Vontobel

Annual Report 2021

For Vontobel, Munich is the gateway to the German market and to Europe. Bank Vontobel Europe AG, which is headquartered in the Bavarian city, is the platform for our business in the European Union and the European Economic Area. Through our German subsidiary and our Asset Management business, we have been at the side of our institutional and private clients for more than twenty years – both personally with our teams of experts and also with our digital offering – delivering services and investment solutions.

At Leopoldstrasse in the heart of Munich, our investment experts at Vescore have been developing investment solutions based on quantitative strategies for more than two decades. Alter Hof 5, close to Marienplatz, is the address of our successful Munich Wealth Management team. Further Vontobel teams have their offices at Karlsplatz. Alongside Munich, our specialists in Hamburg and Frankfurt am Main also serve clients in our focus market of Germany. Hamburg is our Wealth Management hub. From our offices in the Frankfurt financial center, we serve Asset Management clients in Germany and Austria, as well as investors in derivative investment solutions throughout Europe – from Scandinavia to Italy and from France to Hungary.

Imprint

Publishing by
Vontobel Holding AG
Gotthardstrasse 43
8022 Zurich

Concept
MetaDesign AG

Layout & implementation
Vontobel and NeidhartSchön AG

Print
Neidhart + Schön Print AG

Cover Picture
Munich, Germany

Credit
Andreas Gebert, EPA/Keystone
thefotostudio.ch

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Further information
vontobel.com/sustainability

COMMENTS ON THE FIGURES

The amounts shown in the numerical part of the report are rounded. The figures presented may therefore not add up precisely to the totals provided in the tables and text. Percentages and percent changes are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages and percent changes that would be derived from figures that are not rounded. A blank field indicates that the corresponding position does not contain a value. 0.0 means that the corresponding position contains a value that amounts to 0.0 when rounded.

ALTERNATIVE PERFORMANCE MEASURES (APM)
We measure performance using alternative financial indicators that are not defined in the International Financial Reporting Standards (IFRS).
Details can be found in the glossary on pages 242 and 243.

This report also appears in German. The German version is the binding version.

Contents

"By 2030, Vontobel wants to rank among the leading and most respected investment firms in all its markets."

Herbert J. Scheidt
Chairman of the Board of Directors

Dr Zeno Staub
Chief Executive Officer

Shareholders' letter

Dear shareholders and clients

In 2021, Vontobel took important steps towards the realization of our long-term strategic objectives. By 2030, we want to be recognized as one of the leading and most respected investment firms in all our markets. As a result of targeted acquisitions and organic growth, we have created an even stronger basis for future income generation. Last year, Vontobel also achieved a new record result in our business with all client groups – clearly exceeding our mid-term income targets. Pre-tax profit rose by 46 percent to CHF 467.2 million (2020: CHF 321.0 million). Profit after taxes increased by 48 percent to CHF 383.8 million (CHF 259.4 million). Operating income rose by 21 percent to CHF 1,536 million from CHF 1,266 million in the previous year. It is especially pleasing that all areas of the business contributed to this very good performance. The result for 2021 thus underscores the balanced nature of Vontobel's business model, which focuses on the generation of recurring income.

Wealth Management and Asset Management jointly account for around 80 percent of the record 2021 income

Operating income in our business with Asset Management clients rose significantly compared to 2020, increasing by 15 percent to CHF 594.1 million (CHF 514.6 million). The strongest income driver was our global business with Wealth Management clients, where operating income also grew by 15 percent to CHF 633.7 million compared to 2020 (CHF 549.7 million). These figures reflect the attractiveness of our Wealth Management offering and the success of our growth initiatives – including the expansion of our business in Italy and our business with ultra-high-net-worth-individuals (UHNWI). To serve the needs of this client group even more effectively, we bundled our comprehensive advisory capabilities for financial intermediaries and UHNWI clients within Wealth Management, effective August 1, 2021. In addition to the contributions from Asset Management and Wealth Management, the demand for leverage products – which was exceptionally strong in the first six months of 2021 and normalized at a high level in the second half of the year – had a very positive impact on the operating result in the Digital Investing Client Unit. In 2021, Vontobel generated operating income of CHF 315.9 million in this Client Unit, 72 percent higher than the previous year (CHF 183.5 million).

The stable margins in Asset Management and the continued good margins in Wealth Management provide an important basis for our annual result and Vontobel's long-term profitability. The achievement of such margins in the face of global pressure on margins within our industry is a testimony to the high quality of our products and services, as well as our relentless client focus. In 2021, Asset Management generated a gross margin of 42 basis points, which was in line with the previous year and continued to represent a good margin relative to our competitors. Wealth Management achieved a good gross margin of 70 basis points, slightly below the gross margin of 75 basis points in the previous year.

Economies of scale in growth areas were a key factor driving the very good result for 2021. Those economies of scale contributed to a cost/income ratio of 69.1 percent – within our target range and demonstrating Vontobel's operating efficiency. We have set ourselves the target of achieving a cost/income ratio of less than 72 percent. The return on equity increased to 18.8 percent (13.3 percent). Once again, this very good result far exceeded Vontobel's already ambitious target of at least 14 percent.

Right strategic positioning as a pure investment firm

In addition to the result presented, the response from our clients – in the form of very high levels of client satisfaction – and from our employees shows that Vontobel's clear positioning as a globally active investment firm represents the right approach. Over the past year, we further expanded our investment expertise internationally. With more than 300 investment experts in Switzerland, the US, the UK, Singapore, Hong Kong, Italy and Germany, Vontobel embodies high-quality analysis and investment solutions.

As a result, 70 percent of all Vontobel funds rated by Morningstar (weighted according to assets under management) have achieved a 4 or 5 star rating. In the Private Banking Test carried out by the German investor magazine "Euro", we were awarded the rating "very good" (the highest possible score) for the fifth time in succession. At the Zertifikate Awards in Germany, Vontobel achieved a top-three ranking in the overall award for the fourth year in succession and once again took first place in the categories of reverse convertibles and participation certificates. In the most recent Fund Brand 50 Report, Vontobel achieved top rankings in the categories "Top-50 global brands", "Top-50 brands in Europe" and "Social Responsibility/Sustainability". Over the last decade, Vontobel has won more than 300 performance awards in recognition of its investment expertise.

In terms of the individual areas of investment, demand for our fixed income solutions developed very positively again in the year under review. Our especially good mid-term performance set us apart from the competition and Vontobel grew more strongly than the market in this area. Our investment firm is very well positioned in the fixed income business – in part thanks to the TwentyFour Asset Management boutique. In mid-2021, we announced that Vontobel had acquired 100 percent of TwentyFour Asset Management on June 30, 2021, thus building on the 60-percent stake we have held in the investment boutique since 2015. Vontobel has thus reinforced its position as a pure investment firm for all client segments. In line with our boutique model, TwentyFour has maintained its operational independence and will continue to serve its clients from its base in London, as well as through Vontobel's international network, in the future.

Alongside fixed income products, investors continued to seek return opportunities through broad diversification – primarily in multi-asset solutions. This translated into strong demand from our Wealth Management clients for discretionary and advisory mandates, which accounted for around 70 percent of net new money. Client interest in sustainable investments was also undiminished. Vontobel ranks as one of the leading Swiss providers of sustainable investment solutions. In 2021, Vontobel expanded its range of ESG bond funds and equity funds with the launch of a Green Bond Fund, a Sustainable Emerging Markets Debt Fund and a Global Impact Fund. At present, 59 percent of assets under management are invested according to Articles 6, 8 or 9 of the EU Sustainable Finance Disclosure Regulation (SFDR). Vontobel is also regarded a one of the leading emerging markets specialists.

Our Equity strategies were unable to fully participate in positive market developments in this segment in 2021. However, given Vontobel's position as a high-conviction asset manager, our portfolio managers remain committed to their approach and are convinced that it will generate long-term and sustainable success.

The generally very positive market developments and the performance of Vontobel investment solutions are reflected by the increase in advised client assets, which grew by 8 percent to CHF 268.1 billion in 2021 compared to the previous year (CHF 248.2 billion). We recorded a particularly strong increase in the advised assets of our Wealth Management clients. Including the assets of financial intermediaries, assets under management rose by 17 percent to CHF 95.8 billion (CHF 81.6 billion).

In Asset Management, advised client assets grew by 6 percent to CHF 142.9 billion (CHF 134.6 billion) and they have more than trebled over the last decade.

Following strong growth in 2020, client entrusted us with new money totaling CHF 8.1 billion in 2021 (CHF 14.8 billion). The growth rate therefore comes close to the 4–6 percent target range. In Asset Management, the termination of two low-margin mandates led to outflows of several billion francs. In the future, Asset Management will continue to focus on high-margin mandates in the business with institutional clients. In the business with Asset Management clients, which is a strong income generator, this combination of factors resulted in CHF 1.9 billion of net new money, corresponding to growth of 1.4 percent, which was below our target range. In contrast, we saw very pleasing growth in net new money in the business with our Wealth Management clients. Here, Vontobel achieved growth in all markets – with a particularly pleasing increase in demand in Switzerland, Germany and Italy. At 6.9 percent, the growth in net new money exceeded the target range. In total, Wealth Management client entrusted CHF 5.6 billion of new money to Vontobel.

Execution of priorities

To achieve the mid-term targets for 2022 and the long-term targets for 2030, Vontobel set itself strategic priorities in the following five areas in 2020 and we continued to work intensively to execute on those priorities in 2021:

1. Deliver the Vontobel experience
2. Deliver a pure-play investment firm to all clients
3. Deliver on tipping points to our future growth ambition
4. Deliver the power of technology, data & analytics
5. Deliver a great place to work for people who want to excel

The following examples show the progress we made in 2021:

The acquisition of UBS Swiss Financial Advisers (SFA) that was announced at the end of 2021 was a decisive step that will set the course for our future growth in the US, which remains the world's largest investment market. The acquisition will further strengthen Vontobel's position as a provider of global investment strategies and regionally diversified capital investments. As a result, Vontobel is expected to become the largest Swiss-domiciled wealth manager for US clients seeking an account in Switzerland for diversification purposes.

Vontobel also wants to achieve organic growth in the business with North American clients. In addition to our presence in New York, we will open a second office in Miami in order to advise wealthy American private clients who are seeking regional diversification strategies for their assets.

As the basis for future growth in the US and also in Asia, we made significant investments in our Asset Management infrastructure in 2021 to increase our product range in these markets.

Finally, we also successfully pursued our strategy of establishing partnerships with globally active banks so that we can increasingly gain them as partners for our investment products.

As a client-centric investment firm, we continued to make targeted investments in digital solutions in 2021 to take account of the growing client desire for hybrid advisory models combining personal and digital advice. We have created precisely this type of platform with Volt, through which we offer both personal and digital investment advice and investment solutions. We will use the experience gained over the last three years as well as the investments made in 2021 to provide a broader offering to our clients in 2022. Partnerships will create additional opportunities for growth; our partnership with RIO – Raiffeisen's digital offering that operates on Vontobel's digital platform – is one such example. Another example is our cooperation with the Brazilian broker Nova Futura, whose clients will be able to benefit from a broader investment universe via Volt in the future. Vontobel regards this cooperation as a significant opportunity for growth – meaning that it should be supported with an appropriate level of investment in 2022.

cosmofunding – the digital platform for private placements and loans for Swiss companies and public-sector bodies – also represents a capital-light driver of future growth. In total, around CHF 13.3 billion of private placements and loans have been issued via cosmofunding since its launch in October 2018.

Capital-light growth with a solid capital base

We want to achieve growth – but not at any price. Vontobel will strive to achieve high-quality and profitable growth in all areas of the business in future, while ensuring that such growth is proportionate and while maintaining our conservative risk profile that has proved successful. For this reason, Vontobel is specifically pursuing a capital-light growth strategy with a conservative risk profile – in terms of both organic and inorganic growth. Together, the acquisition of TwentyFour Asset Management and the announced acquisition of SFA are expected to contribute more than CHF 30 million to its annual profit after taxes for Vontobel shareholders. This will also lead to a disproportionately high increase in the return on equity in relation to required regulatory capital.

Despite the full acquisition of TwentyFour Asset Management, which was fully financed out of Vontobel's own funds, the CET1 capital ratio rose to 16.6 percent at the end of 2021 (end-2020: 13.8 percent). The Tier 1 capital ratio reached 23.4 percent at the end of December 2021 (end-2020: 19.8 percent). Both capital ratios continue to substantially exceed the regulatory minimum requirements defined by FINMA of 7.8 percent for the CET1 capital ratio and 9.6 percent for the Tier 1 capital ratio, as well as Vontobel's own mid-term targets of a CET 1 capital ratio of more than 12 percent and a total capital ratio of more than 16 percent.

Vontobel intends to increase the dividend by one-third to CHF 3.00 per share

In view of the very good overall business results, the Board of Directors will propose a dividend of CHF 3.00 per share – one-third higher than in the previous year – to the General Meeting of Shareholders on April 6, 2022. Based on the closing price of the Vontobel share of CHF 79.90 as of end of December 2021, this represents an attractive dividend yield of 3.75 percent. Over a period of more than ten years, the dividend has more than doubled and has never fallen below the dividend distributed in the previous year. In total, our shareholders have benefited from dividend payouts and share repurchases of around CHF 1.3 billion over the last decade. At the same time, shareholders' equity has increased more than 30 percent to CHF 2.1 billion over the last decade.

Approaching 2022 with confidence and a clear focus
The financial year 2021 provided renewed confirmation that Vontobel has the right positioning as a globally active investment firm. At a time when investing is the new form of saving, we are at our clients' side in our role as a pure, active investment firm – offering them our global investment expertise and reliable and modern services. Our clients leverage our knowledge as an active asset manager to help them realize their goals. This increasingly includes the goal of sustainable investing – with investments also addressing the theme of climate change.

Despite the risks arising from potentially higher inflation, a possible recession, geopolitical events and developments related to the pandemic, Vontobel remains confident about the future. We are well on track to realize our targets for 2022. We will respond to the global pressure on margins by continuing to offer high-quality products and services that make all the difference for our clients in the future.

As we work towards our goal of becoming one of the leading and most respected investment firms in all our target markets, we can build on a diverse team of highly motivated and highly qualified employees. Even in a working environment impacted by corona, they continue to deliver their entire knowledge and our full range of services to our clients, day after day. We wish to thank all our employees for their enormous dedication. We also wish to express our thanks to our clients and our shareholders for their trust in Vontobel.

Herbert J. Scheidt
Chairman of the
Board of Directors

Dr Zeno Staub
Chief Executive Officer

Award-winning businesses

In recent months, we once again received a number of industry awards in recognition of our company-wide expertise, which enables us to generate sustained value for our clients.

