



Vontobel full-year 2020 results

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CEO

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February 11, 2021

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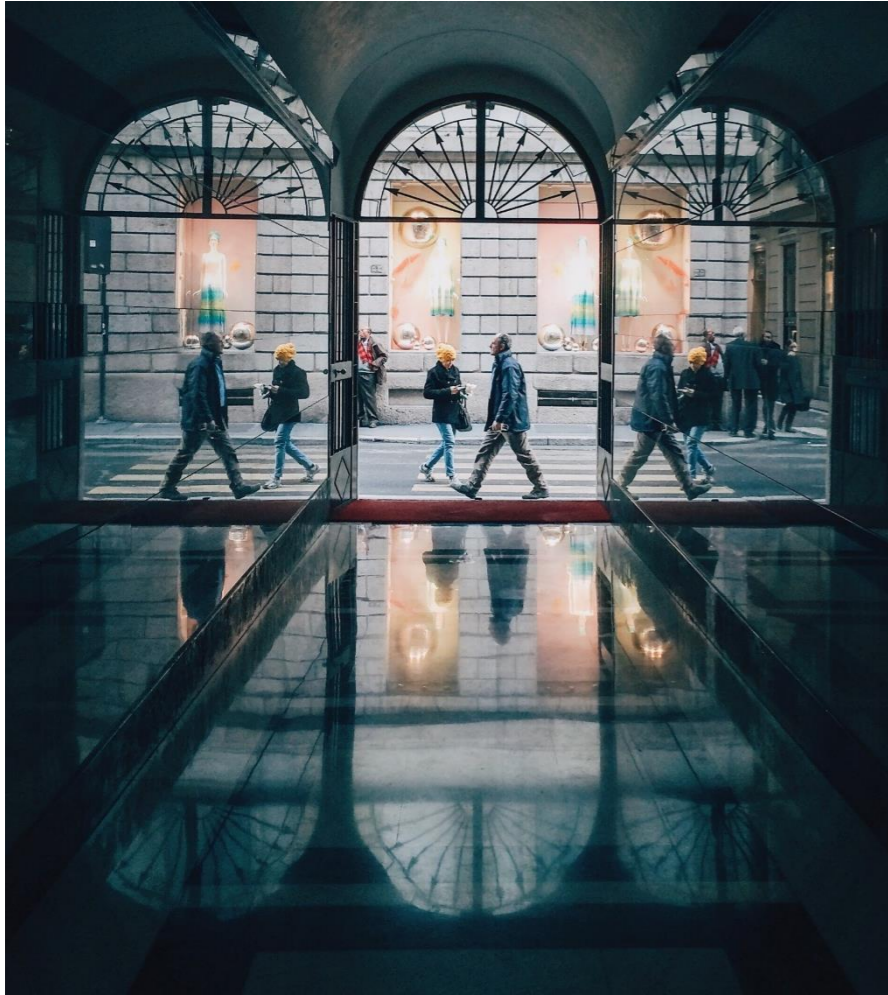
A glossary of non-IFRS performance indicators and abbreviations is provided in the full-year report on pages 232 – 233.

Image on cover page: Milan

Italy is one of Vontobel's growth markets. More than 6% of its advised client assets come from its Italian institutional and private clients. The investment firm has had a presence in Italy since the early 2000s, offering its investment expertise as an active asset manager to clients in this market. In 2020, Vontobel opened a new Wealth Management advisory office in the heart of Milan. The almost 20-strong Wealth Management team focuses primarily on advising high- and ultra-high-net-worth clients, wealthy families, entrepreneurs, foundations and family holding companies. Since 2016, Italian investors have also been able to benefit from Vontobel's expertise in the area of derivative investment solutions. Vontobel ranks as one of the four largest providers of leverage products in Italy.

Key messages

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- **Client trust in Vontobel has increased even further** in the current challenging environment, reflecting our strong long-term investment performance, an outstanding client experience, and our strict focus on being on the clients' side
- **Record net inflow of new money** of CHF 14.8 bn and record advised client assets of CHF 248.2 bn; strong pre-tax profit growth of 5%, pre-tax growth +14% in constant currency
- **Stable high-quality operating income** stemming from our recurring fee-based business model that is fully aligned with clients' interests
- **Solid and resilient balance sheet**, continued equity capital generation; CET1 ratio of 13.8% and Total capital ratio of 19.8%
- **Strategic progress** with increased focus on investment expertise and client centricity. Technology investments have paid off, enabling us to navigate the period of extreme market dislocation – demonstrating our efficiency, resilience and robustness
- **Stable dividend** of CHF 2.25 per share

Overview

Highlights and strategic progress

Financial results for the full year 2020

Outlook

Q&A

Strong inflows of new money drive advised client assets to a record high – good operating performance reflected in underlying growth in pre-tax profit

Key figures as of December 31, 2020

Advised client assets

CHF 248.2 bn
of which CHF 219.6 bn
assets under management

Net new money

CHF 14.8 bn
(7.4%)

Operating income

CHF 1,266 mn (flat or +1% adj.¹)

Pre-tax profit

CHF 321 mn (+5% or +5% adj.¹)
In constant currency²: +14%

Group net profit

CHF 259 mn
(–2%)

Dividend per share³

CHF 2.25 (flat)

Capital ratios

CET1: 13.8%
Tier 1: 19.8%

¹ In FY 2019, excluding integration costs for Notenstein La Roche (NLR) of CHF 11.8 million and a special dividend from our participation in SIX Group AG of CHF 6.9 million;
in FY 2020 excluding implementation costs of CHF 5.5 million related to Vontobel's realignment as a fully client-centric investment manager

² In constant currency, FY20 revenues and expenses are translated into the reporting currency @ FY 2019 FX rates (weighted monthly average)

³ Proposed to the General Meeting of Shareholders 2021

Moving from a position of strength to the next level

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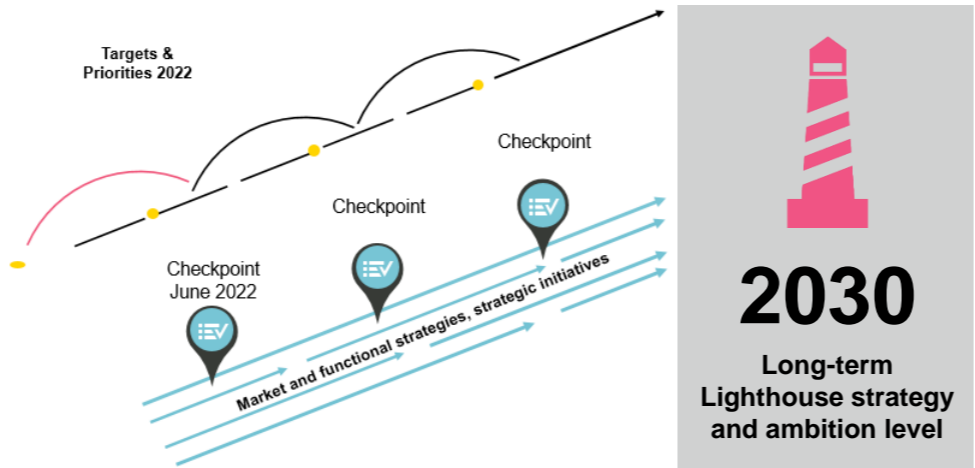
Challenges for investors

- Saving is dead but general public is holding too much cash
- Off-the-shelf passive investing is not a solution
- Global pension gap is increasing

Client behavior

- Clients move from products to tailor-made solutions
- Client journey is ever more important (digital touchpoints)

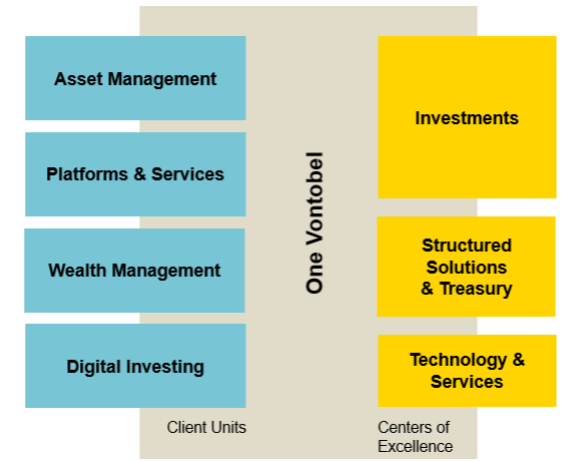
Focus on the long-term



Transform into pure-play buy-side investment firm

Client-centric 	Investment-led
Technology-enabled 	Powered by people

Leverage a collaborative model across the firm



Committed to strict planning and performance management

- Priorities 2020-2022**
- 1 The Vontobel experience
 - 2 Pure-play investment firm
 - 3 Tipping points for growth
 - 4 Technology, data & analytics
 - 5 Great place to work

The next wave of growth and critical milestones as we work towards our Lighthouse

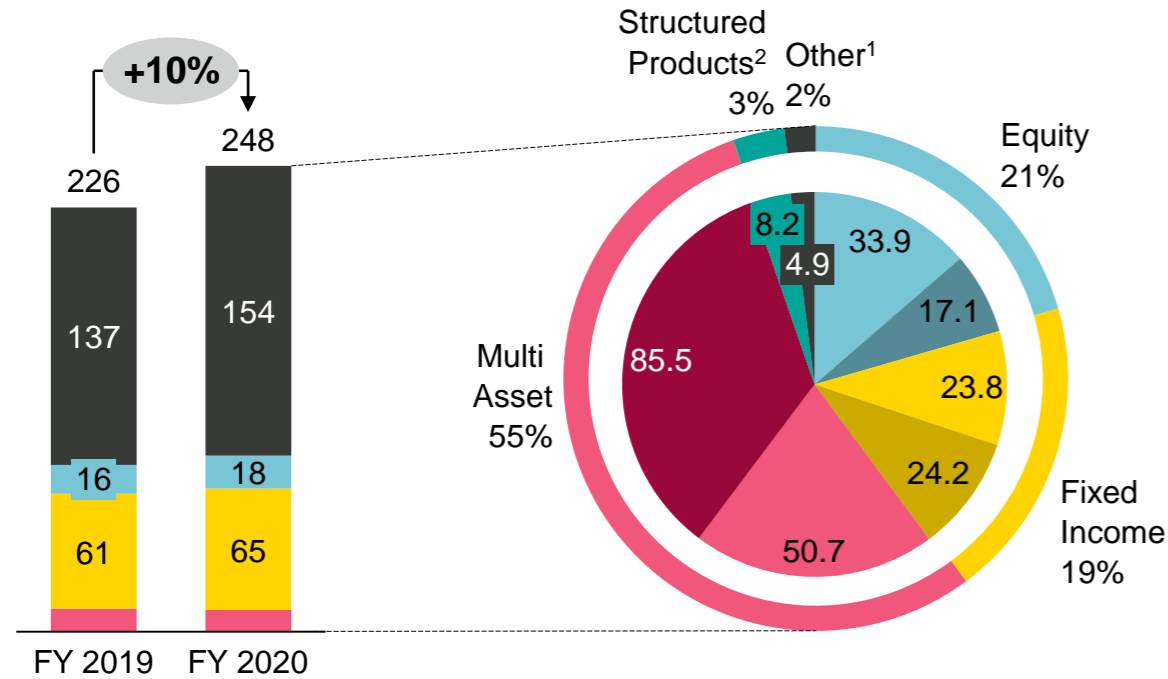
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Key achievements 2020

