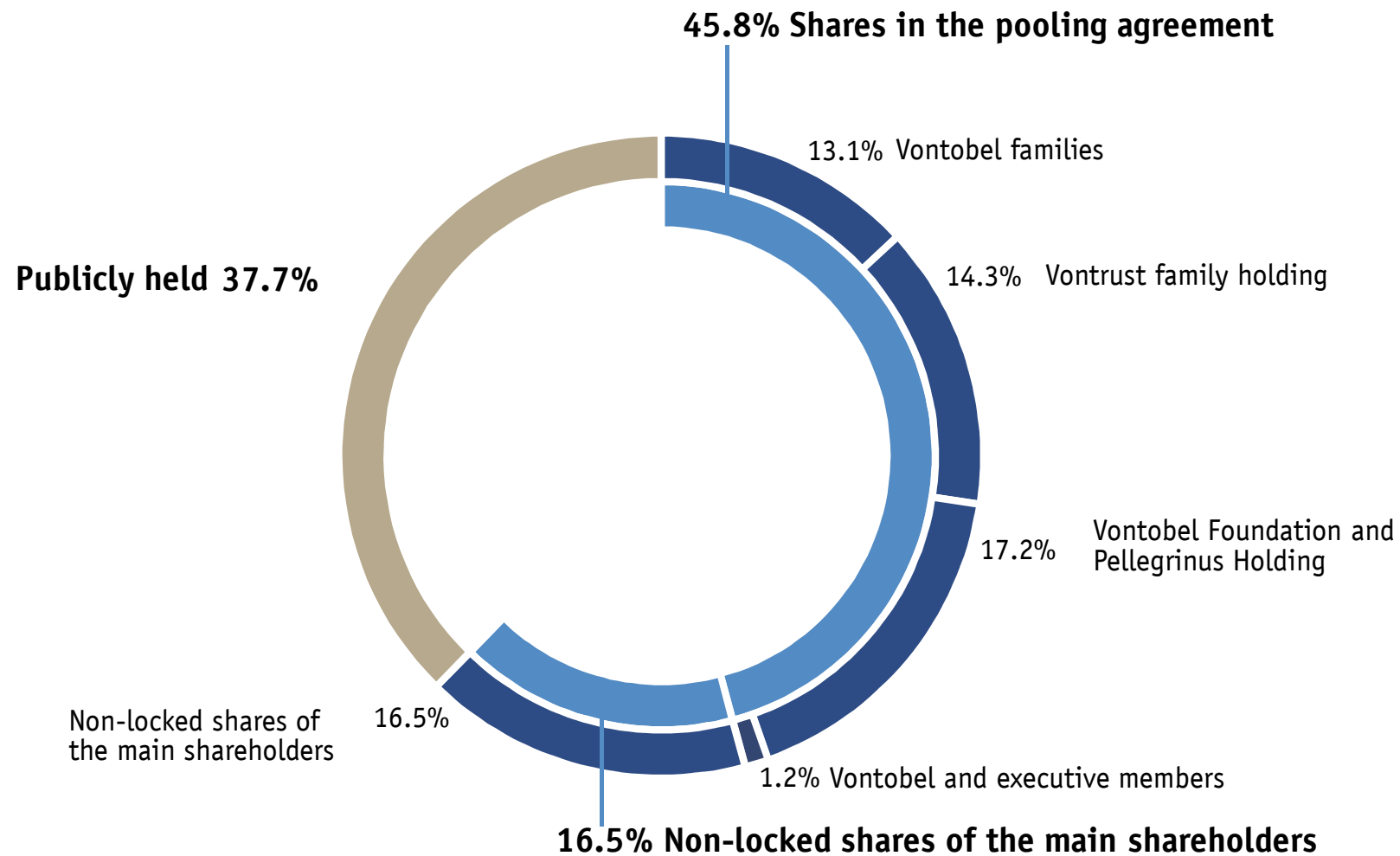
¹ Reported under the Investment Banking segment in financial statements

² Includes Brokerage, Corporate Finance and Transaction Banking



Strong commitment of Vontobel families

Shareholder structure as of 30 June 2016 ¹



¹ Based on nominal share capital of CHF 56.875 mn