

Vontobel achieves very good result for first half of 2021

- **Advised client assets reach a record CHF 274.5 billion**
- **Strong annualized growth in net new money of 6.0 percent**
- **All client businesses contribute to growth in net new money and income**
- **Strong income growth in asset-based business with institutional and private clients: Asset Management +17 percent, Platforms & Services +32 percent, Wealth Management +9 percent**
- **Pre-tax profit grows by 50 percent to CHF 233.4 million**
- **Very strong demand from Digital Investing clients for structured products drives pre-tax profit**
- **Operating income increases significantly year on year to CHF 779.6 million**
- **Cost/income ratio improves to 69.6 percent in first half of 2021 (74.7 percent)**
- **CET1 capital ratio increases to 14.5 percent despite full acquisition of TwentyFour Asset Management**
- **Return on equity increases to 18.7 percent, while conservative risk profile remains unchanged**
- **Continued robust gross margins underscore client focus and product quality**
- **73 percent of all Vontobel funds rated by Morningstar, weighted according to assets under management, assigned a four- or five-star rating**
- **Solid strategic progress in the Global Banks and UHNWI businesses as well as in ESG/Sustainability**
- **As an investment firm, Vontobel is ideally positioned to continue seizing opportunities in an environment where investing is the new form of saving**
- **Vontobel is committed to its targets and is optimistic about the future**

Vontobel can look back on a generally very good first half of 2021. During the first six months of the year, its clients once again used its investment expertise, broad product offering and services to capture opportunities in the market. This is reflected by advised client assets, which reached a record of CHF 274.5 billion as of June 30, 2021 (+11 percent compared to the end of 2020). The annualized growth in net new money of 6.0 percent – at the upper end of Vontobel's ambitious target range of 4–6 percent – also contributed to the growth in assets. Vontobel has thus maintained the momentum of the previous year, when it generated very strong growth in net new money – with all client businesses once again contributing to inflow. The increase in profit was also driven by all client businesses. In particular, the very strong demand for structured products among Digital Investing clients, as well as the increase in advised client assets from institutional and private clients, combined with economies of scale of Vontobel's various platforms, resulted in a pre-tax profit of CHF 233.4 million, compared to CHF 156.1 million in the prior-year period. Profit after taxes of CHF 191.8 million was also significantly higher than in the prior-year period (CHF 129.2 million). Operating income also grew significantly compared to the prior-year period, increasing to CHF 779.6 million in the first half of 2021 (CHF 623.0 million).

The cost/income ratio improved further from 74.7 percent in the first half of 2020 to 69.6 percent. As a result of continued large-scale investments in modern technology and processes, Vontobel can make effective use of economies of scale in all areas while generating higher turnover. The improved cost/income ratio in the first half of 2021 is therefore also attributable to the significant increase in the profit contribution from Digital Investing, which was achieved at low marginal costs. Vontobel has set itself the target of achieving a cost/income ratio of less than 72 percent by 2022. In the first half of 2021, it generated a return on equity of 18.7 percent (13.4 percent) on its solid capital base, which increased once again, while maintaining its conservative risk profile – thus significantly exceeding its own ambitious target return on equity of at least 14 percent.

Despite the full acquisition of the remaining stake in TwentyFour Asset Management, which was fully financed out of Vontobel's own funds, the CET1 capital ratio as of June 30, 2021, rose to 14.5 percent (end of 2020: 13.8 percent). The Tier 1 capital ratio reached 20.5 percent (end of 2020: 19.8 percent). Vontobel thus remains very solidly capitalized. Both capital ratios continue to substantially exceed the regulatory minimum requirements defined by FINMA of 7.8 percent for the CET1 capital ratio and 12 percent for the Total capital ratio.

“Our result underscores Vontobel’s good strategic positioning as a highly specialized, digitally skilled and internationally active investment firm for institutional clients and wealthy private clients. We are aware that depending on market developments, it may not be possible to maintain the positive trend seen in the first half of 2021 on a linear basis over the full year. Nevertheless, we firmly believe that as an investment firm, we are ideally positioned in an environment where investing is the new form of saving. We are therefore confident that we can continue to achieve our own targets together with our clients in the future,” stated Zeno Staub, CEO of Vontobel.

Around 300 globally active investment specialists are responsible for the high quality of Vontobel’s investment solutions. In 2021, Vontobel once again made targeted investments in the expansion of its international investment expertise, with around 30 specialists having joined the investment team since the middle of last year. Vontobel’s position in key rankings is evidence of the high quality of its investments: 73 percent of all Vontobel funds rated by Morningstar, weighted according to assets under management, were assigned a four- or five-star rating.