Brand
The renowned agency Brand Finance, which is the world's leading independent brand valuation consultancy, named Vontobel as one of the six strongest Swiss brands in its 2021 report on Switzerland's 50 top brands. Further, Vontobel ranked as the leading company in the Swiss financial sector in terms of brand strength. Its brand value grew by an impressive 22 percent. Brand Finance considers Vontobel to be "a real pearl among Swiss companies".

Investment Products and Services
In 2021, Vontobel Asset Management received the Scope Award for "Best Asset Manager ESG Boutiques" in Switzerland. The Scope analysis rates the risk/return profile of investment funds and the quality of asset managers.

Vontobel Asset Management and TwentyFour Asset Management have become first list signatories to the UK Stewardship Code 2020. The Code provides a set of principles for asset managers and for financial service providers. Becoming a signatory to the Code not only demonstrates our commitment to effective stewardship but also shows the quality of our ESG investment processes.

Vontobel was named "Best Emerging Markets Debt Manager" in Citywire's US Offshore Awards. In Spain, Citywire named Vontobel "Best Fund Group" for emerging market hard currency and local currency debt.

TwentyFour Asset Management was named Fixed Income Manager of the Year in the UK in The Asset Management Awards. TwentyFour's ABS capabilities have been recognized by the Global Capital European Securitization Awards in the category "Outstanding Contribution to Securitization" and by Professional Pensions Investment Awards in the category "Liquid Securitised Manager of the Year". Lipper named Vontobel the leading provider in the categories "Bond Euro Corporate" and "Absolute Return Bond" in seven European countries.

Vontobel took first place in the category "Product on alternative underlyings" with the Long Mini Future on Bitcoin Future at the Swiss Derivative Awards 2021. At the Zertifikate Awards 2021/2022 in Germany, Vontobel once again took first place in the categories "Reverse convertibles" and "Participation certificates". It also achieved second place in the category "Express certificates" and in the overall jury award due to its further strong individual scores.

At the presentation of the 15th Zertifikate Award Austria in Vienna, Vontobel took first place in the categories "Reverse convertibles" and "Express certificates", second place in the fiercely contested category "Leverage products" and third place in the categories "Bonus certificates" and "Innovation of the year".

Wealth Management
The business magazine "Euro" awarded Bank Vontobel Europe AG the score "very good" in its Private Banking Test for the fifth consecutive time in 2021.

Ratios

	2021	2020	2019	2018	2017
Return on shareholders' equity (ROE) (%)[1]	18.8	13.3	14.2	13.0	13.1
Cost / income ratio (%)	69.1	74.1	75.6	76.5	75.3
Equity ratio (%)	6.4	6.0	6.9	6.5	7.1
Basel III leverage ratio (%)	4.9	4.6	5.2	4.9	4.7

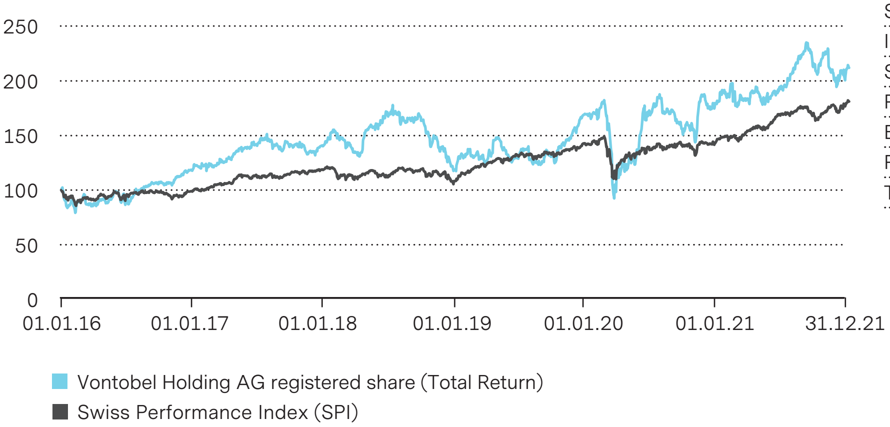
1 Group net profit as a percentage of average equity based on monthly figures, both without minority interests

Share data

	2021	2020	2019	2018	2017
Basic earnings per share (CHF)[1]	6.69	4.34	4.49	3.96	3.65
Diluted earnings per share (CHF)[1]	6.50	4.25	4.39	3.88	3.56
Equity per share outstanding at balance sheet date (CHF)	37.46	33.93	32.71	30.81	29.31
Dividend per share (CHF)[2]	3.00	2.25	2.25	2.10	2.10
Price / book value per share	2.1	2.1	2.1	1.6	2.1
Price / earnings per share	11.9	16.2	15.4	12.7	16.8
Share price at balance sheet date (CHF)	79.90	70.20	69.15	50.40	61.50
High (CHF)	89.70	74.90	69.70	76.05	66.35
Low (CHF)	66.55	36.12	49.72	49.60	53.25
Market capitalization nominal capital at balance sheet date (CHF M)	4,544.3	3,992.6	3,932.9	2,866.5	3,497.8
Market capitalization less treasury shares at balance sheet date (CHF M)	4,413.3	3,913.8	3,833.2	2,786.3	3,400.1
Undiluted weighted average number of shares	55,872,743	55,876,292	55,901,396	55,769,779	55,376,259

1 Basis: weighted average number of shares
2 Financial year 2021: As per proposal submitted to the General Meeting

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

	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
CET1 capital ratio (%)	16.6	13.8	13.5	12.3	18.4
CET1 capital (CHF M)	1,100.7	1,024.4	949.4	835.1	1,098.6
Tier 1 capital ratio (%)	23.4	19.8	19.9	18.9	18.4
Tier 1 capital (CHF M)	1,549.8	1,473.0	1,397.5	1,282.7	1,098.6
Risk weighted positions (CHF M)	6,617.3	7,447.5	7,039.3	6,801.1	5,955.6

Risk ratio

CHF M	2021	2020	2019	2018	2017
Average Value at Risk market risk	6.4	9.5	6.2	6.1	4.1

Average Value at Risk 12 months for positions of Vontobel. Historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period

Rating

	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Moody's Rating Bank Vontobel AG (long-term deposit rating)	Aa3	Aa3	Aa3	Aa3	Aa3

Operating income by Client Unit / Center of Excellence

CHF M	2021	2020	2019
Asset Management	594.1	514.6	510.0
Wealth Management	633.7	549.7	558.0
Digital Investing	315.9	183.5	164.8
Centers of Excellence / Reconciliation	–8.1	17.7	29.0

Consolidated income statement

CHF M	2021	2020	2019	2018	2017
Operating income	1,535.6	1,265.5	1,261.9	1,157.8	1,060.1
Operating expense	1,068.4	944.5	955.2	881.6	800.8
Profit before taxes	467.2	321.0	306.7	276.2	259.3
Group net profit	383.8	259.4	265.1	232.2	209.0
of which allocated to minority interests	*10.0*	*16.8*	*14.1*	*11.5*	*6.6*
of which allocated to the shareholders of Vontobel Holding AG	*373.8*	*242.7*	*251.0*	*220.7*	*202.4*

Consolidated balance sheet

CHF M	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Total assets	32,397.9	31,422.4	26,240.3	26,037.3	22,903.7
Shareholders' equity (excl. minority interests)	2,068.9	1,891.6	1,813.3	1,703.5	1,620.5
Loans	7,102.5	6,378.6	5,046.2	4,904.6	3,310.5
Due to customers	14,793.3	14,646.5	10,506.4	12,649.2	9,758.2

Clients assets

CHF B	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Assets under management	243.7	219.6	198.9	171.1	165.3
of which under discretionary management	*159.4*	*146.9*	*130.6*	*107.3*	*107.1*
of which under non-discretionary management	*84.3*	*72.8*	*68.2*	*63.8*	*58.2*
Other advised client assets	16.3	20.4	16.5	13.5	12.8
Structured products and debt instruments outstanding	8.1	8.2	10.7	7.9	8.5
Total advised client assets	**268.1**	**248.2**	**226.1**	**192.6**	**186.6**
Custody assets	28.6	64.0	62.3	54.7	59.9
Total client assets	**296.8**	**312.2**	**288.4**	**247.3**	**246.5**

Net new money

CHF B	2021	2020	2019	2018	2017
Net new money	8.1	14.8	11.7	5.0	5.9

Personnel (full-time equivalents)

	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Number of employees Switzerland	1,694.8	1,640.5	1,636.8	1,662.2	1,353.8
Number of employees abroad	414.5	374.6	344.8	333.5	334.4
Total number of employees	**2,109.3**	**2,015.1**	**1,981.6**	**1,995.7**	**1,688.2**

Vontobel

A client-centric investment firm – clearly positioned for clients and investors

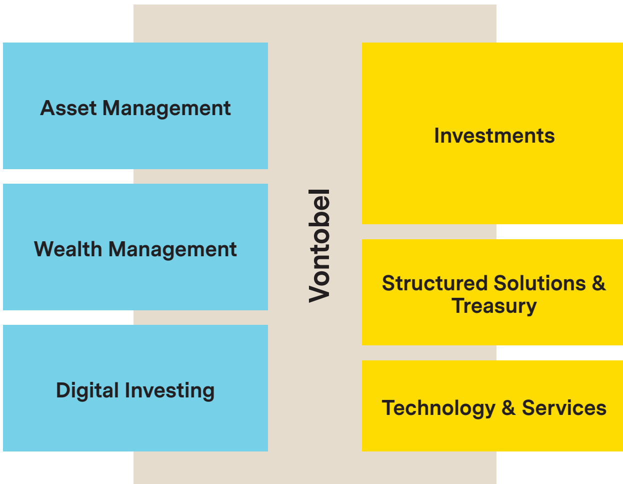
The demand for professional investment solutions and individually tailored expert investment advice is growing constantly across all client groups and sections of the population. This trend is driven by the protracted phase of low interest rates and the challenging investment environment associated with it. It also reflects the strong need to invest – both individually and as a society – also as a means of addressing the increasing pension funding gap around the world. The corona pandemic further intensified these trends. Investing is the new form of saving.

At the same time, the wishes and behavior of clients are evolving – due in particular to ever faster technological advances and the new opportunities they create. Today, investors expect individual solutions at any time, in any location: They want problems to be solved in a single click. Practices that are already part of the everyday client experience in large areas of the retail industry are now also increasingly visible in the financial sector.

At Vontobel, we want to actively seize the growth opportunities resulting from changes in the investment environment and evolving client behavior at an early stage. Our aim is to thus set ourselves apart from the competition – leading the way in terms of the quality of our performance and client experiences. Our stable shareholder structure has always allowed us to think and act long term. We are underscoring our commitment to taking the client's view with our exclusive focus on the buy-side business. This means that we are always on the side of the investor.

We are shaping our future direction based on our four strategic levers. ***Client-centric*** and ***investment-led*** are levers that are closely connected so that we can offer the best investment solutions that are tailored to client needs. Vontobel is convinced that client focus and investment expertise remain key to the success of our clients and the company. We want to anticipate the wishes of our clients so that we are always ready to deliver the right solutions. We are ***technology-enabled*** and intend to make even greater use of the power of technology. We could not achieve all this without our employees. We are ***powered by people*** because they make the difference in our industry – today and in the future.

Our goal is to enable each client to access the very best we can offer in terms of investment opportunities and services using the very latest technology. We create typical Vontobel client experiences that can compete with the offerings of leading digital companies. To achieve this, Vontobel not only invests in talents and technology but we also continuously develop the way we work together.



At Vontobel, our advisory expertise is bundled within the specialized Client Units ***Asset Management, Wealth Management*** and ***Digital Investing*** since August 1, 2021. Relationship managers within the Client Units can concentrate fully on meeting the wishes and needs of our clients

Asset Management focuses primarily on institutional clients such as pension funds, insurance companies and sovereign wealth funds, as well as third-party banks in the wholesale fund business. The concept of well-established asset-class specialization and the corresponding boutique structure of Investments are complemented by a regional focus in the area of client services. The provision of services to the Global Banks client group is coordinated globally to optimally address the growth potential in this area.

The ***Wealth Management*** team serves wealthy private clients. In addition the expertise used to serve External Asset Managers (EAMs) is integrated in Wealth Management since August 2021. This allows clients with complex international asset structures to benefit from the advisory services used by institutional clients. The Wealth Managment team also advises entrepreneurs and decision-makers from the SME segment on their personal financial needs. Its offering is complemented by technology-driven digital wealth management services for private and institutional clients.

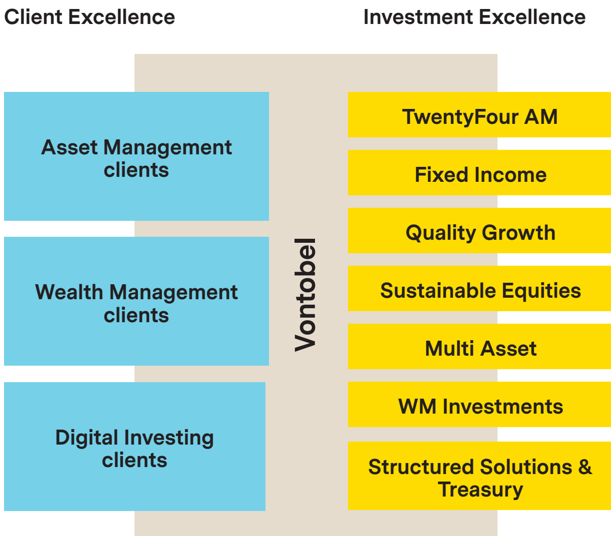
Digital Investing is the challenger unit whose competencies can be offered to broader client groups either directly or via ecosystems. This unit also focuses on the successful end-clients business with structured products. Platforms such as derinet, cosmofunding and Volt continue to operate in these areas, placing an emphasis on client needs.

All of Vontobel's Client Units have full access to our excellent investment and solutions expertise within our various Centers of Excellence. In these Centers, similar competencies are brought together in a single location to allow for the cross-fertilization of ideas in order to develop the best possible client solutions in the most effective way. Our ***Centers of Excellence*** are: Investments, Structured Solutions & Treasury, Technology & Services, Marketing & Analytics, Finance & Risk, Human Resources and Legal & Compliance.

Strategic importance of investments

Our proven, distinctive investment capabilities within our multi-boutique set-up are at the heart of our business model. For more than two decades, this has shown to be the ideal way to develop and protect outstanding investment approaches in a robust and replicable manner.

