

Speech held at the 36th ordinary General Meeting of Shareholders

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Chairman's address by

Herbert J. Scheidt, Chairman of the Board of Directors

Check against delivery

Ladies and Gentlemen

Dear Shareholders

Dear Employees and Friends of Vontobel

The introductory film was a powerful illustration of how our world is changing and geopolitical tensions are growing. The financial market volatility in recent months reflects this uncertain environment.

The troubling developments we are seeing nowadays are casting a dark shadow over 2019 and beyond:

- Harmful national egoism such as “America first”, the Brexit chaos in the UK or social tensions in France represent the new political reality.
- Radical groups and parties on the edges of the political spectrum are growing in influence – right up to parliamentary level.
- As a result, parliamentary democracies are – more than ever before – threatened by political disenchantment and social unrest, as well as the irresponsible and egotistical conduct of many politicians.

As responsible citizens and entrepreneurs, we cannot allow ourselves to view the types of images we have just seen in the film without taking action.

It is not enough for us to achieve decent results at Vontobel despite these adverse circumstances. It is however up to us to bring the right questions to the table and to search for forward-looking answers to them. For example:

- How can we reform parliamentary democracies in our western world so that our connection to global politics is not lost?
- How can we position ourselves in the face of political and economic competition with state-controlled systems such as China?
- How should we respond to geopolitical shifts around the globe that have a major bearing on our future?

I would like to explore two lines of thought in more detail:

- The economic, political and military rise of China is a strategically planned model for success with far-reaching global consequences. The US' position as a leading world power is under threat on all sides. The trade war triggered by the US President is really a desperate response to the shift in power away from the US and towards China that has been taking place over a number of years. On the other hand, we can also see that the Chinese are gradually opening up to the world – provided they are treated with respect and on equal terms. The Chinese are convinced of the strength of their “state as the family” model and think that the West must learn to understand this. I believe that in the global competition between political systems, it is essential for the western world to find a way to remain true to its values and cultural roots without surrendering to national egoism. And I consider it equally important that we learn to embrace other systems and cultures with tolerance and openness, in a spirit of partnership that is free from hegemonic attitudes and feelings of moral superiority.
- Current global developments are having a detrimental impact – particularly on existing multilateral organizations. I am thinking here of the United Nations, the World Bank, the International Monetary Fund and the World Trade Organization. These institutions were established in the second half of the 20th century to promote global growth and maintain stability and security. It was thanks to these institutions that a recognized multilateral system was created – with reliable rules governing the global trade of goods as well as financial flows. Many things have improved in our world thanks to these institutions – as we also saw in our film: Today, fewer people suffer from hunger and many more can read and write than was the case 30 or 40 years ago.

However, fundamental questions are now being asked in many quarters about the role of these global institutions – and therefore also the liberal, cross-border global trade that currently exists. This is particularly dangerous in a globalized world with international value chains. And it is also especially harmful for small export-oriented nations such as Switzerland.

We are seeing the rise of bilateralism, where the power of the strongest side threatens to become the determining factor. That cannot end well.

We are now standing at the crossroads. And the key question is whether we can succeed in preserving the advantages of the old world order and, at the same time, further developing multilateral systems and rules that adequately take account of the legitimate interests of emerging countries and regions, as well as evolving conditions in the world's old industrialized nations. Switzerland is also directly impacted by the changes currently occurring around the globe.

We should all consider ourselves fortunate to live in a country with high levels of prosperity and stability. However, the political, economic and environmental challenges in our world don't stop at our country's borders. Today's world is far too interconnected: we are all equally affected by climate change, plastic pollution, the extinction of species, global economic crises and cyberattacks. As a result of digitalization, we can see these global problems on our smartphones and iPads. And we all take these devices directly into our offices, homes and living rooms.

This is why at Vontobel, we actively consider the pressing issues of our time:

- How exactly will the emergence of new trade, economic and military blocs impact on our country, our company and our clients, for example?
- How should we deal with a further slowdown in global economic growth if there is an ongoing escalation of the trade war?
- Which new risks will threaten the stability of our financial markets as a result of the uncertainty and high indebtedness at all levels?
- How can we protect ourselves against new crises?

At Vontobel, we have made it our role to look at the world with an unclouded view and to aim to understand it for what it is.

And this is how we make a crucial difference as an active wealth and asset manager. We think globally and long term – and thus serve as a compass for our clients. We show the risks as they are. And we thus help our clients to navigate all the wealth-related questions that are important to them in a targeted manner. In doing so, we give our clients the security that the world is often no longer able to offer them.

Keep your finger on the pulse in order to identify what is right for our clients – that is also the motto of our Board of Directors and the Executive Board:

- We engage in discussions about global security matters at events such as the World Economic Forum in Davos or the Munich Security Conference.
- We regularly visit regions of the world where growth and change are happening – from China to Silicon Valley.
- We hold intensive talks about how we can align ourselves with the changing balance of power in the world and how much we want to focus our business on the Asian markets.