- 1 Deliver the Vontobel experience**
 - Implemented efficient digital onboarding process for private clients
 - Business magazine ‘Euro’ assigned Bank Vontobel Europe AG the rating “very good” for private banking
- 2 Deliver a pure-play investment firm to all clients**
 - Vontobel was named ‘Best Swiss Asset Management Company’ in the Swiss Sustainable Funds Awards, ‘Best Global Equity Manager’ in the US Institutional Asset Managers Awards and ‘Multi-Asset Manager’ and ‘Equity Manager of the Year’ in the UK Pensions Awards 2020. In total, we received more than 40 awards as a manager or in recognition of our funds, certificates and services
- 3 Deliver on tipping points to our future growth ambition**
 - Expanded fixed income expertise globally and hired specialists in Hong Kong to build up knowhow in China A-shares
 - Opened new offices in Japan and added a WM presence in Milano; demonstrated strong commitment to Global Banks, Asia and the US by hiring 20 new experts for our client-facing organization
 - Doubled issuance volume via cosmofunding in 2020 – providing loans, private placements and public bonds
- 4 Deliver the power of technology, data & analytics**
 - Cloud-based big data/analytics platform up and running
 - Use cases live and operational
 - Initiated further upgrade of operations platform in investments
- 5 Deliver a great place to work for people who want to excel**
 - Feedback from employees qualifies Vontobel as a member of the “high-performing norm” category across industries according to Towers Willis Watson

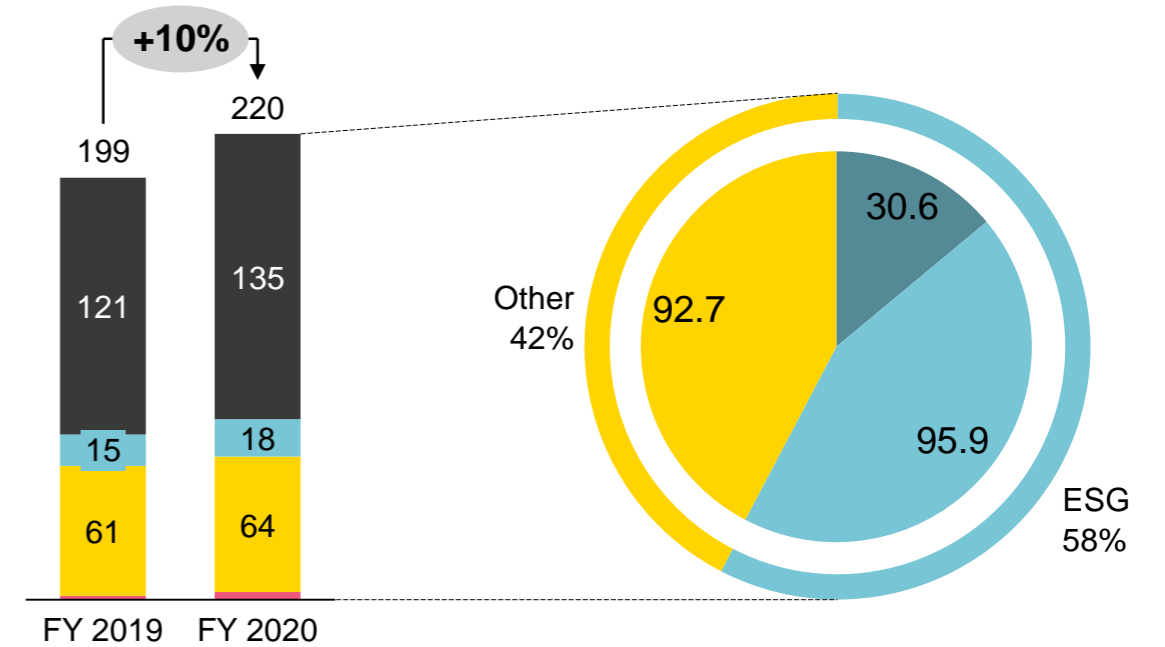
Proven and distinctive investment capabilities anchored in our multi-boutique set-up

Advised client assets by asset class (end of 2020, totaling CHF 248.2 bn)



- AM
- P&S
- WM
- DI & Other
- Quality Growth
- Sustainable Eq
- Fixed Income
- TwentyFour AM
- Multi Asset
- WM Investments
- Structured Products
- Other

AuM by ESG investments according to SFDR³ classification (end of 2020, totaling CHF 219.6 bn)



- AM
- P&S
- WM
- DI & Other
- Sustainable
- Integrated ESG
- Other

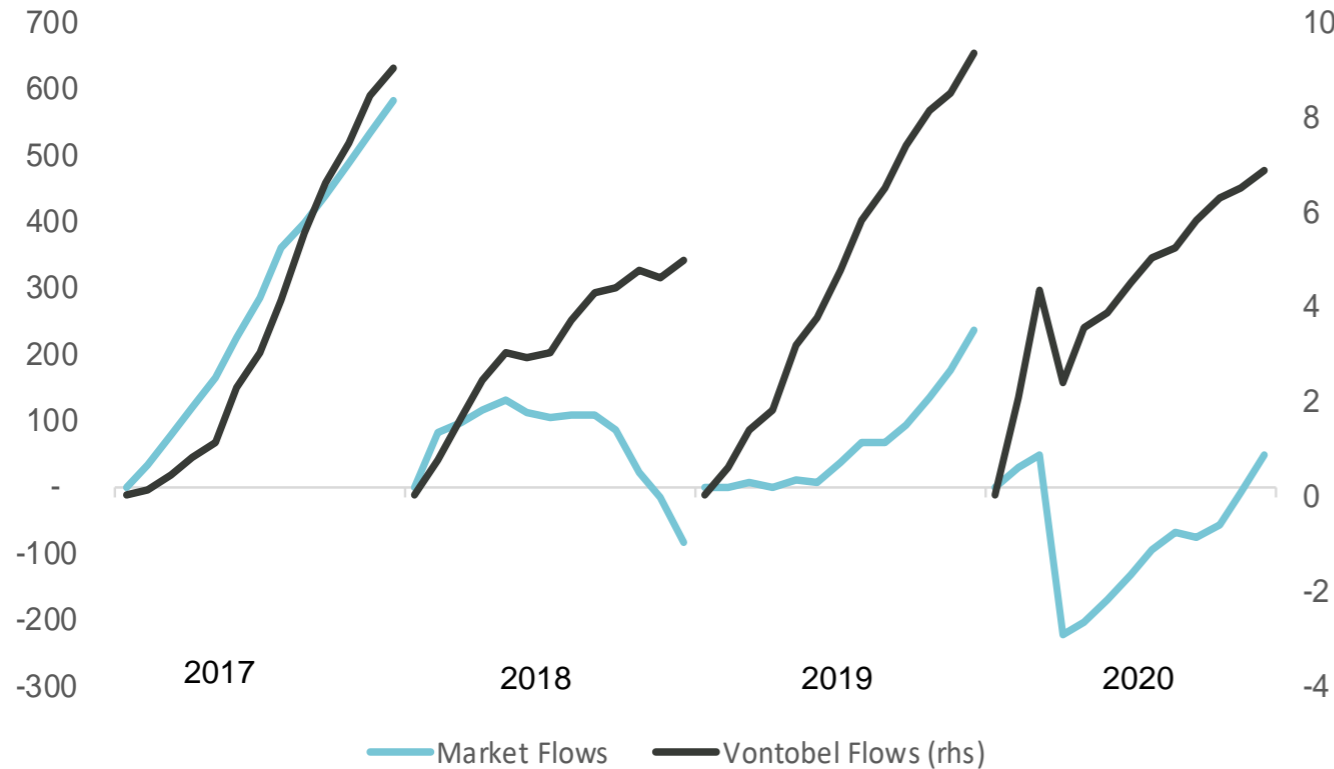
¹ Other includes private label funds and some assets not allocated to client units and corrects for double counts of CHF 4.4 bn in the boutiques

² Structured products issued amount to CHF 10.8 bn of which CHF 2.6 bn are included in AuM

³ SFDR: Sustainable Finance Disclosure Regulations

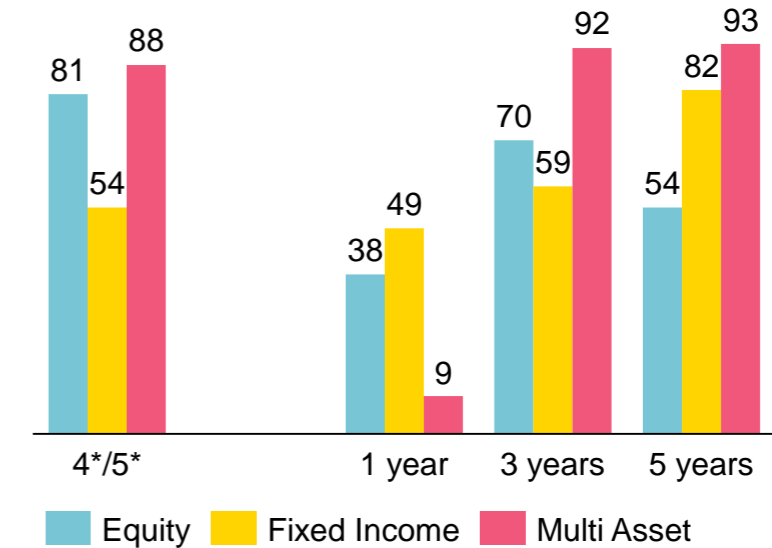
Strong inflows on an absolute and relative base and good performance through the cycle