Client centric and investment-led approach



Vontobel has a very strong and well-diversified range of boutiques in which we have made targeted investments in recent years. We have around 300 specialists working in our investment hubs in Zurich, New York, London and other European cities, and increasingly also in Asia. They form the basis of our global investment expertise. Vontobel is convinced that the multi-boutique model is a promising approach and the right way forward. We will therefore continue to systematically pursue and expand this approach across all our investment teams, ensuring a high level of continuity.

Our commitment to active management, combined with our strong and stable shareholder structure, enables us to invest according to our convictions with a long-term horizon. We create value through our diverse, highly specialized teams who develop strategies and solutions in the asset classes Equities, Fixed Income and Multi Asset.

Our clients have benefited from our broad range of sustainable investment solutions since the 1990s. Vontobel is therefore one of the pioneers in this field. We have also established ourselves as a leader in Emerging Markets (EM) and rank among the largest European EM Managers in the areas of Equities and Fixed Income.

In the area of Structured Solutions & Treasury, we support our clients by supplying credit and arranging private placements and loans via cosmofunding, as well as through risk management and risk transformation. Our range of structured products forms part of this offering.

Leadership team for rapid, client-oriented decisions

All our units are connected by a flat management structure and integrated in a uniform performance evaluation system that is focused on the achievement of shared success for our clients. In this way, Vontobel is facilitating cooperation across businesses in a collaborative working environment. This fosters market-driven innovation, above-average organic growth and the development of disruptive business models.

Leadership Forums involving all Client Units and Investment Boutiques are held regularly to support collaboration across businesses.

The ***Global Executive Board*** is a platform for dialogue between our global executives to facilitate the agile development and management of Vontobel. It focuses primarily on the implementation of our strategy as well as on financial and operational matters. In line with our approach, responsibility for our shared success is widely shared and we draw on the knowledge of various experts.In addition to members of the Executive Committee, all Clients Units and Centers of Excellence are represented on the Global Executive Board.

The ***Global Client Forum*** serves as a kind of marketplace where client needs and product solutions meet. This is where client feedback is analyzed and used as the basis to develop appropriate solutions.

The ***Investment Performance Forum*** reviews product performance and defines performance expectations, as well as analyzing the robustness and quality of the investment process.

Vontobel's organic growth is based on our investment-led commitment and the fact that we have evolved into a pure-play wealth and asset manager with investment excellence at its core. The Investment Boutiques and the Center of Excellence Structured Solutions & Treasury are directly represented in the relevant Client and Performance Boards. This ensures that Vontobel's investment focus is firmly enshrined within the organization.

Our Vision 2030 – our Lighthouse

The changes in our operating environment prompted us to think even longer term. Our targets are based on our longer-term vision – our Lighthouse. It describes how we want to be perceived in 2030 – and what we want to achieve by then. By concentrating on a shared long-term goal, we can ensure that the entire Vontobel organization is working together and moving in the same direction.

In 2030, Vontobel will be recognized as one of the leading and most respected investment firms with an entirely client-centric organizational set-up. Our clients and investment processes will be supported by digital data and analysis. Content, data and artificial intelligence will be at the heart of what we do. Our work will center around investing and the solutions we create will be best in class for alpha, beta and also income products.

Priorities 2020–2022

Based on Vontobel's client-centric and long-term Vision 2030 as a global buy-side investment firm, the Board of Directors and the Executive Committee defined five strategic priorities in 2020. To ensure the requisite degree of agility and flexibility, they have broken down the clear long-term vision into cycles with concrete results.

Future business planning is therefore focused on an agile rolling two-year plan that aligns our efforts to initiate, pursue and firmly establish our long-term goals with our focus on the growth of our existing businesses as well as the generation of income over the short and medium term. The priorities 2020–2022 provide a framework and form the foundations for a rolling plan.

Global Executive Board (EB)

Zeno Staub [1,2]
CEO
Head Investments

Maria-Antonella Bino [1,2]
General Counsel
Head Legal & Compliance

Henry F. Detering
CMO
Head Marketing & Analytics

Thomas Heinzl [1,2]
CFO / CRO
Head Finance & Risk

Caroline Knöri
Head Human Resources

Felix Lenhard [1,2]
COO, Head Technology & Services

Markus Pfister [2]
Head Structured Solutions & Treasury

Christel Rendu de Lint
Deputy Head Investments

Marko Röder
Head Asset Management

Georg Schubiger [2]
Head Wealth Management

Toby Triebel
Head Digital Investing

1 Member of the Executive Committee of Vontobel Holding AG
2 Member of the Executive Committee Bank Vontobel AG

1. Deliver the Vontobel experience places the client experience at the heart of our brand vision. It puts the client at the center and links the creation of value with a positive client experience: Client-centric and investment-led. An outstanding client experience is essential to meet the expectations of our clients. In this way, we create decisive value and a stronger emotional attachment to the brand. We have already achieved a lot in recent years, as well as creating a series of tools and establishing the basis to deliver maximum impact.

2. Deliver a pure-play investment firm to all clients reflects our commitment resulting from our vision to become a pure-play client-centric investment firm that leverages its investment expertise and provides solutions for all clients. The quality of the investment offering is the key to our success and is demonstrated, among other things, by relatively stable margins in recent years. We want to maintain these margins in the future.

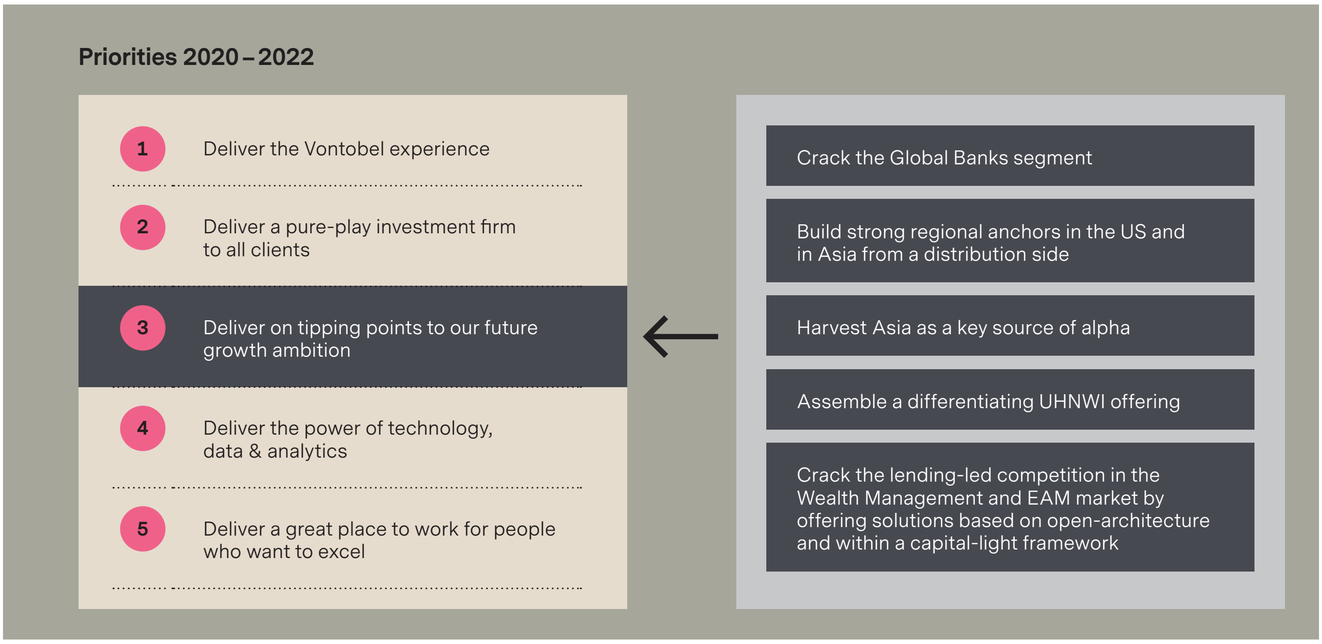
Both of the above priorities build on our strength and are designed to drive forward our business. We are client-centric and, at the same time, investment-led.

3. Deliver on tipping points to our future growth ambition targets the next growth wave. The individual tipping points form the critical milestones that we want to reach over the long-term. We will work systematically to transform our long-term vision into a reality by 2030.

4. Deliver the power of technology, data & analytics refers to technology and its development into another core competency. We have laid the foundations for this in recent years. We are ready to incorporate technology into everything we do and to reap the benefits of these efforts in the form of increased client satisfaction, even more efficient processes and better insights / analysis.

5. Deliver a great place to work for people who want to excel recognizes the importance of our employees, their commitments, and their skills and abilities. In 2021, Vontobel's management will focus even more attention on employee development with a particular emphasis on strengthening leadership skills across the entire firm. These efforts aim to make Vontobel one of the most attractive places to work in order to attract and retain top talents.

The next wave of growth and critical milestones on our way towards the Lighthouse



Targets 2022

Ambitious mid-term goals

Building on these strategic priorities, the Board of Directors and the Executive Committee have extended the ambitious targets for growth, profitability, capital and dividends to 2022.

In specific terms, this means ***Vontobel*** wants to:

– ***Outgrow the market*** in all core activities with top-line growth and net new money growth of 4–6 percent p.a.

– Generate a higher ***return on equity*** of more than 14 percent, clearly exceeding the cost of capital; achieve a ***cost/income ratio*** of less than 72 percent

– Maintain a very strong ***capital position*** with a CET1 capital ratio of more than 12 percent and a Total capital ratio of more than 16 percent

– Distribute profits not used for organic growth and M&A to shareholders, with a target ***payout ratio*** of more than 50 percent for shareholders

Financial targets 2022

Top-line growth	
Operating income	4–6%
Net new money generation	
Net new money growth	4–6%
Earnings power	
Return on equity (ROE)	>14%
Efficiency	
Cost/income ratio	<72%
Capital strength	
BIS CET1 capital ratio	>12%
BIS total capital ratio	>16%
Dividend	
Payout ratio	>50%

Business review

Vontobel delivers an excellent result for 2021
Vontobel now ranks as one of the leading global financial experts specializing in wealth management and active asset management. In recent years, the company set itself important strategic milestones and, as a result, has systematically evolved into a client-centric investment firm that consistently leverages its performance-oriented investment expertise and the power of technology for the benefit of its clients. Our Vision 2030 – which is set out in our "Lighthouse" – states that in 2030, Vontobel will be recognized as one of the leading and most respected investment firms with an entirely client-centric focus. As our results for 2021 demonstrate, we are well on the way to achieving this ambition. The growing need to invest and the changing investment environment in this ongoing phase of low interest rates are creating opportunities for growth that Vontobel is actively seizing.

Vontobel continued to capture these opportunities in the year under review, which was once again impacted by the corona pandemic and its far-reaching consequences. However, the global economy has gained significant momentum and 2021 will be remembered by investors as a very positive year on the stock market. Global equities far outperformed bonds, and commodities fared even better than equities. Within the equity segment, US stocks once again emerged as the top performers followed by European shares – especially Swiss equities. Concerns about an economic slowdown, rising inflation or the tightening of US monetary policy therefore appeared to have little impact on investors. For the year as a whole, the equity markets of industrialized nations achieved a very positive performance, closing the year +26 percent measured by the MSCI World Index in Swiss francs. The Swiss indices SMI (+20 percent) and SPI (+23 percent) also finished the year significantly higher.

In contrast, the overall performance of emerging markets stocks was only slightly positive on a Swiss franc basis as they were impacted in particular by slowing economic momentum and the real estate crisis in China.

Systematic implementation of strategy
Vontobel's close proximity to clients is one of its hallmarks. In 2021, we were able to consolidate our market position in key areas and we completed further strategic steps – while maintaining our long-term focus on the generation of recurring income and consciously refraining from engaging in short-term market trading, in line with our risk profile. We also continued to take a very conservative approach to the provision of financing for private clients and, like before, are not exposed to any credit risks in the business with corporate clients.

In view of Vontobel's long-term focus, we continued to invest in new talents with new capabilities, as well as in trendsetting technologies, in the year under review. We also strengthened our commitment to selected markets. As part of our long-term growth strategy, for example, Vontobel announced the acquisition of UBS' Swiss Financial Advisers business serving North American wealth management clients seeking an account in Switzerland for diversification purposes in December 2021. The transaction is expected to close in the third quarter of 2022, subject to regulatory approvals. It will be fully financed out of Vontobel's own funds.

Further, Vontobel acquired the remaining 40 percent of the highly successful London-based fixed income boutique TwentyFour Asset Management in mid-2021. TwentyFour Asset Management will remain operationally independent in the future.

Another key area of focus was the digital wealth management offering Vontobel Volt® and the expansion of the product range for Swiss pension clients (Volt 3a), as well as the establishment of several partnerships in Switzerland and abroad. It is also worth mentioning the financing platform cosmofunding, which was launched in 2018 and entered into an exclusive partnership with Innergia Group in 2021. Innergia Group offers a public-private partnership model to support Swiss municipalities in the future financing of the energy transition in response to the climate strategy approved by the Swiss Federal Council.

Mid-term income targets exceeded
The high level of trust that clients place in Vontobel and its successful positioning in the market are reflected by the pleasing growth in operating income, which rose by 21 percent to a record CHF 1,535.6 million in 2021, as well as by the very good Group net profit of CHF 383.8 million (earnings per share: CHF 6.69), which also reached a record level. Compared to Group net profit of CHF 259.4 million in the previous year, Vontobel increased its result by 48 percent. The growth in advised client assets to CHF 268.1 billion, the focus on higher-margin business in Asset Management and Vontobel's good market position in Digital Investing had a very positive impact on income. For this reason – in combination with economies of scale in the platform business – operating efficiency improved from 74.1 percent in 2020 to 69.1 percent (adjusted for exceptional operating items, it improved from 73.7 percent to 68.5 percent). In 2021, Vontobel thus significantly exceeded the 2022 mid-term target of 72 percent.

Profit before taxes totaled CHF 467.2 million, an increase of 46 percent compared to 2020. Adjusted for one-off impacts, profit before taxes was CHF 476.3 million in the year under review, which is also 46 percent higher than the adjusted result before taxes of CHF 326.5 million for 2020. One-off impacts in 2021 relate to personnel expenses due to the full acquisition of TwentyFour Asset Management as well as the reduction of pension fund liabilities following a change in the conversion rate. Assuming constant exchange rates, the increase was 48 percent.

Vontobel generated a return on equity of 18.8 percent on its strong capital base in 2021, thus significantly exceeding its mid-term target of 14 percent that was set for 2022.

Despite the full acquisition of TwentyFour Asset Management, which was financed out of Vontobel's own funds, the Tier 1 capital ratio of 23.4 percent, which is identical to the total capital ratio at Vontobel, exceeded the previous year's level (19.8 percent) and thus remained comfortably above the regulatory minimum requirement of 12 percent for the Total Capital Ratio as well as the internal target of 16 percent.