Asset Management as a dynamic income driver

Alongside the Digital Investing unit, the business with asset management clients was once again the most dynamic income driver, with operating income increasing by 17 percent to CHF 290.5 million in the first half of 2021 compared to CHF 248.5 million in the prior-year period. This higher operating income mainly reflects the significant increase in advised client assets year on year, as well as a good gross margin, which was stable at 42 basis points (42 basis points). Vontobel didn’t achieve the same strong start to the current year as it did in 2020. Institutional investors adopted a more cautious approach than private clients during the first few months of the year and waited to see how interest rates would develop. Despite this investor caution and after the strong prior-year period, the growth in net new money of 4.3 percent in the first half of 2021 was within the ambitious target range of 4–6 percent. Adjusted for a low-margin fixed income mandate terminated at the start of the year, it achieved very good growth in net new money of 6.5 percent.

In the first half of 2021, Vontobel achieved a first significant success in the implementation of the international Global Banks Initiative, which is one of the investment firm’s strategic objectives. In recent years, Vontobel has built a team that will ensure stronger collaboration with major globally active banks as distribution partners going forward.

During the first two quarters of the year, Vontobel saw particularly strong demand for the fixed income solutions provided by TwentyFour Asset Management and the products of the quant boutique Vescore. The client interest in sustainable investment solutions is undiminished.

In the first half of 2021, Vontobel expanded its range of ESG bonds and equity funds with the launch of a Green Bond fund, a Sustainable Emerging Markets Debt fund and a Global Impact fund. In 2020, Vontobel was able to increase the proportion of its funds that incorporate ESG risks into their investment decisions to 97 percent – and it expects that figure to reach 100 percent by the end of this year.

Platforms & Services significantly increases operating income

The business with External Asset Managers (EAMs) also performed very well. In the first half of 2021, growth in net new money totaled CHF 0.8 billion. With an annualized growth rate of 9.1 percent, it far exceeded the target range of 4–6 percent. The gross margin reached a satisfactory level of 45 basis points and was thus below the very high margin of 54 basis points for the prior-year period, which was mainly attributable to strong levels of client trading activity that largely normalized in the course of 2020. The Platforms & Services Client Unit grew its operating income by 32 percent to CHF 96.9 million compared to the first half of 2020.

As part of Vontobel’s strategic initiative to achieve further growth in the segment with ultra-high-net-worth individuals (UHNWI) and to serve them even more effectively, Vontobel decided to bundle its comprehensive advisory capabilities for financial intermediaries and UHNWI clients within Wealth Management. The needs of UHNWI private clients are aligned to a significant extent with the institutional investment needs of financial intermediaries and family offices. Brian Fischer, currently Head of the Platforms & Services Client Unit, will lead the advisory teams for financial intermediaries as well as for UHNWI clients within the Wealth Management Client Unit in the future. At the same time, Brian Fischer will be appointed as Deputy Head of Wealth Management and will report to Georg Schubiger, Head of Wealth Management. In addition, the Platforms & Services teams that manage the successful platforms for financial intermediaries and Vontobel’s transaction banking solutions will be led in the future by Markus Pfister, Head of Structured Solutions & Treasury, and Felix Lenhard, Head of Technology & Services. Structured Solutions & Treasury already brings together all of Vontobel’s expertise in the area of structured products, and Technology & Services provides the technical platforms for Transaction Banking. Clients will thus be able to benefit from the even closer integration of the respective areas of expertise going forward, while having access to the same partners within the bank. The organizational changes take effect on August 1, 2021.

Growth in net new money in Wealth Management exceeds ambitious target range

In the period under review, Wealth Management maintained its momentum following its success in the second half of 2020, with operating income rising by 9 percent to CHF 235.0 million compared to the prior-year period (CHF 215.5 million). Wealth management clients entrusted CHF 2.2 billion of net new money to Vontobel. This corresponds to annualized growth in net new money of 7.0 percent, once again exceeding the ambitious target range of 4–6 percent. Vontobel took targeted steps to expand existing client relationships and acquire new clients. The increase in assets under management, which reached a record CHF 72.1 billion, will continue to have a positive impact on earnings in the future.

The gross margin normalized further compared to the first half of 2020 due, in particular, to the generation of strong growth and initial success in serving UHNWI clients. For the first six months of 2021, the gross margin was a solid 69 basis points (first half of 2020: 76 basis points).