Cumulative flows in active funds¹ (CHF bn)



Track record in funds

(% of 4* & 5* ratings, % of 1st and 2nd quartiles²)



- Strong medium- to long-term performance
- Short-term performance of selected high-conviction portfolios had not fully recovered by year-end
- Quality-tilted equity products suffer from high valuations and momentum melt-up

¹ Source: Market: Broadridge November 2020, European and cross-border fund flows, flows in Morningstar Categories only and excluding Money Market funds and Fund of Funds

² Based on Morningstar rated funds; asset weighted

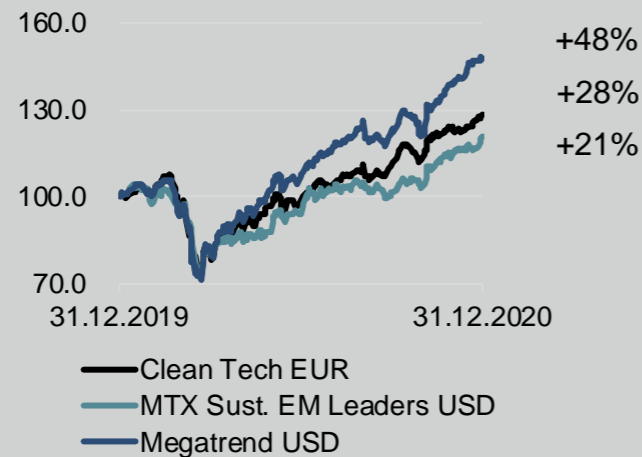
Navigating the seemingly endless bull market and the sharpest peak-to-through-and-back V-shape in history is challenging for high-conviction active managers

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Performance

Equity

- Quality style has to battle hard in ‘thin-air’ valuation territory
- ESG remains a strong driver with mtx product line and the Clean Technology fund

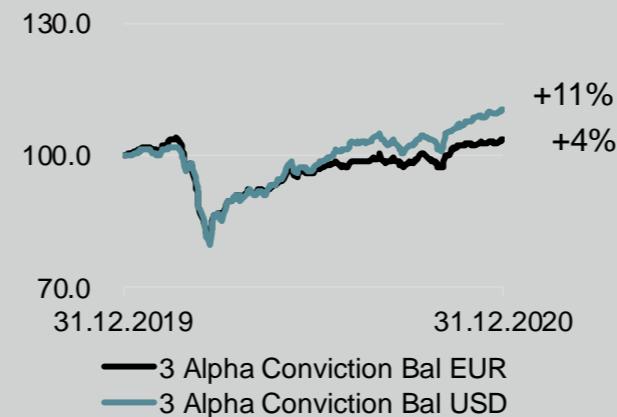


Outlook

- Product pipeline is geared towards next wave of return sources and will be rolled out in the first half of 2021
 - Thematic and Impact investments
 - Dedicated Asia carve-outs

Multi Asset

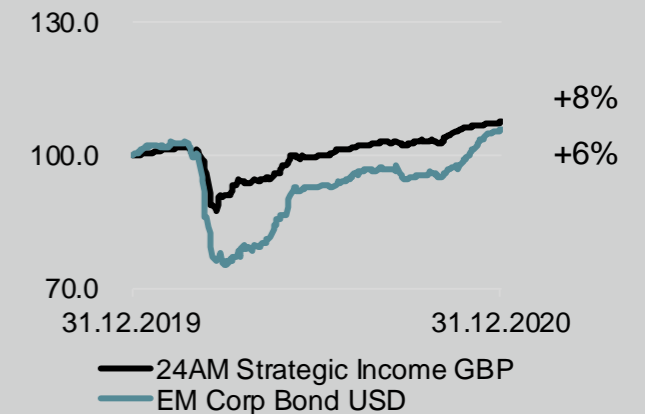
- Strong results for 3 Alpha approach in absolute as well as relative terms
- Quant approaches were partly out-stopped by V-shaped development in March



- Active Multi Asset confirmed as key capability for expected future environment

Fixed Income

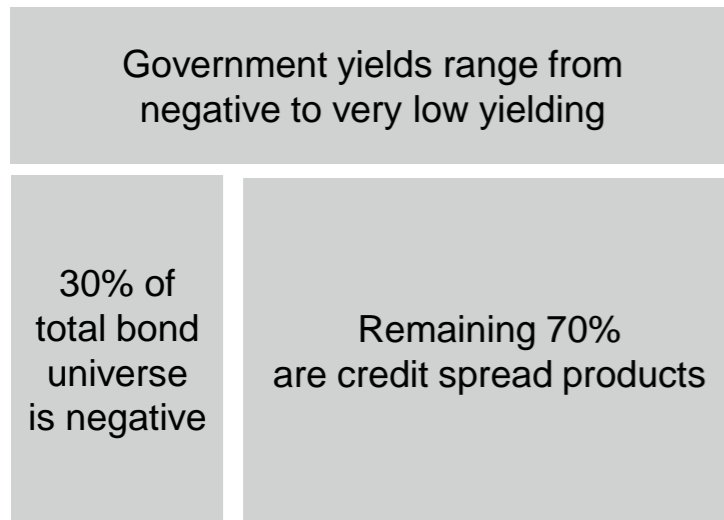
- V-shape in March was an extreme test and severely hampered flows in the second half of 2020
- All key strategies are fully back on track and the pipeline is resilient



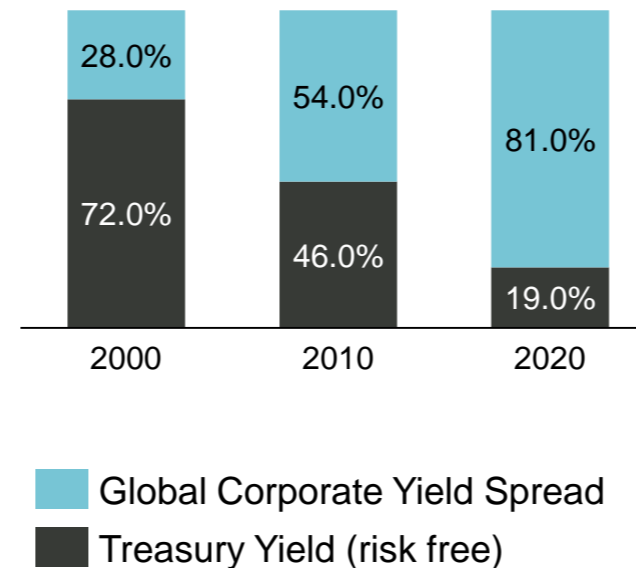
- Active management is key for income products
- Vontobel is more convinced than ever of the strength of its strategy and is making further investments/hiring new talents to reinforce it

Fixed income is less commoditized as spreads became more important – active management is the key to success

The current bond environment



Development of yield composition over time



Active fixed income management is the key to success!

- You need active fixed income experts to distinguish between good and bad individual credit stories. Unlike 20 years ago, it is no longer enough to take a simple macro duration view
- This is especially crucial in the current environment, with some companies being propped up by government support packages
- Additionally, bond issuance has been growing globally every year and is set to increase further in the coming decades

Credit spreads are the biggest engine of fixed income returns

Technology allows us to scale products for self-guided investors globally

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Innovative and scalable technology

We are building a platform that allows us to store and process data for analytics purposes in order to increase investment performance, client intelligence and tailoring in real time:

Progress in Structured Products and Treasury:

- Continuous enhancement and automation of our proprietary derivatives analytics to ensure the fast and accurate calibration of a growing global underlying universe
- Strategic investments to our cloud computation capabilities for scalable pricing and risk management
- Benchmarking of our quoting quality across teams and markets
- Expansion of the product range through automated issuing of attractive or missing products



Growth in market share across all markets

	MARKET SHARE	RANK	2020	2019
Investment products	Switzerland	#1	23.6%	23.3%
	Germany (incl. brokers)	#4	11.1%	7.5%
	Italy	#2	17.5%	1.3%
Leverage products	Switzerland	#1	43.1%	40.9%
	Germany (incl. brokers)	#6	7.2%	6.5%
	Sweden	#3	9.2%	7.6%
	Finland	#2	9.8%	9.0%
	Denmark	#3	9.6%	3.6%
	Italy	#2	19.0%	14.8%
	France	#4	12.3%	7.8%
	Netherlands	#5	7.9%	7.2%
	Hong Kong	#12	1.9%	1.5%

Overview

Highlights and strategic progress

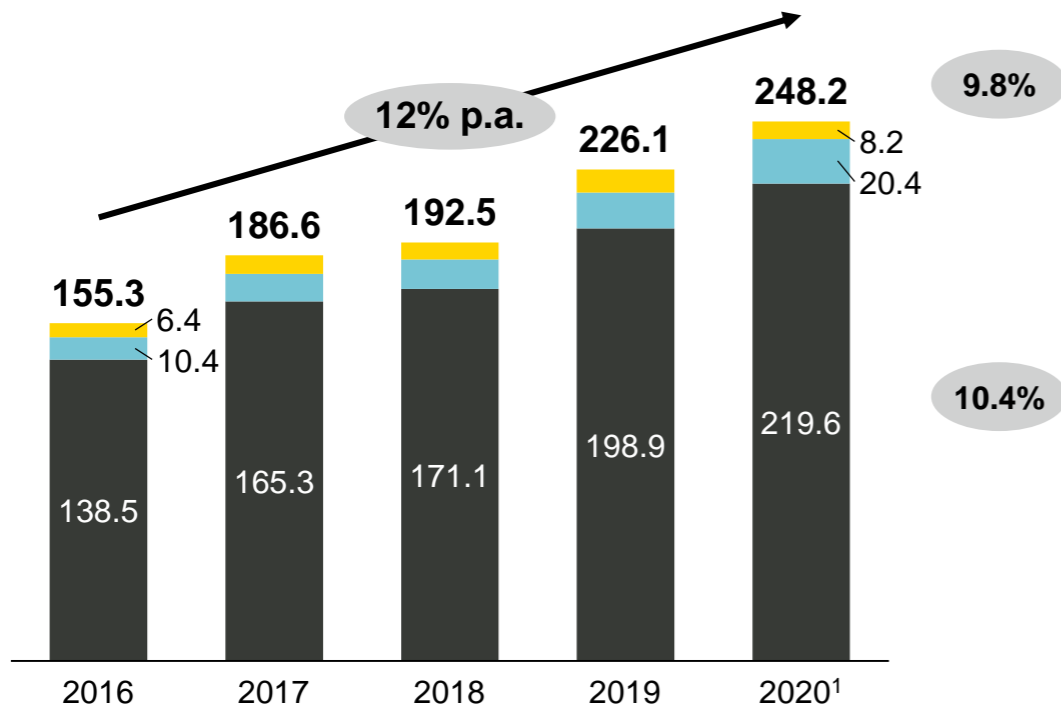
Financial results for the full year 2020