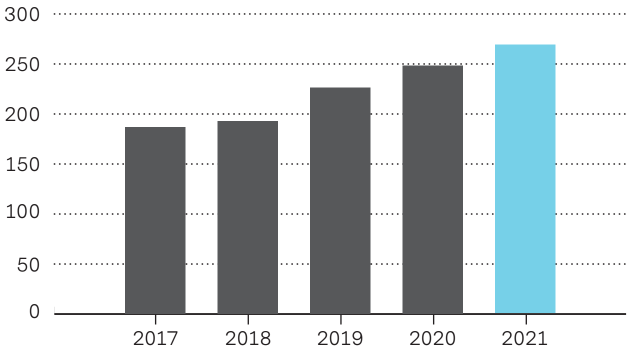
The Board of Directors' confidence in Vontobel's strategy and its active capital management are demonstrated by its dividend proposal. Despite the acquisition that was completed in 2021 and the acquisition planned for 2022, the Board of Directors is proposing a dividend of CHF 3.00 per share, an increase of one-third compared to the previous year (CHF 2.25). With this attractive profit participation, the payout ratio for the very successful 2021 financial year is 45 percent, slightly below the mid-term target of at least 50 percent.

Strong growth in advised client assets

Vontobel's total client assets (including custody assets) reached CHF 296.8 billion at the end of December 2021. The decrease of CHF 15.4 billion compared to the end of 2020 is attributable to the CHF 35.4 billion reduction in custody assets as a result of the reorganization of Raiffeisen's global execution and global custody services, while the net inflow of new money as well as positive overall performance and currency effects had a favorable impact on the asset base.

Over the last two decades, Vontobel has successfully established itself as a global investment firm that focuses on wealth management and active asset management. In the period from 2002 to 2021, it recorded an almost sixfold increase in advised client assets (from CHF 45.4 billion to CHF 268.1 billion).

Total advised client assets
CHF B



In the year under review, advised client assets grew by 8 percent to CH 268.1 billion. Other advised client assets are held primarily in Asset Management and consist of client assets for which Vontobel does not make investment decisions or have any responsibility for distribution. This includes advisory services in the area of asset allocation and the business with private label funds.

Today, almost 60 percent of advised client assets originate from outside Vontobel's Swiss home market – primarily from the target markets of Germany, the UK, Italy and North America, as well as the Asia Pacific region and Emerging Markets. However, Vontobel is also well established in its Swiss home market with a presence in 11 locations. Clients domiciled in Switzerland account for CHF 110.3 billion of advised client assets. This underscores the high level of trust that clients in our home market place in Vontobel.

We will continue to pursue an active strategy to enable us to achieve growth outside as well as within Switzerland – especially in the US, the world's largest and most developed market for wealth and asset management.

Client assets by client domicile as of 31 December 2021

CHF B	ASSETS UNDER MANAGEMENT	OTHER ADVISED CLIENT ASSETS	STRUCTURED PRODUCTS AND DEBT INSTRUMENTS	TOTAL ADVISED CLIENT ASSETS	CUSTODY ASSETS	TOTAL CLIENT ASSETS
Home market	**102.3**	**2.2**	**5.7**	**110.3**	**25.8**	**136.1**
Switzerland[1]	*102.3*	*2.2*	*5.7*	*110.3*	*25.8*	*136.1*
Focus markets	**126.6**	**9.9**	**2.4**	**138.9**	**2.8**	**141.7**
Germany	*25.5*	*8.9*	*2.4*	*36.8*		*36.8*
UK	*25.3*	*0.5*		*25.8*		*25.8*
Italy	*16.6*	*0.1*		*16.7*		*16.7*
North America	*18.4*	*0.1*		*18.5*		*18.5*
Asia Pacific region / Emerging Markets[2]	*40.9*	*0.3*		*41.2*	*2.8*	*44.1*
Other markets	**14.7**	**4.2**		**18.9**		**19.0**
Total	**243.7**	**16.3**	**8.1**	**268.1**	**28.6**	**296.8**

1 Including Liechtenstein
2 CEE, LATAM, Middle East, Africa

The volume of structured products and interest rate instruments outstanding (excluding leverage products) totaled CHF 8.1 billion at the end of 2021. This amount does not include those structured products that are counted in assets under management. During the year, Vontobel was able to significantly expand its market position for investment products as well as leverage products in key markets such as Switzerland and Hong Kong.

Growth in assets under management driven by new assets and strong markets

Development of assets under management

CHF B	31.12.2021	31.12.2020
Asset Management	142.9	134.6
Wealth Management	95.8	81.6
Digital Investing	0.8	0.8
Centers of Excellence / Reconciliation	4.3	2.6
Total assets under management	**243.7**	**219.6**

At the end of 2021, the volume of assets under management entrusted to Vontobel was CHF 243.7 billion, an increase of 11 percent compared to the end of 2020 and almost unchanged compared to the record level of CHF 244.2 billion as of June 30, 2021. We once again saw the benefits of our proven investment processes and the recognized expertise of our investment teams, which were reflected by a continued net inflow of new money.

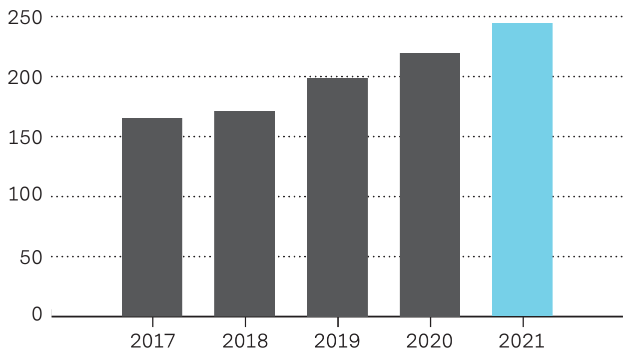
Vontobel today ranks as one of the top 50 active mutual fund managers in Europe, measured in terms of asset inflows. It also now ranks as one of the six largest asset managers in Switzerland, and as one of the leading providers of ESG solutions in the Swiss market.

The total increase in assets under management of CHF 24.1 billion compared to the end of 2020 reflects:
– Growth in net new money of CHF +8.1 billion
– Positive market effects of CHF +15.3 billion
– Positive currency effects of CHF +0.7 billion

As part of its strategic initiative to achieve further growth in the ultra-high-net-worth-individuals (UHNWI) segment and to deliver even better service to this client group, Vontobel decided to bundle its comprehensive advisory capabilities for financial intermediaries and UHNWI clients within Wealth Management, effective August 1, 2021. The presentation in the following table takes account of this reorganization, with assets under management consisting of around 59 percent assets in Asset Management and around 40 percent of client assets held by the Wealth Management und Digital Investing Client Units together.

Asset under management grew by 6 percent to CHF 142.9 billion in Asset Management and by 17 percent to CHF 95.8 billion in Wealth Management. The recently established Digital Investing Client Unit manages CHF 0.8 billion of client assets.

Assets under management
CHF B



Continued inflow of new money with strong contribution from Wealth Management

Vontobel attracted CHF 8.1 billion of new assets (net) in 2021. With a net new money growth rate of 3.7 percent, it came close to its ambitious 4–6 percent target range in the year under review. This reflected inflows from all three Client Units – Wealth Management, Asset Management and Digital Investing. We view the continued growth in net new money as an expression of the high level of trust that clients place in Vontobel's investment expertise and financial solidity.

Development of net new money

CHF B	2021	2020
Asset Management	1.9	9.5
Wealth Management	5.6	4.9
Digital Investing	0.1	0.1
Centers of Excellence / Reconciliation	0.6	0.3
Total net new money	**8.1**	**14.8**

In Asset Management, Vontobel is continuing to focus on higher-margin mandates. In the year under review, Asset Management recorded a net inflow of assets totaling CHF 1.9 billion – driven in particular by TwentyFour Asset Management and the Fixed Income business. However, the termination of two low-margin fixed income mandates slowed the growth in net new money, which reached 1.4 percent overall in Asset Management. In addition, our Equity strategies – which are partly defensive in nature – were unable to fully participate in positive market developments in this segment in 2021.

The business with Wealth Management clients achieved a pleasing performance, with clients entrusting CHF 5.6 billion of net new money to Vontobel, corresponding to net new money growth of 6.9 percent. Around 70 percent of the inflows were recorded in discretionary and advisory mandates, demonstrating that our proven investment expertise is highly valued by Wealth Management clients. Multi-asset and Swiss equity products attracted particularly strong levels of demand.

The additional assets stemmed from all target markets, primarily from Switzerland and Germany, while Italian private clients also accounted for a significant proportion of the inflows.

Assets under management by investment category

IN %	31.12.2021	31.12.2020
Swiss equities	19	16
Foreign equities	33	34
Bonds	34	35
Alternative investments	2	1
Liquid assets, fiduciary investments	11	11
Other [1]	1	3

1 Including structured products and debt instruments

In 2021, equities from industrialized nations were increasingly popular with investors, while emerging markets equities delivered a mixed performance. For this reason – and because Vontobel clients invested more of their assets in Swiss equities – the proportion of assets in this category increased. On the other hand, many private investors continue to take a very defensive position and are maintaining their liquidity holdings. This is reflected by the proportion of assets under management in the form of liquid assets and fiduciary investments, which remains unchanged.

Assets under management by currency

IN %	31.12.2021	31.12.2020
CHF	27	28
EUR	21	22
USD	31	30
GBP	6	6
Other	15	14

Our investment expertise is geared towards our international client base – as reflected by our broadly diversified allocation of assets under management in terms of currencies. The proportion of investments in Swiss francs and euros decreased slightly compared to the previous year, while there was a slight increase in investments in US dollars.

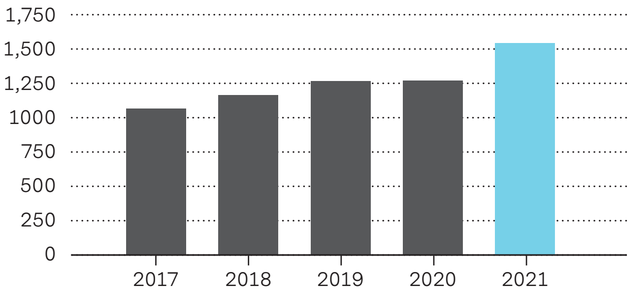
Structure of the income statement

	2021 CHF M	2021 IN %[1]	2020 CHF M	2020 IN %[1]
Net interest income after credit losses	61.3	4	73.0	6
Net fee and commission income[2]	974.8	63	869.6	69
Trading income[2]	493.3	32	311.7	25
Other income	6.2	0	11.2	1
Total operating income	**1,535.6**	**100**	**1,265.5**	**100**
Personnel expense	734.7	48	640.0	51
General expense	225.4	15	199.8	16
Depreciation of property, equipment (incl. software) and intangible assets	100.4	7	98.6	8
Provisions and losses	7.9	1	6.2	0
Total operating expense	**1,068.4**	**70**	**944.5**	**75**
Profit before taxes	**467.2**	**30**	**321.0**	**25**
Taxes	83.4	5	61.6	5
Group net profit	**383.8**	**25**	**259.4**	**20**

1 Share of operating income
2 2020: Reclassification of CHF 33.8 M from “Fee and commission expense” to “Trading income”. For further details refer to section 4.1.2 of the accounting principles.

Vontobel delivers a record, broad-based result
This result shows that Vontobel has taken the right direction with its clear positioning as a globally active, client-centric investment firm with a conservative risk profile. In total, Wealth Management and Asset Management account for around 80 percent of Vontobel’s operating income of CHF 1,535.6 million (2020: CHF 1,265.5 million). At the same time, 63 percent of total operating income consists of commission income, of which 90 percent comprises recurring income. This underscores the balanced nature and long-term focus of Vontobel’s business model. The strong market position of the Digital Investing Client Unit in Switzerland and abroad also had a positive impact on the result.

Operating income
CHF M



Assuming that exchange rates remain unchanged, operating income would have increased by 22 percent compared to the previous year. Around one third of our income is generated in US dollars. In 2021, the US dollar depreciated by an average of 2.6 percent against the Swiss franc. In contrast, the British pound and the euro strengthened slightly against the Swiss franc.

Net fee and commission income increased by 12 percent to CHF 974.8 million in 2021 compared to the previous year. Advisory and management fees increased by 22 percent on the back of higher assets under management, which grew by an average of 19 percent. Custody fees were also higher than in the previous year. In contrast, brokerage fees – also part of net fee and commission income – were down compared to the previous year, which benefited from exceptionally strong trading activities in spring 2020.

Trading income grew by 58 percent to CHF 493.3 million, far exceeding the previous year. This income position mainly comprises income from the issuing, hedging and market making of structured products and warrants. Stronger client demand was also reflected by income from forex and precious metals trading, which rose significantly compared to the previous year.

Managing the bank's balance sheet while maintaining a conservative risk profile is especially challenging in an environment of continued very low or negative interest rates. Net interest income declined by 16 percent compared to the previous year despite higher loans to clients. Other income declined by CHF 5.0 million to CHF 6.2 million.

Strong income growth across all Client Units
Operating income in Asset Management rose by 15 percent to CHF 594.1 million, and the gross margin remained stable at 42 basis points. The focus on high-margin business thanks to its positioning as a high-conviction manager as well as the successful diversification strategies that it has been pursuing for years proved effective. Growth in net new money was 1.4 percent. TwentyFour Asset Management and the Fixed Income business recorded significant inflows, while the outflow from two low-margin mandates had a negative impact.

In 2021, the global business with our Wealth Management clients was Vontobel's strongest income driver. Operating income grew significantly compared to 2020, increasing by 15 percent to CHF 633.7 million (CHF 549.7 million). This reflects the attractive offering for our Wealth Management clients as well as the success of our growth initiatives, including the expansion of our business in Italy as well as Vontobel's strategic initiative that is aimed at achieving further growth in the UHNWI segment. In Wealth Management, Vontobel generated net new money of CHF 5.6 billion, resulting in a further strengthening of commission income to CHF 432.1 million, combined with a solid gross margin of 70 basis points. All focus markets contributed to the strong growth in net new assets of 6.9 percent.

In the Digital Investing Client Unit, clients are served via our digital channels. Operating income rose significantly, increasing by 72 percent to CHF 315.9 million. This growth was driven primarily by the strong demand for structured products, with Vontobel maintaining or even expanding its large market shares in this area. In addition to the established end-client business with structured products that has been performing successfully for decades, this segment also manages platforms such as cosmofunding and Volt.