Although the corona pandemic resulted in further significant restrictions on travel and in-person meetings in many parts of the world during the first six months of 2021, Vontobel continued to support its clients in all its markets at all times and offered them its expertise – both personally as well as via state-of-the-art and secure digital communication channels – during this period. Vontobel will continue to invest in modern and secure means of communication and interaction in the future. At the same time, it expects the increased opportunities to hold in-person meetings with clients in all markets to generate additional momentum for the business with private clients.

Vontobel gains further market share among Digital Investing clients

Vontobel's targeted investments in state-of-the-art technology solutions are, in particular, also benefiting those clients who want to interact with Vontobel exclusively via digital channels and are served by the Digital Investing team. Vontobel is not only focusing on technology in this context but is also pursuing a hybrid approach, in line with client wishes – meaning that clients can also contact an expert at any time. “Over the last two years, we were able to gather experiences from the use of Volt, the first active digital wealth management offering in Switzerland, and this has shown that our clients expect personal service and digital solutions,” stated Zeno Staub. At present, Vontobel is primarily offering Volt to existing clients in Switzerland. The successful launch of Raiffeisen Rio – the digital wealth management offering of Raiffeisen Switzerland based on the Vontobel application – underscores the longer-term potential of smart digital investment solutions from the investment firm's perspective.

Operating income in Digital Investing in the first half of 2021 was clearly influenced by the strong demand for structured products. New clients were acquired primarily in Switzerland, Germany and Hong Kong. Clients made new investments to capture market opportunities. There was also continued demand for products that allowed investors to participate in the development of cryptocurrencies. In February 2021, Vontobel issued two new bitcoin tracker certificates that attracted a very high level of interest. Its clients value the security they gain by having a regulated Swiss bank as a counterparty. In July 2016, Vontobel became the first Swiss issuer to launch a bitcoin tracker certificate, which proved very successful. Operating income grew from CHF 89.2 million in the prior-year period to CHF 165.5 million.

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Vontobel

At Vontobel, we actively shape the future. We create and pursue opportunities with determination. We master what we do – and we only do what we master. This is how we get our clients ahead. As a globally active investment manager with Swiss roots, we specialize in wealth management, active asset management and investment solutions. We harness the power of technology to deliver a high-quality, individual client experience and to deploy our investment expertise across multiple platforms and ecosystems. We empower our employees to take ownership of their work and bring opportunities to life. We do so based on the conviction that successful investing begins with the assumption of personal responsibility. We continuously scrutinize our achievements as we strive to exceed the expectations of our clients. The registered shares of the Vontobel Holding AG are listed on the SIX Swiss Exchange. The Vontobel families' close ties to the company guarantee our entrepreneurial independence. We consider the resulting freedom as an obligation to also assume our social responsibility. As of June 30, 2021, Vontobel held CHF 303.3 billion of total client assets. Around the world and in our home market, we serve our clients from 26 locations.

Legal information

This press release is provided purely for informational purposes and is expressly not directed at persons whose nationality or place of residence prohibits access to such information on account of existing legislation. The information and views contained in it do not constitute a request, offer, or recommendation to use a service, to buy or sell investment instruments, or to conduct other transactions. Forward-looking statements, by their nature, involve general and specific risks and uncertainties. It should be noted that there is a risk that forecasts, predictions, projections, and results described or implied in forward-looking statements may not prove to be correct.

Ratios

	H1 2021	H1 2020	H2 2020
Return on shareholders' equity (ROE) (%) ¹	18.7	13.4	13.3
Cost/income ratio (%)	69.6	74.7	73.6
Equity ratio at balance sheet date (%)	5.8	6.1	6.0
Basel III leverage ratio at balance sheet date (%)	4.5	4.8	4.6