Outlook

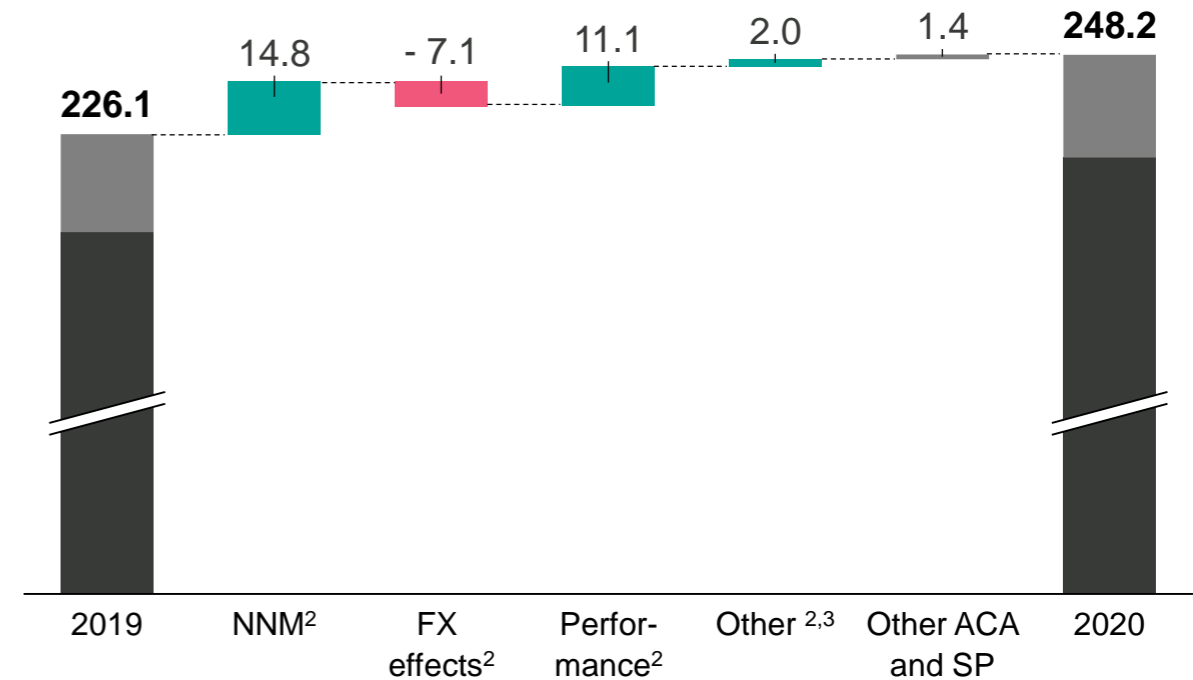
Q&A

Record advised client assets of CHF 248.2 billion driven by strong NNM and performance

Advised client assets (ACA) (CHF bn, end of period)



Advised client assets (ACA) development (CHF bn)



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

¹ Actively Managed Certificates are shown in AuM from 2020 onwards. Total volume of structured products issued amounts to CHF 10.8 bn of which CHF 2.6 bn are part of AuM.

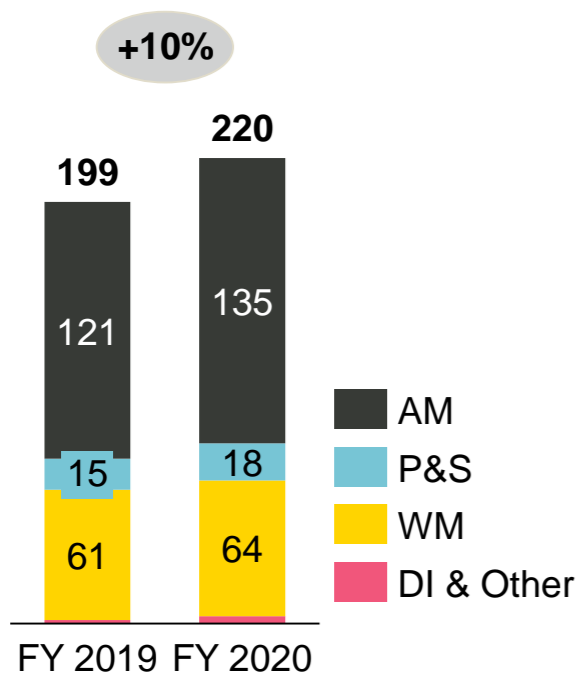
² in AuM

³ Other in AuM reflects the inclusion of (CHF 2.3 bn) Actively Managed Certificates in AuM and a reclassification of CHF 0.3 bn AuM to other advised client assets, both effective in H2 2020

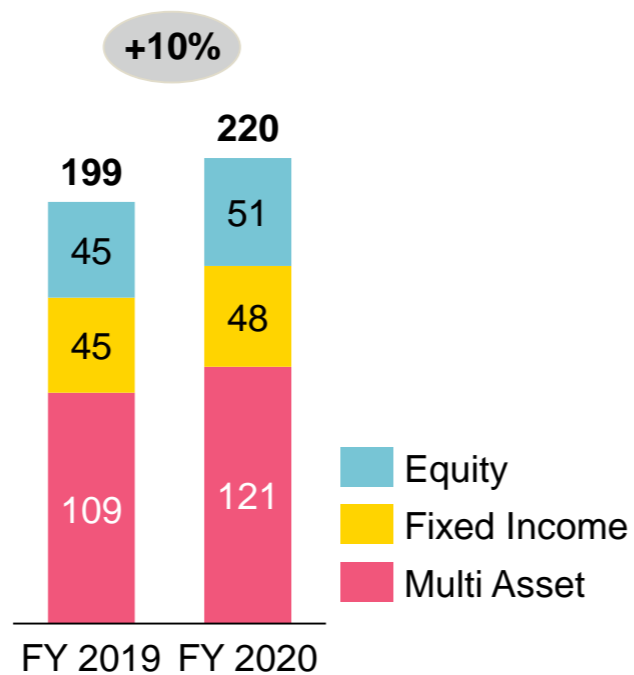
Positive contribution from all Client Units and asset classes

Assets under Management¹ (CHF bn)

by Client Unit

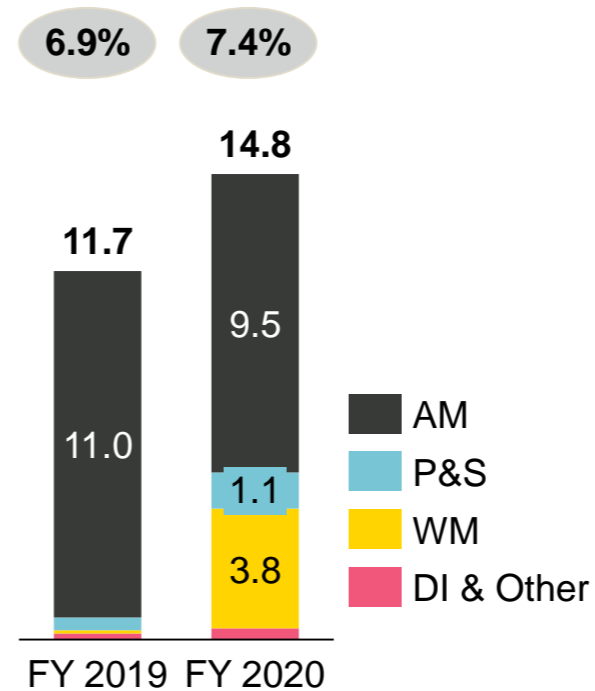


by asset class

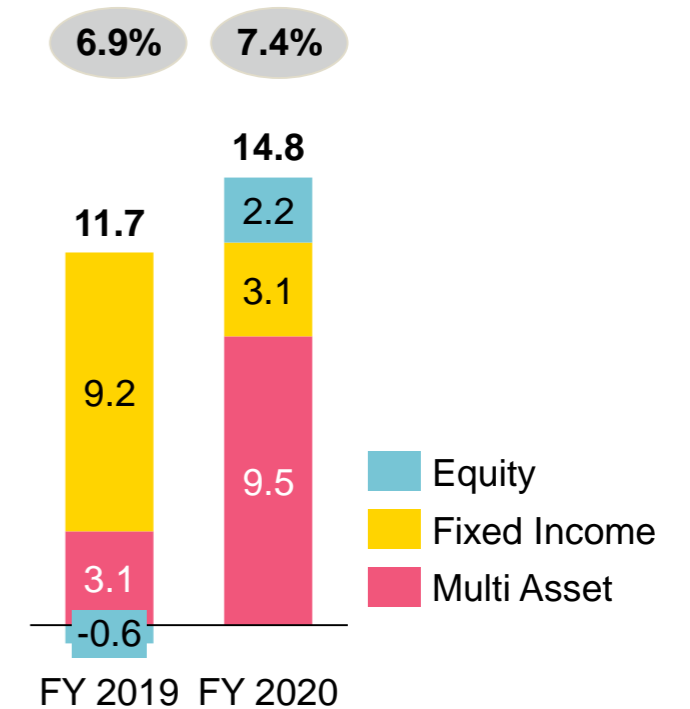


Net new money (CHF bn)

by Client Unit



by asset class



¹ Average AuM per client unit: AM CHF 122.8 bn, P&S CHF 14.7 bn; WM CHF 58.3 bn; DI & other CHF 2.1 bn. Average AuM is calculated based on end of month AuM

Stable operating income and reduced costs leading to increased pre-tax profit

Key figures (CHF mn)