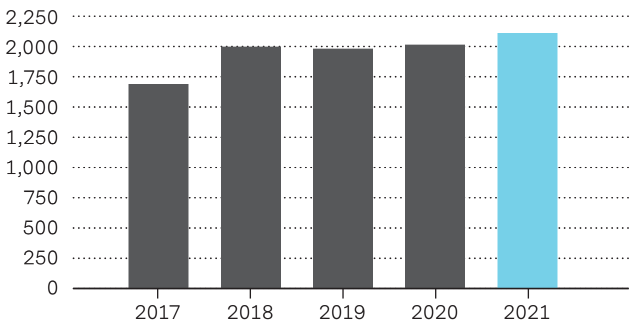
Operating income by Client Unit / Center of Excellence

CHF M	2021	2020
Asset Management	594.1	514.6
Wealth Management	633.7	549.7
Digital Investing	315.9	183.5
Centers of Excellence / Reconciliation	–8.1	17.7

Increased operating efficiency due to significant economies of scale
Operating expense rose by 13 percent to CHF 1,068.4 million compared to 2020. Even though Vontobel continued to systematically invest in drivers of growth in 2021, the increase in operating expense was significantly lower than the increase in operating income.

Higher operating expense largely reflects the increase in personnel expense, which rose by 15 percent to CHF 734.7 million compared to the previous year. This increase is partly related to the very successful performance of the business. In addition, average headcount (full-time equivalents) was 3 percent higher than in the previous year. Adjusted for the acquisition of the remaining stake in TwentyFour Asset Management, for which CHF 24.6 million was recorded as personnel expense, as well as the CHF 15.5 million reduction in pension fund liabilities due to the change in the conversion rate, personnel expense rose by 13 percent.

Headcount
full-time equivalents



General expense was 13 percent higher in 2021 than in the previous year. For example, travel and representation costs rose again sightly compared to the low levels recorded in 2020 due to corona. There was also a slight increase in IT and IT infrastructure costs compared to the previous year. At CHF 100.4 million, depreciation was in line with the previous year.

Capital expenditure and depreciation

CHF M	2021	2020
Capital expenditure[1]	117.5	85.6
of which righ-of-use assets, property, equipment and software	*117.5*	*85.6*
Depreciation	100.4	98.6

1 Additions to property, equipment and intangible assets (including additions from changes in the scope of consolidation)

The volume of capital expenditure on property, equipment and software totaled CHF 117.5 million in the year under review. A strong emphasis was once again placed on digitization projects.

Operating efficiency improved from 74.1 percent in the previous year to 69.1 percent, reflecting significant economies of scale. Adjusted for one-off effects, the cost/income ratio was 68.5 percent (2020: 73.7 percent).

Currency impact on Group net profit is lower than in the previous year

Changes in the value of the Swiss franc have a structural impact on Vontobel, given its positioning as an investment firm with an international client structure and strong roots in its Swiss home market.

In 2021, Vontobel's profit, which is reported in Swiss francs, was less severely impacted by currency affects than in previous years. Assuming constant exchange rates, profit before taxes would have been 2 percent higher. 43 percent of income is generated in Swiss francs, followed by 31 percent in US dollars and 14 percent in euros. On the cost side, the Swiss franc is the dominant currency, accounting for 77 percent of expenses, while only 8 percent of expenses are incurred in US dollars and 8 percent in euros. Compared to the previous year, the currency composition of the income statement in terms of major currencies changed only marginally.

Structure of income statement by currency

IN %	2021	2020
Operating income		
CHF	43	41
EUR	14	14
USD	31	32
GBP	8	8
Other	4	5
Operating expense		
CHF	77	77
EUR	8	8
USD	8	8
GBP	4	4
Other	3	3

Significant increase in pre-tax profit as well as earnings per share

Pre-tax profit grew significantly, increasing by CHF 146.2 million or 46 percent to CHF 467.2 million. This includes extraordinary reductions in personnel expense in the amount of CHF 15.5 million due to a change in pension fund regulations and one-off personnel expenses related to the full acquisition of TwentyFour Asset Management in the amount of CHF 24.6 million before taxes. The adjusted pre-tax result of CHF 476.3 million increased by 46 percent compared to the previous year (CHF 326.5 million).

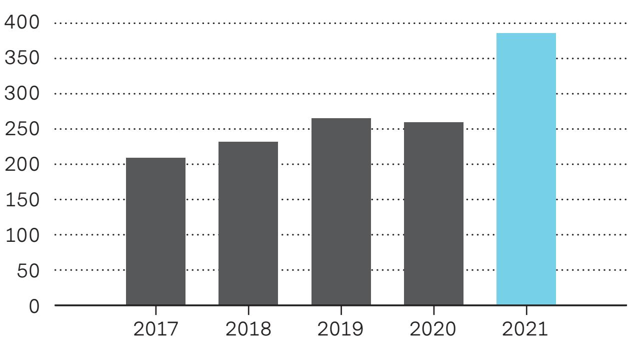
Reconciliation of reported to adjusted profit before taxes

CHF M	2021	2020
Profit before taxes	**467.2**	**321.0**
Acquisition of 100% of TwentyFour Asset Management	24.6	
Change in Pension Schemes Switzerland	–15.5	
Implementation costs[1]		5.5
Profit before taxes on an adjusted basis	**476.3**	**326.5**

1 2020: CHF 5.5 M one-off implementation costs due to the realignment as a pure-play investment manager

Group net profit totaled CHF 383.8 million in 2021. This corresponds to an increase of 48 percent compared to the previous year. The tax rate declined slightly from 19.2 percent to 17.9 percent.

Group net profit
CHF M



As a result of the full acquisition of TwentyFour Asset Management at the end of June 2021, there is no longer an allocation of profit to minority interests. The remaining profit attributable to minority interests for the financial year that has ended was CHF 10.0 million, which relates to the first half of the year (2020: CHF 16.8 million). This has a positive impact on the profit attributable to the shareholders of Vontobel Holding AG, which increased by 54 percent. Earnings per share also rose by 54 percent to CHF 6.69.

Unchanged conservative risk profile and higher capital ratios coupled with strong growth

Vontobel remains committed to a conservative risk management approach. At CHF 6.4 million, the average Value at Risk in 2021 was in line with the figure for 2019 and was thus significantly lower than in the previous year, which was characterized by high volatility in spring 2020 in particular.

Value at Risk (VaR)

CHF M	2021	2020
Equities	5.6	7.9
Interest rates	2.6	4.6
Currencies	2.5	2.1
Commodities	0.2	0.5
Diversification effect	–4.5	–5.6
Total	**6.4**	**9.5**

Average Value at Risk (12 months) for positions of Vontobel. Historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period

Vontobel was able to significantly grow its income in 2021 and at the same time risk-weighted positions decreased by 11 percent. For this reason – and despite the full acquisition of TwentyFour Asset Management, which was fully financed out of Vontobel's own funds – the CET1 capital ratio rose to 16.6 percent at the end of 2021 (end-2020: 13.8 percent). The Tier 1 capital ratio, which is identical to the total capital ratio at Vontobel, reached 23.4 percent (end-2020: 19.8 percent). The capital ratios continue to substantially exceed the regulatory minimum requirements defined by FINMA of 7.8 percent for the CET1 capital ratio, 9.6 percent for the Tier 1 capital ratio and 12 percent for the Total Capital Ratio for Category 3 banks, including Vontobel.

Risk-weighted positions

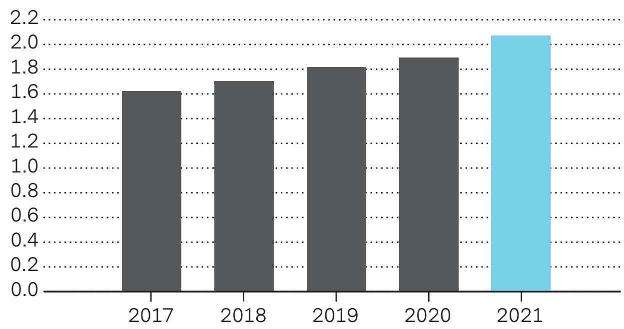
CHF M	31.12.2021	31.12.2020
Credit risks	2,486.8	3,334.1
Non-counterparty related risks	377.3	350.4
Market risks	1,343.5	1,540.2
Operational risks	2,409.7	2,222.8
Total	**6,617.3**	**7,447.5**

At the end of 2021, risk-weighted positions totaled CHF 6,617.3 million, down 11 percent from the end of 2020. While positions for operational risk increased by 8 percent in connection with the expansion of the business, positions for credit risks decreased by 25 percent due, amongst others, to the higher quality of collateral provided for Lombard loans as well as a further shift of Treasury assets into higher-quality securities. There was also an overall decrease of 13 percent in risk-weighted positions for market risk. Of the total risk-weighted positions of CHF 6,617.3 million (December 31, 2020: CHF 7,447.5 million), 38 percent related to credit risks, 20 percent to market risks and 36 percent to operational risks. 6 percent of risk-weighted positions comprised non-counterparty related risks.

Vontobel's very solid capital position is also reflected by the equity ratio of 6.4 percent and a leverage ratio under Basel III of 4.9 percent. Consolidated shareholders' equity exceeded the CHF 2 billion threshold for the first time to reach CHF 2.1 billion at December 31, 2021 (+9 percent compared to December 31, 2020). Furthermore, Vontobel's balance sheet is highly liquid with a Liquidity Coverage Ratio averaging 140,7 percent for the second half 2021.

Shareholders' equity

CHF B



Total assets grew by 3 percent to CHF 32.4 billion in the year under review. On the liabilities side of the balance sheet, there was a further increase in client deposits from CHF 14.6 billion to CHF 14.8 billion. Negative replacement values rose from CHF 1.2 billion to CHF 1.5 billion. At the same time, other financial liabilities at fair value from the issuance of structured products increased from CHF 10.8 billion to CHF 11.2 billion, reflecting the good performance of the business.

On the assets side of the balance sheet, loans to clients grew by 11 percent to CHF 7.1 billion. In contrast, trading portfolio assets as well as the position "Other financial assets at fair value", used primarily to hedge the business with structured products, decreased. On the other hand, cash, due from banks and receivables from securities financing transactions increased significantly.

Corporate Governance

Corporate Governance

Vontobel is committed to the responsible, values-oriented management and control of the company. Corporate governance is a central factor determining the success of our business. It is an essential prerequisite to achieve our strategic corporate goals and create lasting value for our shareholders and all other stakeholders.

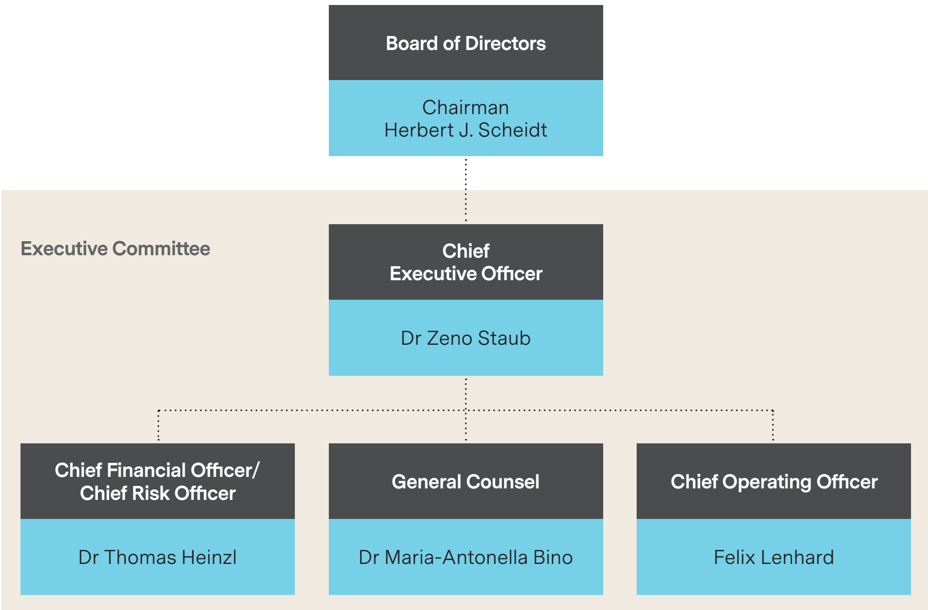
The core elements of our corporate governance are:
1. A clearly defined, balanced division of responsibilities between the Board of Directors and the Executive Committee;
2. The protection of shareholder interests;
3. The provision of transparent information to the public.

The Articles of Association of Vontobel Holding AG, the Business and Organizational Regulations and the Minutes of the General Meeting of Shareholders are available on the Internet (www.vontobel.com/agm).

The SIX Swiss Exchange AG issued a "Directive on Information relating to Corporate Governance", which entered into effect on July 1, 2002. The following information meets the requirements of this Directive (in the current version of June 18, 2021, which entered in force on October 1, 2021) and takes into account the SIX commentary last updated on April 10, 2017. If information required by this Directive is published in the Notes to the financial statements, a reference indicating the corresponding section of the Notes is given.

Group structure and shareholders

Structure of Vontobel as of December 31, 2021



The most important Group companies that are to be consolidated (scope of consolidation) are listed in the Notes to the consolidated financial statements on page 214 together with details of the company name, registered office, share capital, stock exchange listing and the interest held by the Group.

Dr Thomas Heinzl has been a member of the Executive Committee since August 1, 2020. Enrico Friz, General Counsel, was a member of the Executive Committee from January 1, 2020, until he passed away on January 20, 2021. Dr Maria-Antonella Bino has been a member of the Executive Committee since June 1, 2021. As of June 1, 2021, the Executive Committee comprises Dr Zeno Staub (CEO), Dr Thomas Heinzl (CFO / CRO), Dr Maria-Antonella Bino (General Counsel) and Felix Lenhard (COO).

Major shareholders and groups of shareholders with pooled voting rights (audited information)

	31.12.2021		31.12.2020	
	NOMINAL CHF M	SHARE IN %	NOMINAL CHF M	SHARE IN %
With voting rights on share capital of CHF 56.875 M of Vontobel Holding AG				
Advontes AG	6.1	10.6	6.1	10.6
Vontrust AG (holding company of the Vontobel family shareholders)	8.1	14.3	8.1	14.3
Vontobel Foundation	8.5	14.9	8.5	14.9
Pellegrinus Holding AG (public utility foundation Corvus)[1]	2.7	4.7	2.7	4.7
Further shares in the extended pooling agreement	3.6	6.3	3.6	6.3
Total voting rights on share capital	**28.9**	**50.9**	**28.9**	**50.9**

1 Usufruct including voting right by Pellegrinus Holding AG, ownership by Vontobel Foundation

Information on the disclosure notifications concerning significant shareholders of the company in accordance with the Swiss Financial Market Infrastructure Act can be found on the SIX Swiss Exchange AG website at: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html.