In my role as Chairman of the Swiss Bankers Association, I also discuss the changing political landscape with a wide range of people I come into contact with – be it in Switzerland, in dealings with the EU or on joint foreign trips with the Swiss Federal Council to target markets and countries.

I am also personally committed to bringing these experiences to the table and to leveraging them for Vontobel's future success.

Another defining development of our time is the advancing digitalization in our lives – especially in two respects:

- Our clients are differentiating less and less between what they experience in the digital world and what they expect from their bank. Current client expectations regarding service, quality, transparency and access to information are shaped to a large extent by providers outside our industry. I am referring to Amazon, Google, PayPal, Instagram and other digital service providers. These providers have specialized in serving small but decisive parts of the value chain with the very highest level of professionalism.
- In addition to client behavior, digitalization is also transforming competition within our industry. Digital financial and service providers are competing by providing low-cost solutions and swift and flexible offerings. This is increasing the pressure on margins and also the need to be ever faster and more efficient in order to remain competitive.

Digitalization is also a source of opportunities – especially for us at Vontobel – because our organization is the right size, meaning we are agile and can harness the opportunities created by digitalization more swiftly and flexibly than our larger rivals. Thanks to the power of digitalization, we can act globally and also provide individual, optimal service to different client groups in different countries with a wide range of needs.

At Vontobel, we are today developing digital solutions in many areas and across all our divisions. Our new “Digital Hub” in Zurich brings together Wealth Management professionals, relationship managers and digital experts in one location to develop new state-of-the-art solutions for our clients.

We are doing so because we want to soon make a digital solution available to our clients in the area of wealth management. In future, Vontobel clients will be able to invest directly and thus shape their personal portfolio at any time using an app on their smartphone. This digital offering will complement our successful wealth management offering in Switzerland and leverage additional growth potential. With initiatives such as these, we are assuming our corporate responsibility at Vontobel. We do so by investing in the future of Vontobel and the future of our clients.

To allow us to make these investments on an ongoing basis in today’s digital world, we require greater financial resources each year than we did in the past. We can make these investments today because we laid the necessary foundations over many years and especially in 2018. We have achieved above-average organic growth in recent years and we have increased our revenues year after year. This has given us the scope to make forward-looking investments. We took a major – and decisive – step last year with the acquisition of Notenstein La Roche Privatbank AG. This has enabled us to take our revenue base to a whole new level. And it will ensure that we can continue to invest in talents and technologies in the future.

The acquisition of Notenstein La Roche is also a very important milestone for Vontobel because it means that our brand is now present in a total of 13 locations – allowing us to cover all of Switzerland’s major cities.

From a strategic perspective, we have reinforced the balance between our three business divisions, Wealth Management, Investment Banking and Asset Management. This balanced business mix means that Vontobel is less exposed to market-driven volatility. And this is especially important in a period of uncertainty, volatility and change – such as we are seeing today.

And this transaction attracted a great deal of attention and respect in the financial center because the integration was completed in record time, in just three months. I wish to express my considerable thanks and appreciation to our colleagues who contributed so successfully to this integration. It goes without saying that setbacks can occur in any integration process of this kind. However, we don’t allow them to push us off course. I would also like to wish a very warm welcome to all of our new colleagues from the former Notenstein La Roche.

During the past few years, we have systematically exploited opportunities to achieve growth organically and through targeted, value-creating acquisitions.

We have grown to generate a broader revenue base in order to meet the increased demands of digitalization and invest our own resources in new growth. And we will continue to invest and grow. We are doing so based on a prudent, solid approach. We think long term for our shareholders and act systematically in the interests of our clients. We have the necessary flexibility to achieve this thanks to you, our shareholders and, first and foremost, thanks to our family shareholders. We are extremely grateful to them for their strong commitment to Vontobel over many years and for their support. They assign us responsibility for ensuring Vontobel’s future success – in the interests of our clients and our employees. We are very conscious of the responsibility we bear and we are pleased to assume it.

The same is true with regard to 2019. We are continuing to focus on transforming the investments made in recent years into profits. We will drive forward the digitalization of our processes and services in order to become even more efficient, competitive and profitable. And we will further expand our international activities – wherever we see substantial, attractive growth opportunities over the long term.

At Vontobel, we are strategically well positioned with our three divisions, Wealth Management, Investment Banking and Asset Management. As a result, we are convinced that we can continue to achieve organic growth – even in a difficult environment – thanks to our outstanding advice, our excellent products and our first-class service. This is why we are approaching the future with cautious optimism and real determination.

Thank you!

Herbert J. Scheidt
Chairman of the Board of Directors of
Vontobel Holding AG