	FY 2020	FY 2019	Δ	Δ CC
Operating income	1,265.5	1,261.9	+0%	+3%
<i>excl. one-offs¹</i>	1,265.5	1,255.0	+1%	+4%
Operating expense	944.5	955.2	-1%	0%
<i>excl. one-offs¹</i>	939.0	943.4	0%	1%
Pre-tax profit	321.0	306.7	+5%	+14%
<i>excl. one-offs¹</i>	326.5	311.6	+5%	+14%
Taxes	61.6	41.6	+48%	
Group net profit	259.4	265.1	-2%	
Group net profit excluding minority interest	242.7	251.0	-3%	
Basic earnings per share (CHF)	4.34	4.49	-3%	
<i>excl. one-offs</i>	4.42	4.38	+1%	
Return on equity (%)	13.3	14.2	-0.9pp	

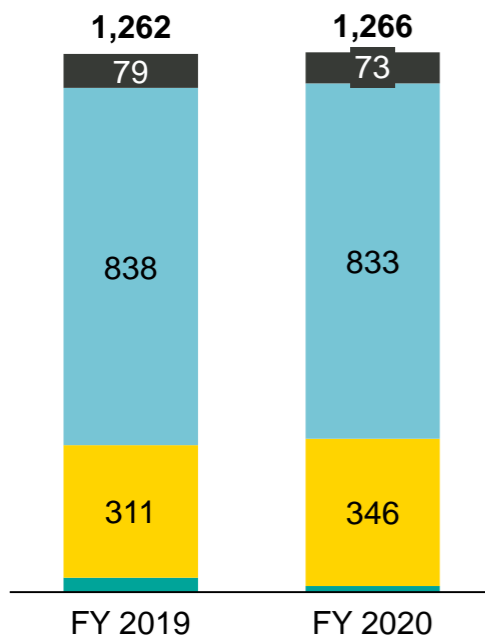
Comments

- Group net profit declined by 2% to CHF 259.4 million
- Pre-tax profit increased by 5%
- Cost/income ratio improved from 75.6% in 2019 to 74.1% in 2020
- Tax rate rose to 19.2%; 2019 included positive one-off effects
- Pre-tax profit increased by 14% if adjusted for currency effects

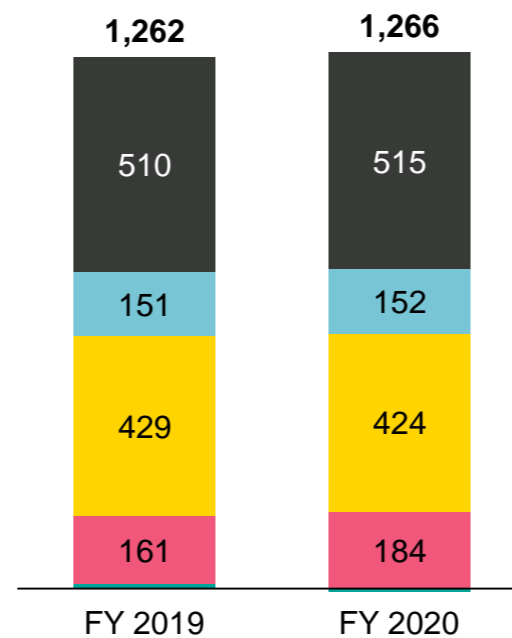
¹ In FY 2019 excluding integration costs for Notenstein La Roche (NLR) of CHF 11.8 million and a special dividend from our participation in SIX Group AG of CHF 6.9 million; in FY 2020 excluding implementation costs of CHF 5.5 million related to Vontobel's realignment as a fully client-centric investment manager

Operating income development affected by FX and one-offs

Operating income by category (CHF mn)



Operating income by client units (CHF mn)



Comments

- Operating income flat
- Adjusted for one-off effects in 2019, discontinued business and currency effects, operating income increased by 5%
- Commission income in line with previous year; 86% of commission income is recurring
- Trading income up 11% due to increased client trading activity

Interest income¹
 Trading income
 Net fee & commission income¹
 Other income¹

AM
 WM
 Other / Reconciliation¹
 P&S
 DI

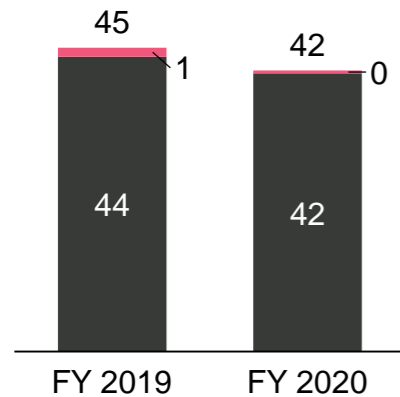
¹ Commission income is adjusted by the brokerage operating income of CHF 19.6 million in 2019 and CHF 3.1 million in 2020; Interest income is adjusted by SIX dividend received CHF 6.9 million; items are shown in other income

² Nearly all leverage products of Vontobel are sold through public distribution and are shown in Digital Investing, while structured investment products are to a large degree sold via intermediaries and shown in Platforms and Services

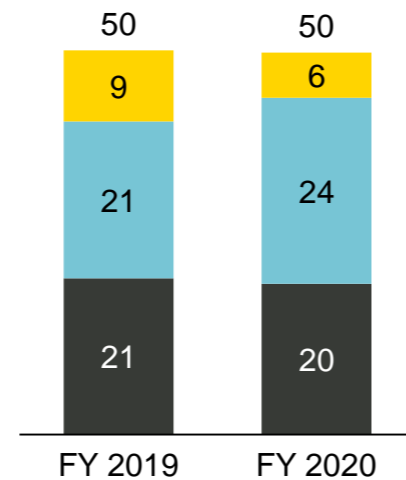
Stable recurring commission income in Wealth Management and P&S Asset Management margin impacted by shifts in asset mix during the year

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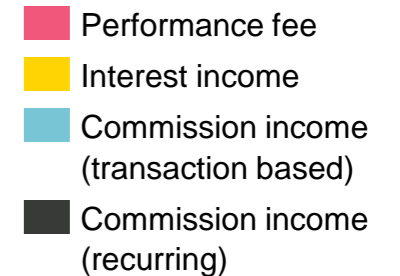
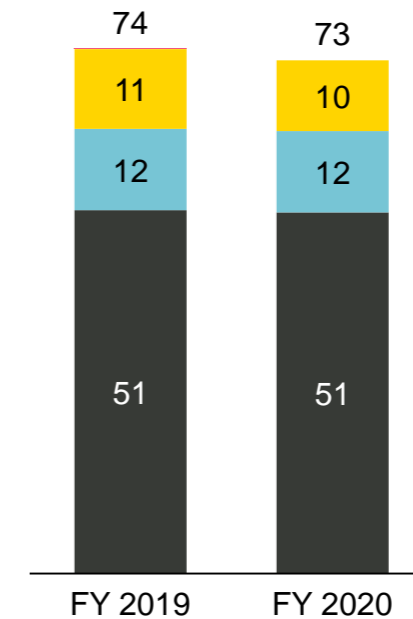
Asset Management RoA
(bps)



Platforms & Services – EAM RoA¹
(bps)



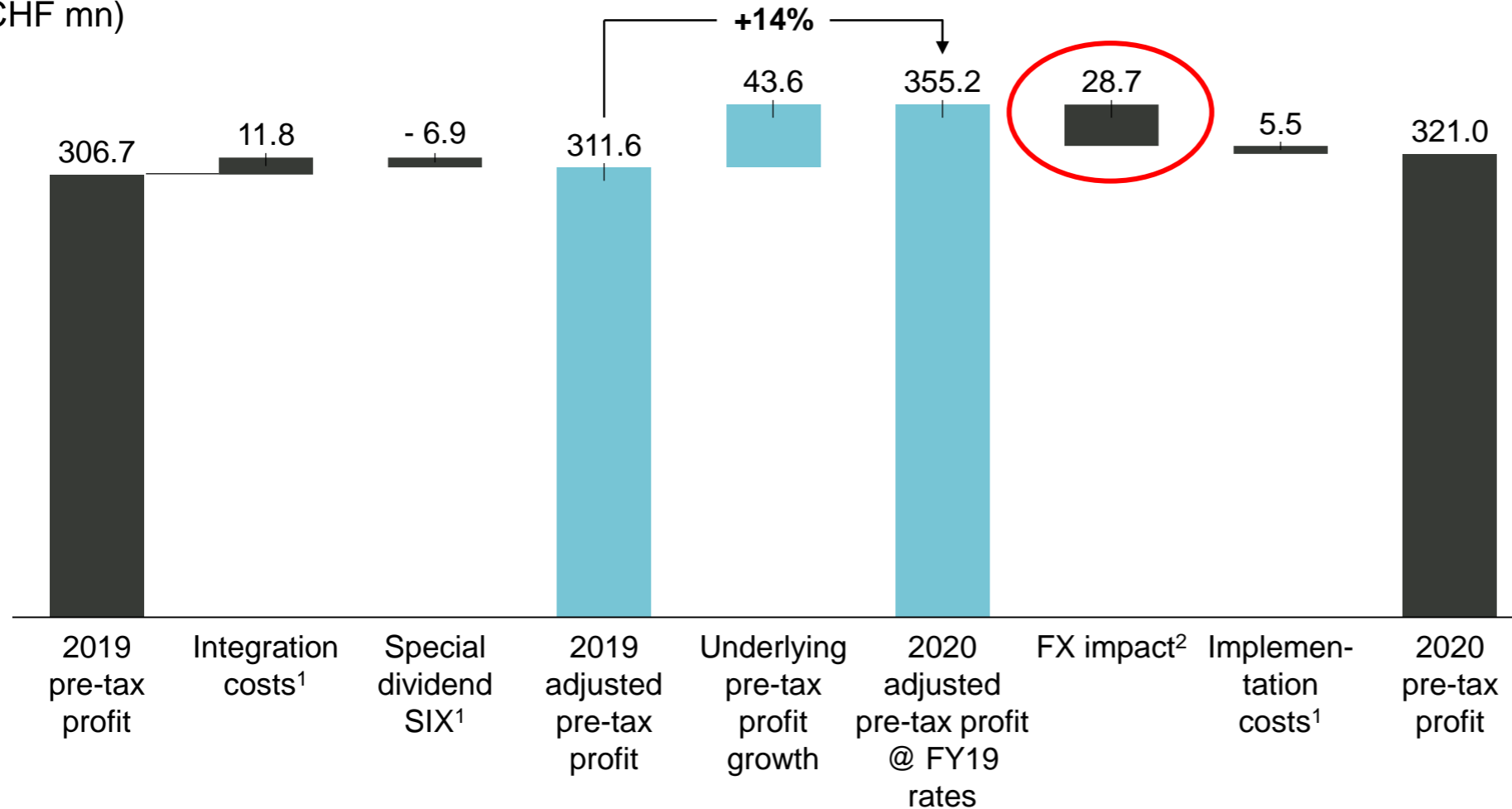
Wealth Management RoA¹
(bps)