Shareholder pooling agreement

A shareholder pool, consisting of a core pool and an extended pool of shareholders, has been in place since August 2017 and combines a total of 50.9 percent of votes. A total of 44.5 percent of votes are controlled through the core pool, comprising the pool members Vontobel Foundation and Pellegrinus Holding (total of 19.6 percent of votes), as well as the family holding company Vontrust AG (14.3 percent of votes), and the family holding company Advontes AG (10.6 percent of votes). The remaining 6.3 percent of votes are bound through the extended pool with one family member (Kathrin Kobel-Vontobel). The core pool imposes restrictions on the transfer of shares and grants pre-emptive rights in favor of the members of the core pool.

The shares bound in the core pool are subject to a vote pooling requirement and votes have to be cast at the General Meeting of Shareholders of Vontobel Holding AG in accordance with the preceding resolutions of the core pool or, for its duration, of the extended pool. The earliest possible date for termination of the core pool is the end of 2026. The extended pool was concluded for an indefinite period of time and can be terminated at the end of any year, subject to an 18-month notice period. The members of the core pool have a right of purchase or a pre-emptive right to acquire the pool shares bound in the extended pool. Pool shares acquired in this way become part of the core pool. Shares bound in the extended pool, together with shares bound in the core pool, are subject to a joint vote pooling requirement, and votes have to be cast at the General Meeting of Shareholders of Vontobel Holding AG in accordance with the preceding resolutions of the extended pool. Vontobel Holding AG and its executives are not members of the shareholder pool.

Registered shareholders as of December 31, 2021

	NUMBER OF SHAREHOLDERS	IN %	NUMBER OF SHARES	IN %
Natural persons	6,127	93.3	13,263,351	23.3
Legal persons	442	6.7	34,370,980	60.4
Unregistered shares[1]			9,240,669	16.3
Total	**6,569**	**100.0**	**56,875,000**	**100.0**

1 Of which 1.64 million shares (2.9%) owned by Vontobel Holding AG and its subsidiaries

Cross shareholdings
No cross shareholdings exceeding 5 percent of capital or voting rights exist between Vontobel Holding AG or its subsidiaries and other corporations.

Capital structure

Capital
The share capital of Vontobel Holding AG amounted to CHF 56,875,000 as of December 31, 2021. The registered shares of Vontobel Holding AG (security no. 1 233 554, ISIN CH001 233 554 0) are listed on the SIX Swiss Exchange and are included in the Swiss Performance Index SPI®. Further information on the composition of capital can be found in the Notes to the consolidated financial statements, note 26.

Details of conditional and authorized capital
Details of conditional and authorized capital can be found in the Notes to the consolidated financial statements, note 26.

Changes in capital
Information on the composition of capital, changes in capital during the past two years and authorized capital is given in the Statement of Equity and in the Notes to the consolidated financial statements, note 26.

For information on earlier periods, please refer to the relevant Annual Reports (2019: note 27, and 2020: note 27, www.vontobel.com/financial-reporting).

Shares and participation certificates
The share capital of Vontobel Holding AG is divided into 56,875,000 fully paid-in registered shares with a par value of CHF 1.00 each. Vontobel Holding AG does not have any outstanding participation certificates.

Profit-sharing certificates
Vontobel Holding AG does not have any outstanding profit-sharing certificates.

Restrictions on transferability and nominee registrations in the share register
This information is provided in the “Shareholders’ participatory rights” section on page 49.

Convertible bonds and options
There were no convertible bonds outstanding as of December 31, 2021. To partially finance the acquisition of Notenstein La Roche Privatbank AG, Vontobel Holding AG issued a CHF 450 million Additional Tier 1 bond with a coupon of 2.625 percent in June 2018. Further information is provided in note 23.

The volume of the entire share capital recorded for outstanding structured products and options amounts to net 0 shares (previous year: 0 shares). This means that option rights issued by Vontobel amounting to 0 percent (previous year: 0 percent) of share capital were outstanding on December 31, 2021. No conditional capital would be used to hedge these option rights as they would be hedged through market transactions.

Board of Directors

Members of the Board of Directors as of December 31, 2021

NAME	FUNCTION	NATIONALITY	COMMITTEE MEMBERSHIP[1]	INITIAL ELECTION	TERM EXPIRES
Herbert J. Scheidt	Chairman	CH/D		2011	2022
Bruno Basler	Vice-Chairman	CH	NCC[2]	2005	2022
Dr Maja Baumann	Member	CH	RAC	2016	2022
Dr Elisabeth Bourqui	Member	CH/F/CA	NCC	2015	2022
David Cole	Member	US/NL	RAC[2]	2016	2022
Dr Michael Halbherr	Member	CH	NCC	2021	2022
Stefan Loacker	Member	AT	RAC	2018	2022
Clara C. Streit	Member	D/US	NCC	2011	2022
Andreas Utermann	Member	UK/D	RAC	2021	2022
Björn Wettergren	Member	CH/S	NCC	2016	2022

1 Further information on the Committees is provided below under “Internal organization”
NCC: Nomination and Compensation Committee
RAC: Risk and Audit Committee
2 Chair

RESIGNATION IN 2021
Dr Frank Schnewlin

Dr Frank Schnewlin resigned as a member of the Board of Directors, effective April 20, 2021. Dr Michael Halbherr and Andreas Utermann were newly elected to the Board of Directors on April 20, 2021.

No member of the Board of Directors of Vontobel Holding AG exercised any operational management functions for the company or any of its subsidiaries in the year under review. Any previous executive functions are detailed below. Herbert J. Scheidt performed the function of CEO of Vontobel until May 3, 2011, when he was elected as Chairman of the Board of Directors of Vontobel Holding AG. He had a seat on the Board of Directors of Helvetia Holding AG until 28 April 2017 as part of Vontobel’s cooperation with Helvetia. Stefan Loacker was a member of the Board of Trustees of the Vontobel Foundation until his election as a member of the Board of Directors of Vontobel Holding AG (General Meeting of Shareholders 2018). As of December 31, 2021, the majority of members of the Board of Directors of Vontobel Holding AG met the independence criteria prescribed in the FINMA Circular 2017/1 “Corporate governance – banks” margin no. 17–22. They are: Herbert J. Scheidt, Bruno Basler, Dr Elisabeth Bourqui, David Cole, Dr Michael Halbherr, Stefan Loacker, Clara C. Streit and Andreas Utermann. Dr Maja Baumann and Björn Wettergren are members of the Vontobel and de la Cour families. They are members of the governing bodies of the majority shareholders and have participations in family holding companies.

Other activities and functions
See the curricula vitae of the members of the Board of Directors, page 34.

Rules in the Articles of Association governing the number of permitted activities in accordance with Art. 12, para. 1, item 1 of the Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV)
Article 25 of the Articles of Association of Vontobel Holding AG states that no member of the Board of Directors may perform more than nine additional mandates outside Vontobel, of which no more than four additional mandates may be performed in listed companies. Additionally, a member of the Board of Directors may perform up to ten mandates in not-for-profit or charitable legal entities outside Vontobel.

The provisions set out in the applicable Business and Organizational Regulations also apply (please refer to www.vontobel.com/agm).

Herbert J. Scheidt
Chairman of the Board of Directors

Born 1951,
Swiss and German citizen

Member of the Board of Directors
since 2011

Education
Business Management
B.A. and M.A. in Economics, University of Sussex, UK
MBA, New York University, USA

Professional background

Since 2002	Vontobel, Zurich, Switzerland	
	Since 2011	Chairman of the Board of Directors
	2002–2011	Chief Executive Officer
1982–2002	Deutsche Bank	
	2001–2002	Chief Executive Officer, Deutsche Bank (Schweiz) AG, Geneva, Switzerland
	1996–2002	Head of Private Banking International, Geneva, Switzerland
	1982–2002	Various management functions in Germany, the USA, Italy and Switzerland

Mandates
- Vice-Chairman of the Board of Directors of SIX Group AG, Zurich, Switzerland Chairman of the Nomination & Compensation Committee
- Vice-Chairman of the Board of Directors of Hero AG, Lenzburg, Switzerland; Chairman of the Finance and Audit Committee, Member of the Human Resources Committee
- Chairman of the Board of Directors of the Swiss Bankers Association, Basel, Switzerland (until September 2021)
- Vice-Chairman of the Board of economiesuisse, Zurich, Switzerland (until September 2021)
- Member of the Board of the European Banking Federation, Brussels, Belgium (until September 2021)

Bruno Basler
Vice-Chairman of the Board of Directors and Chairman of the Nomination and Compensation Committee

Born 1963,
Swiss citizen

Member of the Board of Directors
since 2005

Education
Degree in Civil Engineering, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland
MBA INSEAD, Fontainebleau, France

Professional background

Since 1994	EBP Schweiz AG and EBP Global AG, Zurich, Switzerland	
	Since 2001	Chairman of the Board of Directors
	1994–2001	Delegate of the Board of Directors
1992–1994	McKinsey & Company, Erlenbach, Switzerland	
1989–1991	Holinger AG, Baden, Switzerland	

Mandates
- Chairman of the Board of Directors of EBP Schweiz AG and EBP Global AG, Zurich, Switzerland
- Member of the Board of Directors of NorthStar Holding AG, Roggwil, Switzerland
- Vice-Chairman of the Board of Directors of Baumann Federn AG, Rüti, Switzerland
- Chairman of the Monique Dornonville de la Cour Foundation, Zurich, Switzerland

Dr Maja Baumann
Member of the Board of Directors and Member of the Risk and Audit Committee

Born 1977,
Swiss Citizen

Member of the Board of Directors since 2016

Education
Dr. iur., lawyer, University of Zurich, Switzerland
LL.M. in Corporate Law, New York University, USA
Certified Specialist SBA in Real Estate and Construction Law
CAS in Banking, Capital Markets and Insurance Law, University of Zurich, Switzerland

Professional background

Since 2020	SwissLegal Zurich AG and SwissLegal Schwyz AG, Zurich and Pfäffikon, Canton of Schwyz, Switzerland Partner (Corporate, Contract and Property Law)
2014–2020	REBER Rechtsanwälte, Zurich, Switzerland Partner (Corporate, Contract and Real Estate Law)
2009	Bank Vontobel AG, Zurich, Switzerland Compliance, Internal Audit, Corporate Finance
2007–2014	Lenz & Staehelin, Zurich and Geneva, Switzerland Senior Associate (Corporate, Banking, Contract and Real Estate Law)
2006–2007	Covington & Burling LLP, New York, USA Foreign Associate (Corporate and M&A)

Mandates
- President of the Board of Directors of SwissLegal Zurich AG and SwissLegal Schwyz AG, Zurich and Pfäffikon, Canton of Schwyz, Switzerland
- President of the Board of Directors of Advontes AG, Pfäffikon, Canton of Schwyz, Switzerland
- Member of the Board of Directors of Vontrust AG, Zurich, Switzerland
- Member of the Board of Directors of Swisspearl Group AG, Niederurnen, Switzerland
- Member of the Board of Directors of GRAPHA-Holding AG, Hergiswil, Switzerland
- Member of the Foundation Board of Vontobel Foundation, Zurich, Switzerland
- President of the Zoo Foundation Zurich, Zurich Switzerland

Dr Elisabeth Bourqui
Member of the Board of Directors and Member of the Nomination and Compensation Committee

Born 1975,
Swiss, French and Canadian citizen

Member of the Board of Directors since 2015

Education
Dr. sci. math, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland
Dipl. math, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland

Professional background

Since 2019	BERG Capital Management, Lausanne, Switzerland CEO and Co-Founder
2018–2019	CalPERS, Sacramento, California, USA Chief Operating Investment Officer
2012–2018	ABB Group, Zurich, Switzerland 2014–2018 Head of Group Pension Management 2012–2014 Head Pension Asset Management
2009–2012	Mercer, Montreal, Canada Principal Head National Funds Group Canada
2004–2009	Société Générale, New York, USA / Montreal, Canada Responsibilities included: Director Risk Management, Structuring, New Products Director Asset and Liabilities Management Head Institutional Derivatives Sales Canada
1998–2004	Credit Suisse Group, Zurich, Switzerland Various Risk Management functions

Mandates
- Member of the Board of Directors of Banque Cantonale Neuchateloise, Neuchatel, Switzerland
- Member of the Foundation Board of Greenbrix Investment Foundation, Lucerne, Switzerland
- President of the Board of Directors of Helsana HealthInvest AG, Dübendorf, Switzerland
- Member of the Board of Directors of the Swiss-Japanese Chamber of Commerce, Zurich, Switzerland
- Member of the Foundation Board of the Louis Jeantet Foundation, Geneva, Switzerland
- Member of the Supervisory Board of Athora Netherlands N.V., Amstelveen, Netherlands

David Cole
Member of the Board of Directors and Chairman of the Risk and Audit Committee

Born 1961,
US and Dutch citizen

Member of the Board of Directors
since 2016

Education
Bachelor of Business Administration, University of Georgia, USA
International Business Program, Nyenrode Universiteit, Netherlands

Professional background

2010–2018	Swiss Reinsurance Ltd., Zurich, Switzerland	
	2014–2018	Group Chief Financial Officer
	2010–2014	Group Chief Risk Officer
1984–2010	ABN AMRO Holding, Netherlands, USA and Brazil	
	2008–2010	Chief Financial Officer Netherlands
	2008	Chief Risk Officer Netherlands
	2006–2008	Head Group Risk Management Netherlands
	1984–2006	Various functions

Mandates
- President of the Supervisory Board of IMC B.V., Amsterdam, Netherlands
- President of the Supervisory Board of NN Group, The Hague, Netherlands
- Member of the Board of Directors of Swiss Re Asia Pte. Ltd., Singapore
- Member of the Board of Directors of Swiss Re Corporate Solutions SA, São Paulo, Brazil

Dr Michael Halbherr
Member of the Board of Directors and Member of the Nomination and Compensation Committee

Born 1964,
Swiss citizen

Member of the Board of Directors
since 2021

Education
Master of Electrical Engeneering, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland

Doctor of Philosophy (Ph.D.), Electrical Engineering, Swiss Federal Institute of Technology (ETH), Zurich, Switzerland

Professional background

Since 2015	Investor in and advisor to young international technology companies as well as Member of the Boards of Directors
2011–2014	Nokia HERE, Berlin, Germany CEO and Member of the Nokia Leadership Team
2006–2011	Nokia, Berlin, Germany Vice President and Member of the Nokia Services Leadership Team
2001–2006	gate5 AG, Berlin, Germany CEO
2000–2001	Europatweb, Group Arnault, Munich, Germany Managing Director and Member of the europatweb Leadership Team
1995–2000	The Boston Consulting Group, Boston, USA Manager and Member of the Strategic Planning Group
1991–1995	Research Associate und Post-Doctoral Student, Boston, USA Computer Science and Artificial Intelligence Laboratory, MIT