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

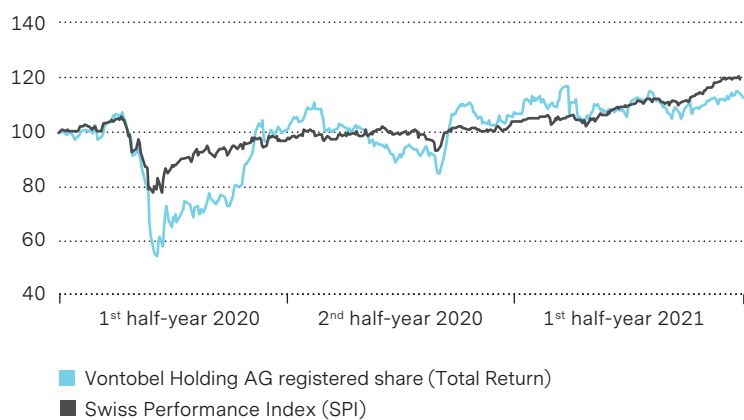
Share data

	H1 2021	H1 2020	H2 2020
Basic earnings per share (CHF) ¹	3.24	2.18	2.16
Diluted earnings per share (CHF) ¹	3.18	2.14	2.11
Equity per share outstanding at balance sheet date (CHF)	34.92	31.31	33.93
Price/book value per share	2.1	2.1	2.1
Price/earnings ² per share	11.1	15.3	16.2
Share price at balance sheet date (CHF)	72.10	66.45	70.20
High (CHF)	78.00	74.90	55.10
Low (CHF)	66.55	36.12	73.70
Market capitalization nominal capital (CHF M)	4,100.7	3,779.3	3,992.6
Market capitalization less treasury shares (CHF M)	4,046.0	3,725.6	3,913.8
Undiluted weighted average number of shares	56,189,656	55,897,367	55,876,292

¹ Basis: weighted average number of shares

² Annualized

Performance of Vontobel Holding AG registered share (indexed)



Source: Bloomberg

Share information

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

BIS capital ratios

	30.06.2021	30.06.2020	31.12.2020
CET1 capital ratio (%)	14.5	13.8	13.8
CET1 capital (CHF M)	1,078.4	972.3	1,024.4
Tier 1 capital ratio (%)	20.5	20.2	19.8
Tier 1 capital (CHF M)	1,527.2	1,420.7	1,473.0
Risk weighted positions (CHF M)	7,452.7	7,037.7	7,447.5

Risk ratio

CHF M	H1 2021	H1 2020	H2 2020
Average Value at Risk market risk	8.2	11.4	7.7

Average Value at Risk 6 months for positions of Vontobel. Historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period

Rating

	30.06.2021	30.06.2020	31.12.2020
Moody's Rating Bank Vontobel AG (long-term deposit rating)	Aa3	Aa3	Aa3

Operating income by Client Unit / Center of Excellence

	H1 2021 CHF M	H1 2020 CHF M	H2 2020 CHF M	CHANGE IN % TO H1 2020
Asset Management	290.5	248.5	266.2	17
Platforms & Services	96.9	73.4	79.0	32
Wealth Management	235.0	215.5	208.0	9
Digital Investing	165.5	89.2	94.2	86
Centers of Excellence / Reconciliation	-8.3	-3.6	-4.9	131

Consolidated income statement

	H1 2021 CHF M	H1 2020 CHF M	H2 2020 CHF M	CHANGE IN % TO H1 2020
Operating income	779.6	623.0	642.5	25
Operating expense	546.2	466.9	477.6	17
Profit before taxes	233.4	156.1	164.9	50
Group net profit	191.8	129.2	130.3	48
<i>of which allocated to minority interests</i>	10.0	7.5	9.2	33
<i>of which allocated to the shareholders of Vontobel Holding AG</i>	181.8	121.6	121.0	50

Consolidated balance sheet

	30.06.2021 CHF M	30.06.2020 CHF M	31.12.2020 CHF M	CHANGE IN % TO 31.12.2020
Total assets	33,666.9	28,596.6	31,422.4	7
Shareholders' equity (excl. minority interests)	1,959.4	1,755.4	1,891.6	4
Loans	6,956.6	5,385.9	6,378.6	9
Due to customers	14,645.9	12,244.2	14,646.5	-0

Client assets

	30.06.2021 CHF B	30.06.2020 CHF B	31.12.2020 CHF B	CHANGE IN % TO 31.12.2020
Assets under management	244.2	193.4	219.6	11
<i>of which under discretionary management</i>	161.8	131.2	146.9	10
<i>of which under non-discretionary management</i>	82.4	62.2	72.8	13
Other advised client assets	21.7	15.4	20.4	6
Structured products and debt instruments outstanding	8.6	9.8	8.2	5
Total advised client assets	274.5	218.6	248.2	11
Custody assets	28.8	61.5	64.0	-55
Total client assets	303.3	280.2	312.2	-3

Net new money

	H1 2021 CHF B	H1 2020 CHF B	H2 2020 CHF B
Net new money	6.6	7.4	7.4

Personnel (full-time equivalents)

	30.06.2021	30.06.2020	31.12.2020	CHANGE IN % TO 31.12.2020
Number of employees Switzerland	1,669.2	1,636.6	1,640.5	2
Number of employees abroad	401.2	360.4	374.6	7
Total number of employees	2,070.4	1,997.0	2,015.1	3