¹ RoA split in different income categories was adjusted in H2 2020 and restated for the previous period. Revenues from structured products are not included in the calculation

Pre-tax profit increased by 14% if adjusted for FX and one-off effects

Pre-tax profit (CHF mn)



Comments

- Pre-tax profit increased by 5%
- Cost/income ratio improved to 74.1%
- Underlying pre-tax profit increased by 14%
- Underlying cost/income ratio is 72.3%

¹ Integration costs for Notenstein La Roche (NLR) of CHF 11.8 million, special dividend from our participation in SIX Group AG of CHF 6.9 million; in FY 2020 excluding implementation costs of CHF 5.5 million related to Vontobel's realignment as a fully client-centric investment manager

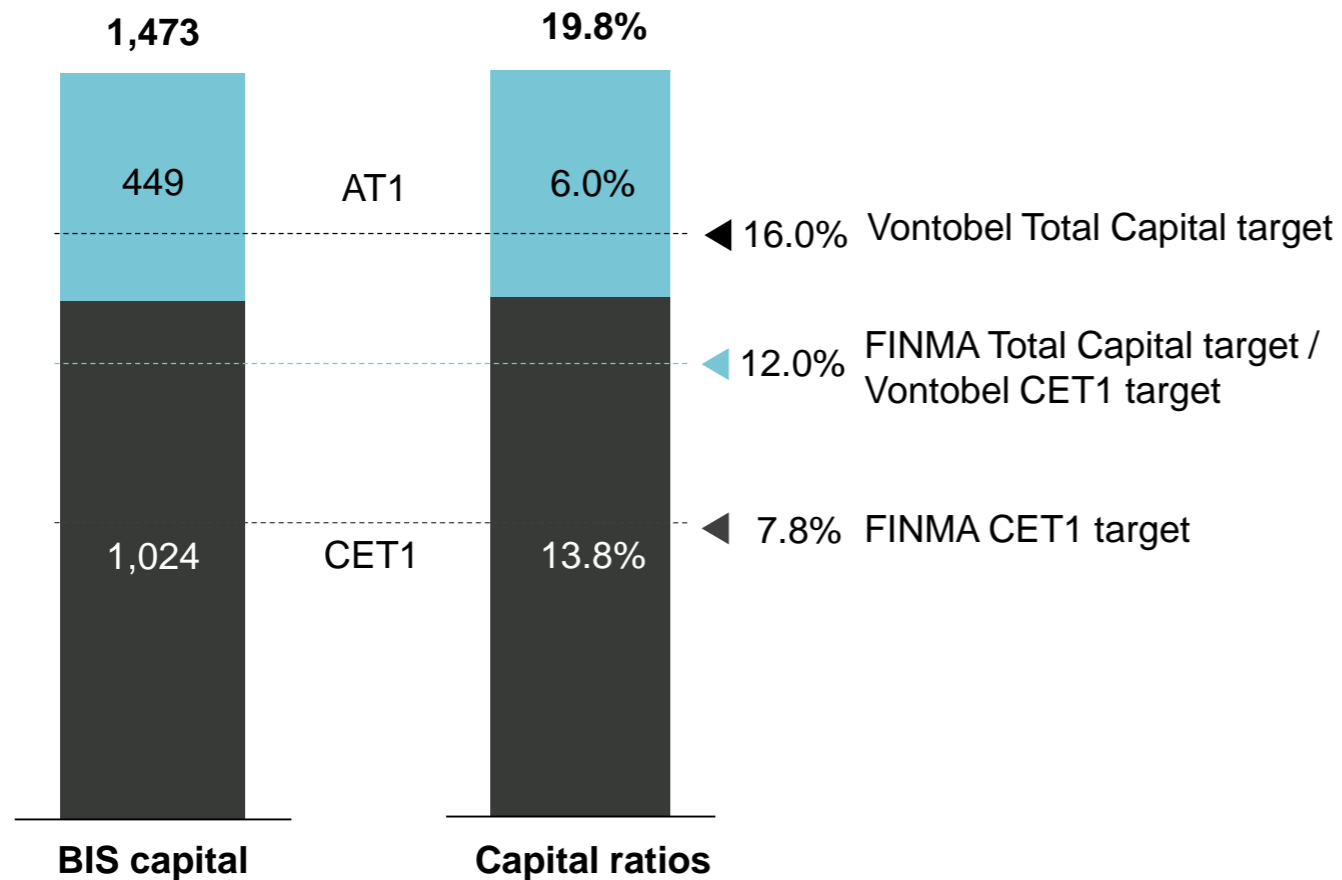
² FX impact: Difference between FY20 pre-tax profit based on revenues and expenses translated into the reporting currency @ FY 2019 FX rates (weighted monthly average) and reported FY20 pre-tax profit

Strong and resilient balance sheet and capital ratios

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Capital ratios

(CHF mn, percent)

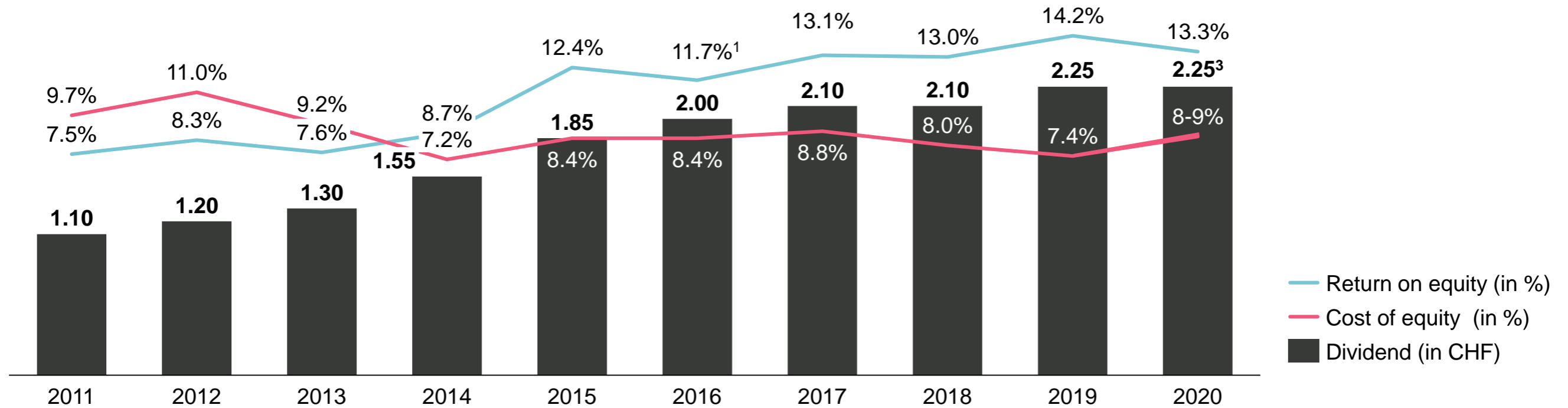


Balance sheet and capital

- Continued strong equity capital generation
- CET1 capital increased by 7.9% to CHF 1,024 million
- Risk-weighted assets (RWA) increased by 5.8% to CHF 7,448 million, driven by credit risk charges, which include RWAs for crypto currencies
- Leverage ratio at 4.6%

Strong value creation

Taking a longer-term view in our investments and in our dividend policy to ensure attractive payouts



¹ Excluding sales proceeds from stake of Helvetia of CHF 91 million after tax

² Cost of equity is a weighted average of the cost of equity according to Bloomberg and the cost of AT1

³ Proposed to the General Meeting of shareholders 2021

Summary of business KPIs



	2020	2019	Targets
Net new money growth	7.4%	6.9%	4% – 6%
Top line growth	0.3%	9.0%	4% – 6%
Pre-tax profit growth	4.7%	11.0%	–
Net profit growth	– 2.2%	14.2%	–
Cost/income ratio	74.1%	75.6%	< 72%
Return on equity	13.3%	14.2%	> 14%
CET1 ratio	13.8%	13.5%	> 12%
Total capital ratio	19.8%	19.9%	> 16%
Payout ratio	51.8%	50.4%	> 50%
Dividend (CHF/share)	2.25 ¹	2.25	–

¹ Proposed to the General Meeting of shareholders 2021

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Industry challenges trigger rethink of business models

Vontobel is ready to seize new opportunities

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Market trends

- World is becoming more heterogeneous, instantaneous and focused on individual client satisfaction
- New client groups are emerging
- Regulatory burden is increasing
- Payment services are being disrupted: In the US, digital wallet users are surpassing the number of deposit account holders at the largest institutions
- Margins are decreasing across the finance industry
- China's market capitalization grew by 43% in 2020, while US market capitalisation¹ grew by 21% and Europe² by 7%

Client access

- Fear of disruption to distribution channels is triggering internalization of wealth management or entry into digital channels by asset managers
- Global Banks control a large share of the distribution network and prefer to deal with a smaller number of asset managers who offer products across all asset classes and international markets

Vontobel – on the right path

- Focus on creating value and growing clients' wealth and on aligned and recurring fee models
- Delivering state-of-the-art services combined with professional active investment advice/products
- Technology is key but hybrid service models will continue to outperform
- Resilient global operating model
 - Investment hubs with more boots on the ground in Asia
 - Local presence in all focused markets tied into one global network
 - Partnering with Global Banks brings massive regional reach for our investment solutions

¹ including NYSE and Nasdaq; Source: World Federation of Exchanges

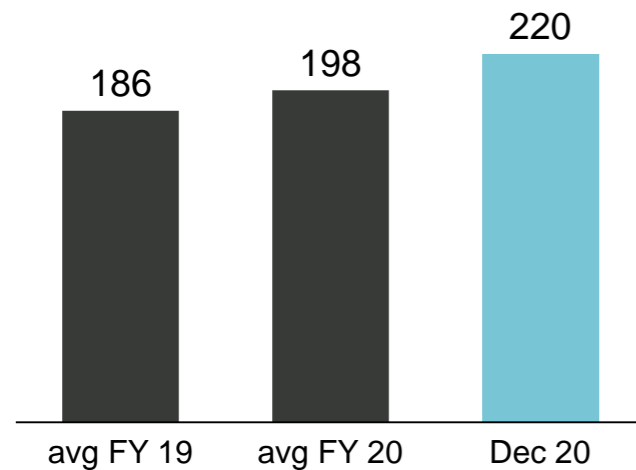
² including Euronext, LSE, Deutsche Börse, SIX Swiss Exchange and BME Spanish Exchanges; Source: World Federation of Exchanges