Mandates
- Member of the Boards of Directors of Zurich Insurance Company Ltd. and Zurich Insurance Group Ltd., both Zurich, Switzerland
- Chairman of the Supervisory Board of Fatmap Ltd., London, UK / Berlin, Germany
- Chairman of the Supervisory Board of German Bionic Systems, Augsburg, Germany
- Chairman of the Supervisory Board of Trafi Ltd., London, UK / Vilnius, Lithuania
- Chairman of Nanoleq Ltd., Rümlang, Switzerland

Stefan Loacker
Member of the Board of Directors and Member of the Risk and Audit Committee

Born 1969,
Austrian citizen

Member of the Board of Directors since 2018

Education
lic. oec., University of St. Gallen, Switzerland
Mag. rer. soc. oec., University of Economics and Business, Vienna, Austria

Professional background

Since 2016	DELOS Management GmbH, Speicher, Switzerland Chairman and Owner
2007–2016	Helvetia Group, St. Gallen, Switzerland CEO
2005–2007	Helvetia Austria, Vienna, Austria CEO
2002–2005	ANKER Insurance AG, Vienna, Austria CFO / Chief IT Officer
2000–2002	Helvetia Patria Insurance, St. Gallen, Switzerland Head of Corporate Development
1997–2000	Helvetia Patria Insurance, St. Gallen, Switzerland Head of CEO Office / Corporate Development

Mandates
- Member of the Board of Directors of Swiss Life AG and Swiss Life Holding AG, Zurich, Switzerland, Head of the Audit Committee and Member of the Investment and Risk Committee
- Member of the Board of Directors of SWICA, Winterthur, Switzerland
- Member of the Executive Committee of the Institue of Insurance Economics at the University of St. Gallen, Switzerland

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Clara C. Streit
Member of the Board of Directors and Member of the Nomination and Compensation Committee

Born 1968,
German and US citizen

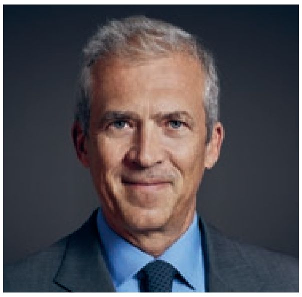
Member of the Board of Directors since 2011

Education
lic. oec., University of St. Gallen, Switzerland

Professional background

1992–2012	McKinsey & Company	
	2003	Elected as Senior Partner Responsibilites at McKinsey included: Chair Global Principal Candidate Evaluation Committee Partner responsible for EMEA recruiting Head of Financial Institutions Practice Germany / Austria
	1998	Elected as Partner

Mandates
- Member of the Supervisory Board of Deutsche Börse AG, Frankfurt, Germany
- Member of the Supervisory Board of NN Group N.V., The Hague, Netherlands
- Member of the Supervisory Board of Vonovia SE, Bochum, Germany
- Member of the Board of Directors of Jerónimo Martins SGPA, SA, Lisbon, Portugal



Andreas Utermann
Member of the Board of Directors and Member of the Risk and Audit Committee

Born 1966,
British and German citizen

Member of the Board of Directors since 2021

Education
M.A. (Econ.), Katholieke Universiteit Leuven, Leuven, Belgium
B.A. (Econ.), London School of Economics, London, UK
ASIP, CFA Society of the UK, London, UK
Certified Banker, Deutsche Bank AG, Dortmund, Germany

Professional background
2002–2019 Allianz Global Investors Group, London, UK
- 2016–2019 CEO
- 2012–2015 Co-Head and Global CIO
- 2002–2011 Global CIO, Equities
- 2002–2011 Co-Head, Global CIO, RCM

1989–2002 Merrill Lynch Investment Manager, London, UK
Most recently: Global Head and Chief Investment Officer, Equities

Mandates
- Governor, Birkbeck, University of London, London, UK
- Trustee, Utermann Charitable Trust, London, UK
- Trustee, FT Financial Literacy and Inclusion Campaign, London, UK

Björn Wettergren
Member of the Board of Directors and Member of the Nomination and Compensation Committee

Born 1981,
Swiss and Swedish citizen

Member of the Board of Directors since 2016

Education
MBA, University of St. Gallen, Switzerland
M. Eng. Mechanical Engineering, Lund University, Sweden

Professional background
Since 2018 Mojo Capital SA, Luxembourg
Growth Partner

Since 2018 Cagson Analytics AG, Zurich, Switzerland
Founder

Since 2013 Cagson AG, Baar, Switzerland
Founder

2012–2017 etventure, Zurich, Switzerland
Associate & Partner

2007–2012 Bank Vontobel AG, Zurich, Switzerland
- 2010–2012 Group Services, Project Manager
- 2009–2011 Asset Management, Portfolio Management
- 2007–2009 Investment Banking, Models & Tools Developer

Mandates
- Member of the Board of Directors of Vontrust AG, Zurich, Switzerland
- Vice-Chairman of the Board of Directors of the Swedish-Swiss Chamber of Commerce, Zurich, Switzerland
- Chairman of the Board of Directors of Cagson AG, Baar, Switzerland
- Chairman of the Board of Directors of Cagson Analytics AG, Zurich, Switzerland

Election and term of office

In accordance with statutory provisions, the Chairman of the Board of Directors and all other members of the Board are elected individually by the General Meeting of Shareholders.

The Chairman of the Board of Directors and the other members of the Board are elected for one year, with their term of office ending at the conclusion of the next General Meeting of Shareholders. The members of the Board of Directors may be re-elected.

Votes are held at Ordinary General Meetings for members seeking re-election or for the election of new members. However, if the number of members of the Board of Directors falls below three as a result of death, resignation or dismissal, an Extraordinary General Meeting must be convened within a reasonable period so that replacements can be elected. If the post of Chairman of the Board of Directors becomes vacant, the Board of Directors appoints a new Chairman for the remainder of the term of office.

The members of the Compensation Committee (the Compensation Committee, which is governed by the Articles of Association, forms part of the Nomination and Compensation Committee according to the Business and Organizational Regulations) are elected by the General Meeting of Shareholders from among the members of the Board of Directors, each for a term of one year ending at the conclusion of the next General Meeting of Shareholders. The General Meeting of Shareholders elects the members of the Compensation Committee individually. They may be re-elected. If one or more individuals cease to be members of the Compensation Committee or if the Compensation Committee is not complete, the Board of Directors may make appointments to the Compensation Committee from among its own members for the period until the conclusion of the next General Meeting of Shareholders.

Except for the election of the Chairman of the Board of Directors and the election of the members of the Compensation Committee, the Board of Directors shall be self-constituting. The Board of Directors also appoints the Chairman of the Compensation Committee/Nomination and Compensation Committee (NCC), as well as of the Risk and Audit Committee (RAC).

The Business and Organizational Regulations stipulate that members of the Board of Directors are required to step down from their function at the General Meeting of Shareholders in the calendar year in which they reach the age of 70. Further information regarding the year in which the individual members of the Board of Directors were first elected can be found in the table “Members of the Board of Directors as of December 31, 2021” on page 33.

The General Meeting of Shareholders elects the independent proxy for a term that ends at the conclusion of the next Ordinary General Meeting. The independent proxy may be re-elected. If the company does not have an independent proxy, the Board of Directors shall appoint one for the period ending at the conclusion of the next General Meeting of Shareholders.

Internal organization

Board of Directors

The Board of Directors appoints a Vice-Chairman from among its own members. The Chairman of the Board of Directors appoints a Secretary, who need not be a shareholder or a member of the Board of Directors. The Board of Directors meets at the invitation of its Chairman or of the Secretary, acting on behalf of the Chairman, as often as required for business purposes – generally once or twice a quarter but at least four times a year. The meetings usually last around eight hours. A total of seven meetings were held during the year under review (in February, April, June, July, October, November and December); this included one three-day strategy meeting.

The Board of Directors shall constitute a quorum when the absolute majority of its serving members is present. A quorum is not required in order for the Board of Directors to pass a resolution on capital increase reports or for resolutions that have to be officially authenticated. Board resolutions and appointments are decided by the absolute majority of the members present. In the event of a tied vote, the chairman of the meeting casts the deciding vote. Resolutions may also be passed by circular letter, which may involve the use of electronic tools, provided no member calls for a verbal consultation on the matter. This procedure may only be used for routine matters, matters that have already been discussed in detail by the Board of Directors, and urgent issues that cannot wait until the next meeting of the Board of Directors.

The Board of Directors may delegate some of its duties to committees. The following standing committees have been established: The Nomination and Compensation Committee (NCC) and the Risk and Audit Committee (RAC). Their duties and powers are defined in the Articles of Association and in internal regulations. Information on the composition of the individual committees can be found in the table “Members of the Board of Directors as of December 31, 2021” on page 33. The Chairman of each committee informs the Board of Directors about the committee’s activities at the next meeting of the Board of Directors. When necessary, ad hoc committees are formed to deal with specific topics, such as mergers and acquisitions projects. No ad hoc committees were formed during the year under review.

Nomination and Compensation Committee (NCC)
The Business and Organizational Regulations state that the Compensation Committee, which is governed by the Articles of Association, forms part of the Nomination and Compensation Committee, which is comprised of at least three non-executive members.

The Nomination and Compensation Committee has the following duties and powers in respect of compensation matters relating to the Board of Directors and the Executive Committee:
(a) Developing and regularly reviewing the compensation system for the members of the Board of Directors and the Executive Committee and submitting it to the Board of Directors in order for a resolution to be passed on this matter;
(b) Monitoring compliance with the compensation principles of the company and the Group and informing the Board of Directors about the compensation policy and compensation matters;
(c) Submitting proposals to the Board of Directors for a resolution regarding the maximum aggregate compensation (fixed and performance-related compensation) of the Board of Directors and the Executive Committee and the proposal of a corresponding motion to the General Meeting of Shareholders by the Board of Directors;
(d) Submitting proposals to the Board of Directors for the motion that will be proposed to the General Meeting of Shareholders by the Board of Directors regarding amendments to compensation-related provisions in the Articles of Association;
(e) Preparing the Compensation Report and presenting it to the Board of Directors in order for a resolution to be passed on this matter;
(f) Within the framework of the requirements set out in the Articles of Association defining detailed regulations governing participation-based compensation (share participation plan), defining the applicable objectives and evaluating the achievement of those objectives.
(g) Taking note of the promotion of all employees at all Vontobel companies.

The Nomination and Compensation Committee further prepares all important personnel and related organizational matters for the Board of Directors. In particular, this includes the human resources strategy, share participation plans, the compensation policy, recommendations for the appointment or removal of the CEO, the other members of the Executive Committee, or the Head of Internal Audit, as well as for the approval of the appointment of Heads of Client Units, Heads of Centers of Excellence and Global Executives. In addition, the Nomination and Compensation Committee determines the compensation paid to CEO and other members of the Executive Committee (within the scope of – or subject to – the approval of aggregate compensation by the General Meeting of Shareholders as set out in the Articles of Association).

The Nomination and Compensation Committee takes note of the compensation, including any special payments and expenses, of external (non-Vontobel) members of the Boards of Directors of the subsidiaries. It also considers all management-related matters and regulations that affect aggregate compensation in a broader sense (insurance benefits, holiday entitlement, expenses, etc.).

The Executive Committee may submit proposals to the Nomination and Compensation Committee on all matters that fall within the Committee's remit with the exception of the compensation paid to members of the Board of Directors. The Chairman of the Board of Directors is not a member of the Nomination and Compensation Committee but regularly attends its meetings as a guest. Meetings of the Nomination and Compensation Committee are also attended by the Chief Executive Officer (CEO) and occasionally also by the Head of the Human Resources Center of Excellence. The Nomination and Compensation Committee meets at least three times a year. The meetings usually last around four hours. A total of four meetings were held during the year under review (in February, June, October and November).

Risk and Audit Committee (RAC)
The Risk and Audit Committee monitors and assesses the institution-wide Risk Management Framework, the integrity of financial statements, the internal control system (ICS), and the effectiveness of Internal Audit and the audit firm, as well as their interaction.

This entails the following specific duties:
1. Critical analysis of financial statements (individual and consolidated financial statements, as well as annual and interim financial statements); discussion of financial statements with the CFO/CRO, the lead auditor from the audit firm and the Head of Internal Audit; submission of a report to the Board of Directors and issuing of recommendations regarding motions to be proposed to the General Meeting of Shareholders.
2. Planning, monitoring and evaluating the existence, appropriateness and effectiveness of the internal control system (ICS). This comprises the ICS in the area of financial reporting as well as the ICS beyond financial

reporting, including 1st and 2nd Line of Defence control activities; the RAC ensures that the ICS is adapted in the event of any significant changes to Vontobel's risk profile.
3. Receiving and reviewing the periodic consolidated risk reports for submission to the Board of Directors.
4. Approval of the risk analysis, planning and reporting produced by Internal Audit for submission to the Board of Directors; analysis and discussion of audit results and the implementation of recommendations; assessment of the appropriateness of resources and expertise as well as independence, objectivity and quality; maintaining regular contact with the Head of Internal Audit.
5. Assessment of the risk analysis and planning of the audit firm; analysis of its audit reports and discussions with the lead auditor; assurance and verification that any deficiencies have been addressed and that recommendations made by the audit firm have been complied with; evaluation of its performance and fees and verification of its independence and quality; assessment of interaction between the audit firm and Internal Audit.
6. Preparation of the activities of the Board of Directors in respect of regulations governing structured products, treasury, lending to professional counterparties, lending to private and institutional clients, operational risks, management transactions, ad hoc publicity, Group compliance, consolidated supervision and the institution-wide Risk Management Framework, as well as any other regulations issued by the Board of Directors in connection with the institution-wide Risk Management Framework.
7. Periodic review of the institution-wide Risk Management Framework to determine its appropriateness and effectiveness, including the approval of the combined Group-wide stress tests together with the scenarios used and the relevant methods, as well as the approval of the detailed results of these stress tests.
8. Submitting proposals to the Board of Directors to obtain approval of decisions reached by the Executive Committee regarding new products, business activities, markets or outsourcing if they have a significant impact on Vontobel's risk profile.

In this context, regular contact is maintained with representatives of management, Internal Audit, the audit firm and relevant specialist units within Vontobel. The Risk and Audit Committee may conduct special reviews or studies on important issues and request additional internal and / or external resources in consultation with the Chairman of the Board of Directors. In addition, the Chairman of the Risk and Audit Committee may assign special mandates to individual members of the Committee.

The Risk and Audit Committee meets at least three times per year. The meetings usually last four to eight hours. A total of seven meetings were held during the year under review (in February, March, May, June, July, November and December).