Fundamental growth drivers are intact – now more than ever

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Strong asset base

AuM (in CHF billion)



Investment-led and technology-enabled in markets flooded with money

- Growing demand for professional investment solutions and for individually tailored expert investment advice
- It is now more important than ever to have a distinctive offering that resonates with clients and delivers against long-term investment goals
- Targeted use of technology solutions to profit from significant changes in the way clients select and interact with financial services providers
- H1 2021 might not bring a smooth exit from the corona crisis – but structurally, we remain positive

Committed to building on strong foundations to transform change into opportunities

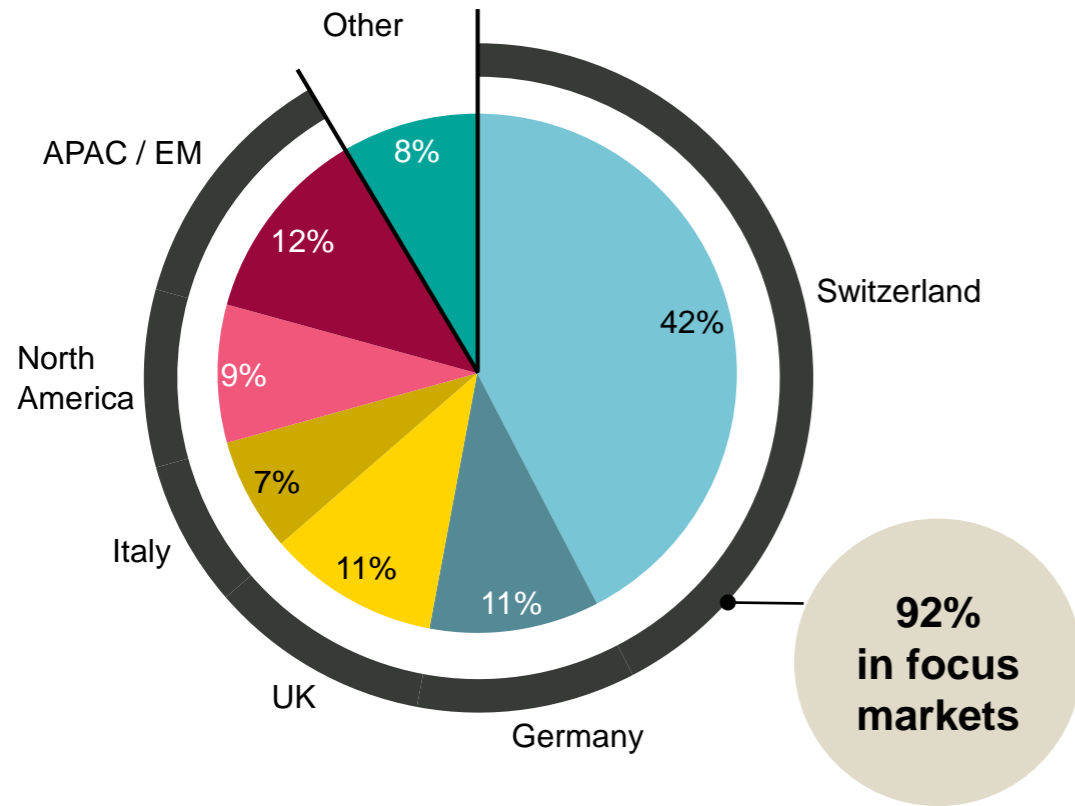
- Continued strengthening of investment expertise and performance
- Range of investments solutions geared towards return sources of the next decade
- Well-defined growth opportunities on the distribution side
- Past investments in technology paid off in 2020; we will make further investments going forward
- Prudent approach to risk in trading business, credit business and treasury

Appendix

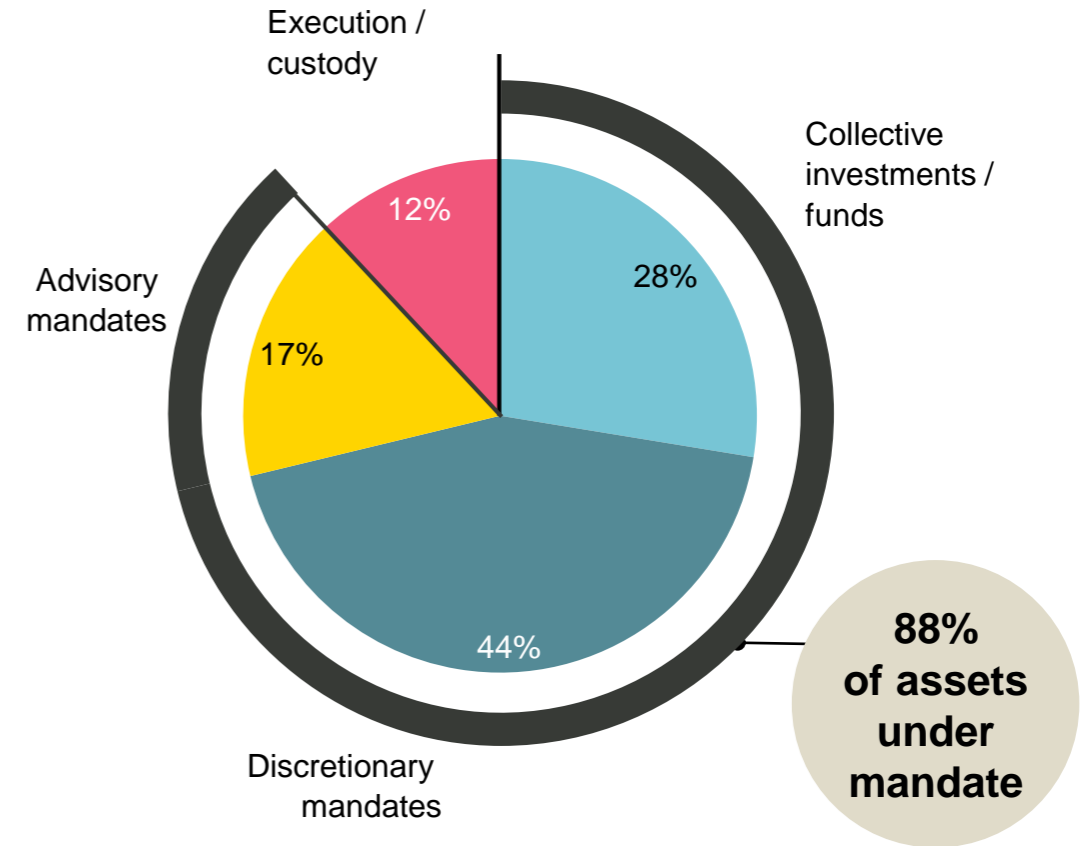
Current business mix is resilient and also geographically well diversified

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Assets under management by client domicile (end-2020)

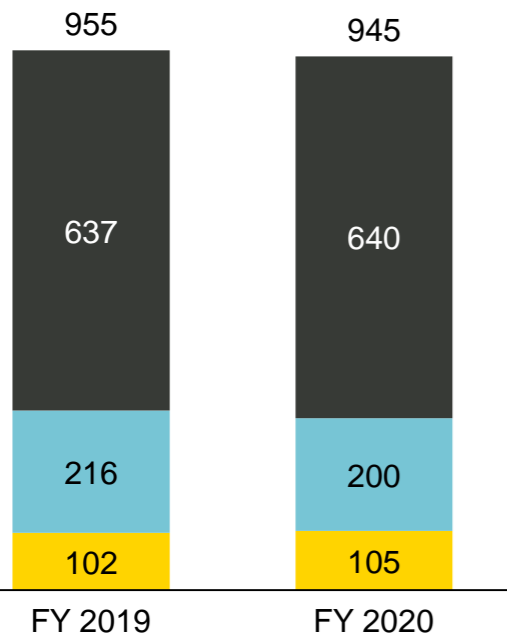


Assets under management by mandate type (end-2020)

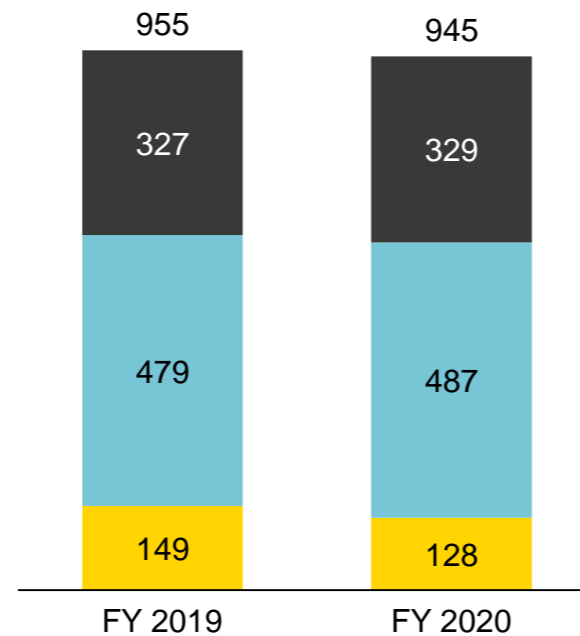


Costs are managed effectively in new set-up

Operating expense by category (CHF mn)



Operating expense by CU/CoE (CHF mn)



Personnel expense
 General expense
 Other expenses

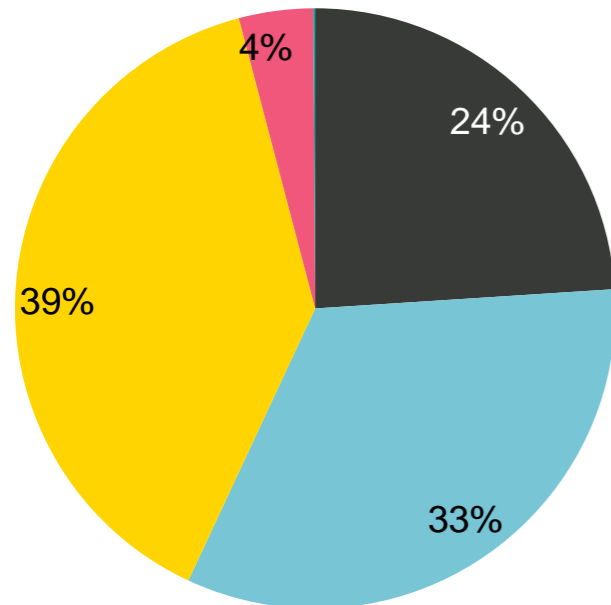
Client Units
 CoE Investments/SS&T/T&S
 CoE Marketing & Analytics/
 Legal/HR/Finance & Risk

Comments

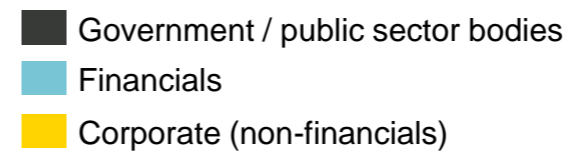
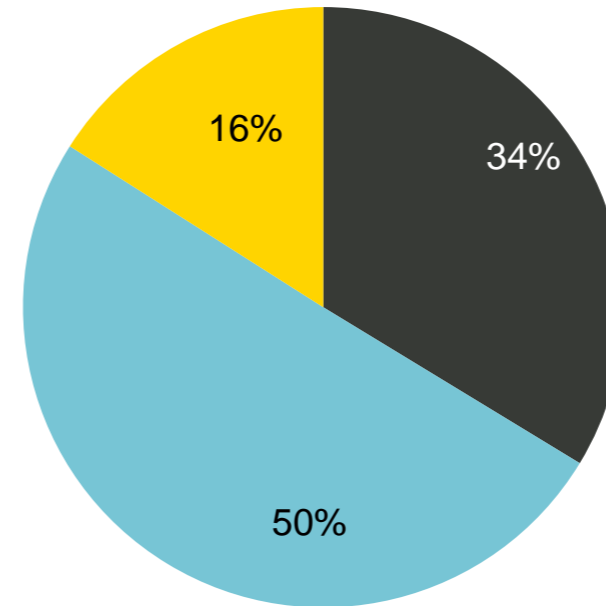
- Operating expense was down 1%, driven by lower direct expenses in Centers of Excellence
- From a cost category perspective, lower operating expense was driven by reduced general expense
- Marketing and representation as well as travel costs were significantly lower during the corona lockdown while IT costs were affected by increased investments in technology

High quality of bond portfolio maintained

Counterparty exposure by rating
(end December 2020)



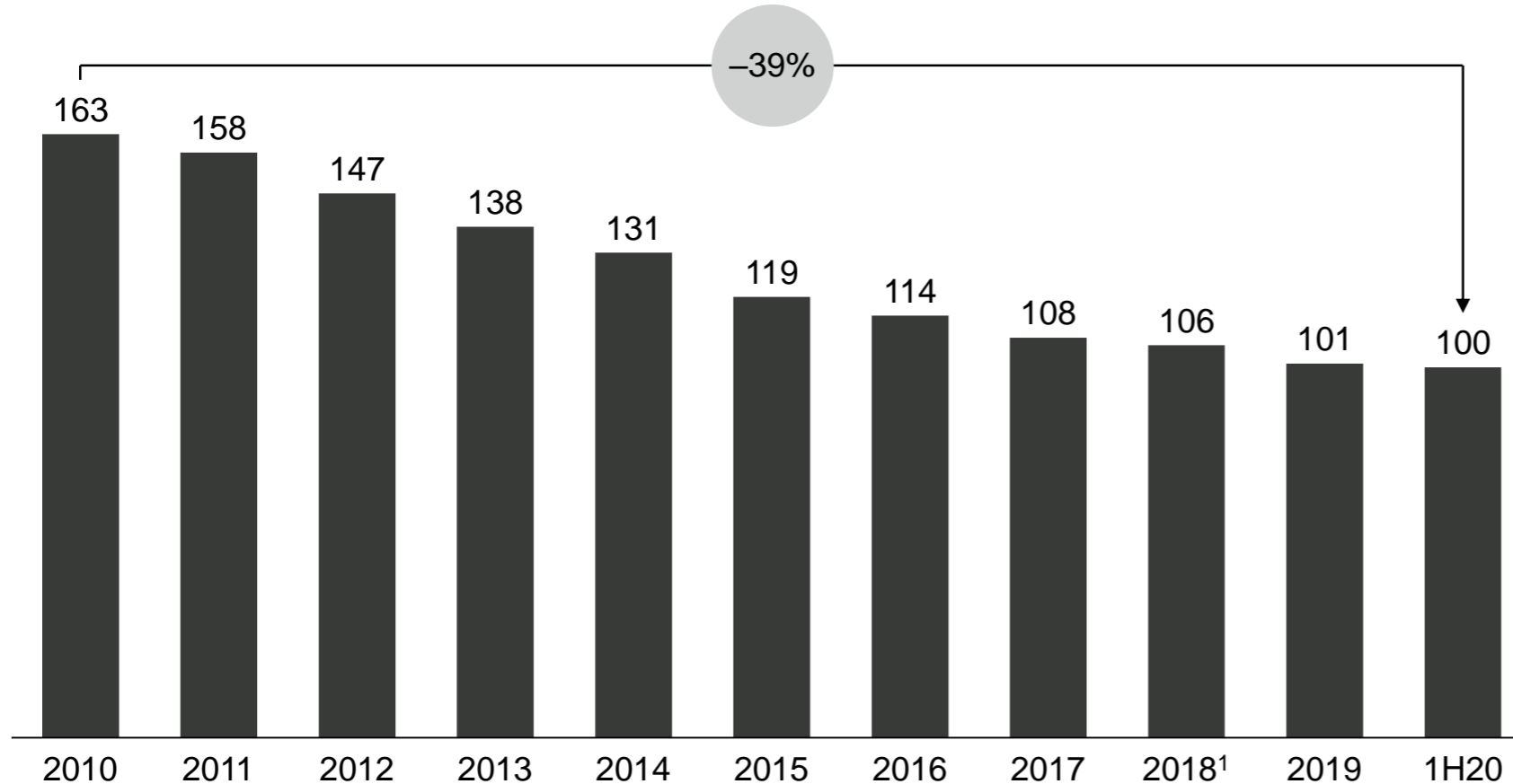
Counterparty exposure by sector
(end December 2020)



Note: Total issuer risk from debt instruments amounts to CHF 8.0 bn

Swiss market is fragmented and undergoing structural change – creating opportunities for Vontobel to accelerate growth

Private banks in Switzerland



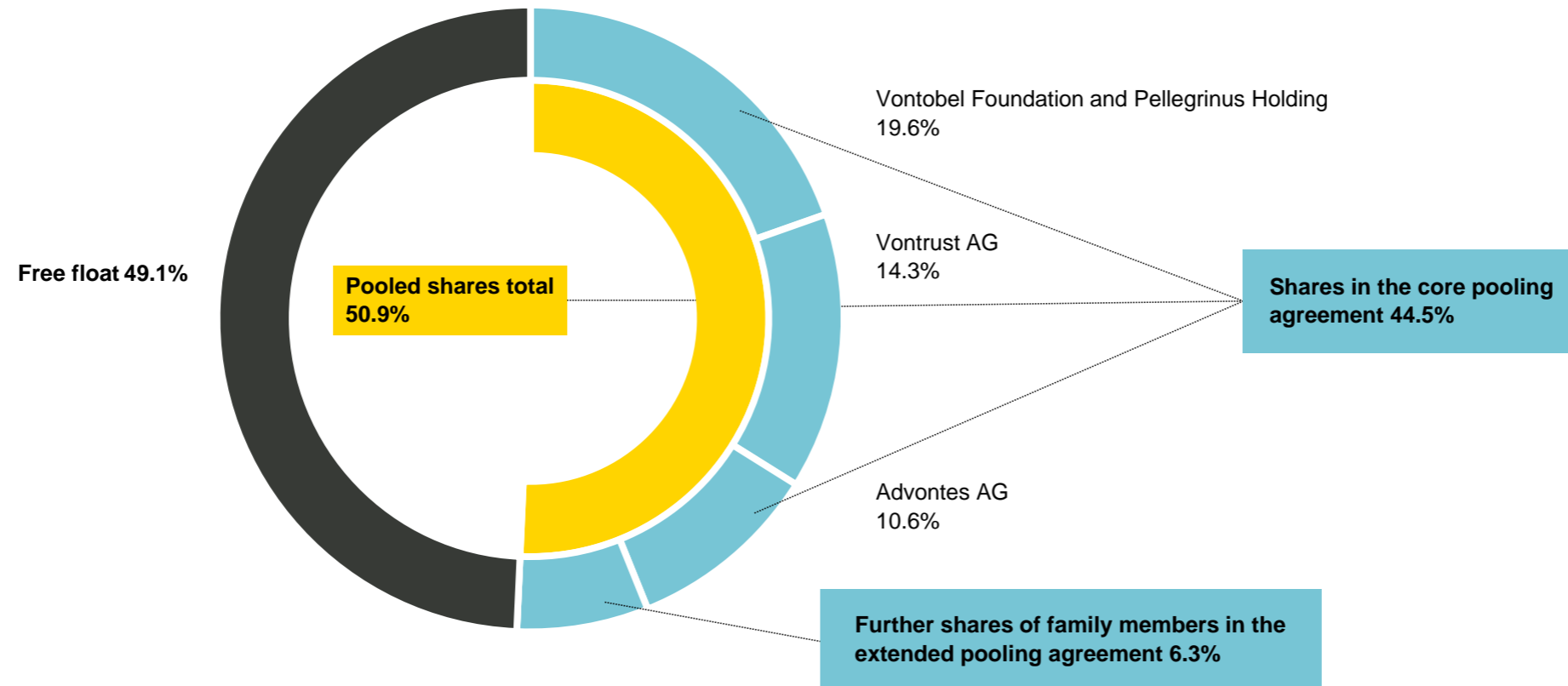
Comments

- Number of Swiss private banks has decreased by almost 40% since 2010
- Structural change is expected to continue
- Industry change is allowing Vontobel to attract new clients from banks that are:
 - Focusing their business model
 - Selling their franchise
 - Closing their operations (“silent consolidation”)

¹ One transaction in 2018 was the acquisition of Notenstein La Roche by Vontobel
Source: Clarity on Performance of Swiss Private Banks (KPMG, August 2020)

Vontobel families hold more than 50% of share capital and are strongly committed to Vontobel

Shareholder structure¹



¹ Based on nominal share capital of CHF 56.875 mn of Vontobel Holding AG