As of December 31, 2021, the majority of members of the Risk and Audit Committee met the independence criteria prescribed by supervisory law. Meetings of the Risk and Audit Committee are attended by the Chairman of the Board of Directors as a guest, as well as by the CEO, the CFO / CRO and representatives of Internal Audit and the audit firm. Further, the Head of the Legal & Compliance Center of Excellence (General Counsel) as well as the corresponding Vontobel specialists – particularly from the Finance & Risk Center of Excellence and the Legal & Compliance Center of Excellence – are regularly invited to attend meetings when topics within their area of expertise are discussed.

Attendance of meetings of the Board of Directors and the Committees in 2021

	BOARD OF DIRECTORS	RISK AND AUDIT COMMITTEE (RAC)	NOMINATION AND COMPENSATION COMMITTEE (NCC)
Number of meetings			
Herbert J. Scheidt	7	Guest	Guest
Dr Frank Schnewlin	1	2	
David Cole	7	7	
Bruno Basler	7		4
Dr Maja Baumann	7	7	
Dr Elisabeth Bourqui	7		4
Dr Michael Halbherr	6		3
Stefan Loacker	6	7	
Clara C. Streit	7		4
Andreas Utermann	6	5	
Björn Wettergren	7		4

Internal Audit
Vontobel's Internal Audit (IA) function performs the internal audit duties assigned to it. It reports directly to the Board of Directors and supports it in fulfilling its legally defined supervisory and monitoring duties.

The Board of Directors defines organizational aspects of Internal Audit, as well as its duties and powers, in the "Internal Audit Charter". In particular:
- Internal Audit provides independent audit and advisory services for the assessment and improvement of risk management, internal control systems and controls;
- Internal Audit's mandate encompasses all Vontobel companies;
- Risk-based planning is approved by the Board of Directors at the request of the Risk and Audit Committee. This planning includes resourcing that is aligned with the relevant scope, complexity and risk profile;
- The audit reports produced by Internal Audit are submitted to the Risk and Audit Committee, the Chairman of the Board of Directors, the CEO, the CFO/CRO, the General Counsel, the COO, responsible management units and the corresponding governing bodies of subsidiaries; In addition, the audit firm receives all audit reports from Internal Audit;
- The Risk and Audit Committee, the Board of Directors and the Executive Committee take note of the activity report produced by Internal Audit; in addition, the audit firm receives the activity report;
- The implementation of improvement measures is verified, and the status reported on a half-yearly basis as part of the activity report;
- The Board of Directors, the Risk and Audit Committee or the CEO (with the consent of the Chairman of the Board of Directors or the Chairman of the Risk and Audit Committee) may request that special audits be performed by Internal Audit;
- Internal Audit has an unlimited right of inspection and information;
- Internal Audit operates a quality assurance and improvement program that comprises internal and external assessments;
- Internal Audit regularly attends meetings of the Risk and Audit Committee;
- Its audit activities are based on the guidelines issued by the Institute of Internal Auditors (IIA), which were declared binding by the Swiss Financial Market Supervisory Authority (FINMA);
- Internal Audit coordinates its activities with the audit firm in accordance with professional standards and guidelines.

Division of powers and responsibilities
Board of Directors
The Board of Directors of Vontobel Holding AG is responsible for the overall direction of Vontobel and exercises supervision and control over the operational management team unless prescribed otherwise by legislation, the Articles of Association or the Business and Organizational Regulations. The division of powers and responsibilities between the Board of Directors and the Executive Committee is set out in the Business and Organizational Regulations of Vontobel Holding AG (www.vontobel.com/agm).

In particular, the Board of Directors discharges the following duties and has the following powers:
1. Overall direction of the holding company and of Vontobel and issuing the necessary directives – particularly through the approval and periodic revision of the Mission Statement and the strategy of the holding company and for Vontobel;

2. Defining the organizational structure of the holding company and of Vontobel (including the creation/discontinuation or restructuring of Client Units and Centers of Excellence), and issuing and amending the Business and Organizational Regulations and the 'Approval Authorities';
3. Determining the principles for accounting, financial control (internal control system (ICS) in the area of financial reporting) and financial planning for the holding company and for Vontobel to the extent that is required for the management of the company. This includes the approval of the annual budget, annual targets, capital planning including refinancing planning, and medium-term planning as the multi-year income and capital expenditure planning for various scenarios within the operating environment. This also includes the approval of the combined Group-wide stress test results and measures to ensure that risk exposures and risk capacity are adequately aligned as part of capital planning;
4. Appointing or removing the CEO, the other members of the Executive Committee and the Head of Internal Audit, as well as approving the appointment of the Heads of Client Units and Centers of Excellence and Global Executives by the CEO; the Board of Directors shall base its decisions on the recommendations of the Nomination and Compensation Committee when discharging this duty;
5. Overall supervision and control of individuals with responsibility for the conduct of business – particularly to ensure compliance with legislation and regulatory requirements, as well as with the Articles of Association, regulations and directives of the holding company and of Vontobel;
6. Reporting to shareholders and, in particular, producing the Annual Report and the Compensation Report;
7. Preparing the General Meeting of Shareholders and implementing the motions approved by shareholders;
8. Issuing, regularly reviewing and monitoring compliance with the institution-wide Risk Management Framework (including the ICS in the area of financial reporting as well as the ICS beyond financial reporting), the regulations governing structured products, treasury, lending to professional counterparties, lending to private and institutional clients, operational risks, management transactions and ad hoc publicity, as well as regulations governing Group compliance, internal audit and consolidated supervision. The Board of Directors is assisted by the Risk and Audit Committee (RAC) when discharging this duty. The Board of Directors may issue further regulations;
9. Receiving consolidated risk reporting;
10. Issuing a human resources strategy for Vontobel at the request of the CEO; the Board of Directors takes account of the recommendations of the Nomination and Compensation Committee when discharging this duty;
11. Appointing or removing individuals entrusted with representing the holding company (and particularly the conduct of business) and determining their signatory powers. The principle of joint signatory powers (dual authorization) applies;
12. Monitoring and evaluating Internal Audit and periodically ensuring that it has the appropriate resources and expertise as well as the necessary independence and objectivity to conduct its audit function within the institution. Further details are defined in the regulations governing Internal Audit; the Risk and Audit Committee assists the Board of Directors in discharging this duty;
13. Selecting the statutory auditors and proposing the motion for the election of the statutory auditors to the General Meeting of Shareholders; receiving the risk analysis, planning and reporting produced by the audit firm as well as its periodic review; the Risk and Audit Committee assists the Board of Directors in discharging this duty;
14. Deciding on strategic initiatives in the area of information technology (IT);
15. Notifying the court and FINMA in the event of over-indebtedness;
16. Drawing up a capital increase report and implementing the corresponding amendments to the Articles of Association (Art. 652g of the Swiss Code of Obligations);
17. Appointing an interim Chairman of the Board of Directors, interim members of the Compensation Committee and the independent proxy ad interim for the period ending at the conclusion of the next General Meeting of Shareholders if the position of Chairman of the Board of Directors, of members of the Compensation Committee or of the independent proxy become vacant in the course of the year;
18. Purchase or sale of real estate by the holding company and subsidiaries in the amount of CHF 5 million or more if not included in the budget, or in the amount of CHF 10 million or more if included in the budget;
19. Each item of capital expenditure also made by subsidiaries in the amount of CHF 10 million or more;
20. Approving the following transactions:
(a) Acquisition or disposal of participations by the holding company and subsidiaries of any kind;

(b) Establishment or dissolution of subsidiaries as well as any branch offices and representative offices of subsidiaries;
(c) Raising of loans by the holding company and the subsidiaries;
(d) Issuing or authorization of secured and unsecured loans, bonds or guarantees by subsidiaries, where this duty falls within the remit of the Board of Directors of the holding company according to applicable lending regulations;
(e) Approval of decisions by the Executive Committee relating to new products, business activities, markets, as well as outsourcing, if they have a significant impact on Vontobel's business policy or risk profile;
(f) Initiation of legal proceedings or filing of appeals, conclusion of composition agreements, settlement or recognition of lawsuits where the value in dispute exceeds CHF 10 million;
(g) Election of members of the Board of Directors of Bank Vontobel AG, Zurich; the Chairman and the other members of the Board of Directors of Vontobel Holding AG are permitted to occupy a seat on the bank's most senior body;
(h) Conclusion or termination of strategically important cooperation agreements and approval of important strategic projects;
(i) Approval of external mandates held by members of the Executive Committee;
(j) Approval of (i) the promotion of employees to the rank of Managing Director in all Vontobel companies, and (ii) the promotion of the Head of Internal Audit;
(k) Approval of gestures of goodwill (measures without any legal obligation) and receiving reports on cases involving losses (out-of-court proceedings) exceeding CHF 1 million;

21. Annual evaluation of the achievement of the Board of Directors' objectives and of its working practices;
22. Other matters which, by law or pursuant to the Articles of Association or the Business and Organizational Regulations, fall exclusively within the remit of the Board of Directors.

Executive Committee

The Executive Committee is Vontobel's executive body that reports to the Board of Directors. As of January 1, 2021, the Executive Committee was reduced from six to four members: It is composed of the CEO, the CFO/CRO, the General Counsel and the Head of the Technology & Services Center of Excellence (COO).

The Executive Committee meets as often as business dictates – generally on a monthly basis but at least nine times per year. Where sensible and necessary, the Executive Committee can invite the Heads of Client Units and Centers of Excellence or other experts to attend meetings. These individuals support the Executive Committee in the preparation of its decisions, acting in a purely advisory capacity.

The Executive Committee shall constitute a quorum if the absolute majority of its members is present. Members who, in exceptional cases, attend meetings by telephone or video-conference are deemed to be present.

The Executive Committee operates as a committee under the leadership of the CEO. Decisions are reached by way of a majority of votes represented at the meeting. In the event of a tied vote, the CEO has the final say. Each member of the Executive Committee has the right to inform the Chairman of the Board of Directors about differences of opinion on important topics.

The Executive Committee may pass its resolutions by circular letter, which may involve the use of electronic tools, provided that no member calls for a verbal consultation on the matter.

The Executive Committee generally reports to the Board of Directors of Vontobel Holding AG through the CEO. In the case of delegated duties or powers, the Executive Committee reports to the relevant committee of the Board of Directors. The CEO informs the Board of Directors about the current performance of the business and significant business incidents. The CEO coordinates the flow of information within operational areas and to the Board of Directors. The Executive Committee has a duty to provide information to the Board of Directors.

The Executive Committee is responsible for all Vontobel matters that do not expressly fall within the remit of the Board of Directors of Vontobel Holding AG or of a subsidiary according to legislation, the Articles of Association or the Business and Organizational Regulations.

In particular, the Executive Committee is responsible for the following duties:
(a) Developing a Group-wide business strategy for presentation to the Board of Directors;
(b) Implementing decisions within Vontobel that were reached by the Board of Directors of the holding company;
(c) Monitoring the execution of these decisions;
(d) Managing and supervising Vontobel's daily operations, which must be conducted in accordance with its financial planning, annual budget, annual targets, capital planning including refinancing planning, and medium-term planning as the multi-year income and

capital expenditure planning for various scenarios regarding the operating environment, as well as the institution-wide Risk Management Framework, and must also comply with the other guidelines and instructions issued by the Board of Directors;
(e) Managing income and the balance sheet structure;
(f) Ensuring compliance with legal and regulatory requirements as well as applicable industry standards;
(g) Developing the institution-wide Risk Management Framework; the Executive Committee submits this policy to the Risk and Audit Committee for approval by the Board of Directors and regularly reviews the risk policy and submits its findings to the Board of Directors;
(h) Implementing the Institution-wide Risk Management Framework, particularly through governance of the risk architecture, the basic aspects of risk responsibility, risk management and risk controls; in particular, this includes the organization of the internal control system, while ensuring the necessary separation of powers and functions; the implementation of the Institution-wide Risk Management Framework also involves the regular execution and analysis of stress tests as well as the analysis of risk capacity;
(i) Consolidated risk reporting to the Board of Directors and the Risk and Audit Committee;
(j) Issuing directives to representatives of the holding company regarding the exercising of voting rights at the General Meeting of Shareholders of the subsidiaries;
(k) For all subsidiaries with the exception of Bank Vontobel AG, Zurich: Appointing or removing members of the Boards of Directors and other governing bodies;
(l) For all subsidiaries: Issuing instructions regarding the appointment or removal of the Executive Board, the CEO as well as the heads of branches.

The Executive Committee generally submits proposals regarding all matters that require a decision to be reached by the Board of Directors. The CEO presents the proposals on behalf of the Executive Committee at meetings of the Board of Directors. Subject to the approval of the Chairman of the Board of Directors, the CEO may also appoint another member of the Executive Committee, a Head of a Client Unit / Center of Excellence, or another expert to discharge this duty.

The Executive Committee has the authority to decide on the following matters (unless they are subject to the approval of the Board of Directors, in which case this is expressly stated in the Business and Organizational Regulations):
(a) Formulating and proposing Vontobel's annual budget and annual targets – broken down by Client Units and Centers of Excellence – for approval by the Board of Directors;
(b) Decisions on new products, business activities or markets (including digital products and / or services) as well as outsourcing; if this matter will have a significant impact on Vontobel's business policy, the Executive Committee refers the matter to the Board of Directors directly; if the matter will have a significant impact on Vontobel's risk profile, the Executive Committee obtains the approval of the Board of Directors through the Risk and Audit Committee;
(c) Ensuring that a professional investment policy is permanently in place and is implemented promptly throughout the Group;
(d) Issuing policies that apply to the whole of Vontobel and that fall exclusively within the remit of the Executive Committee according to legal provisions, the Articles of Association or the Business and Organizational Regulations; issuing policies relating to the Compliance function, credit and counterparty risk, and asset and liability management (ALM), which apply to individual Client Units or Centers of Excellence;
(e) Granting loans in accordance with the powers defined in the lending regulations;
(f) Issuing of private placements;
(g) Assumption of trading positions on own account within the defined limits; the Executive Committee delegates the permissible limits to the responsible business areas and units within Vontobel;
(h) Initiation of legal proceedings or filing of appeals, conclusion of composition agreements, settlement or recognition of lawsuits where the value in dispute totals up to CHF 10 million;
(i) Issuing an employee handbook for Vontobel.

Organizational set-up in 2022
For information on Vontobel's organizational set-up as of January 1, 2022, please refer to page 12ff.

Information and control instruments relating to the Executive Committee
The Board of Directors meets at least four times a year as specified in the Business and Organizational Regulations; in practice, there are five to eight meetings a year. The ordinary meetings usually last an entire day. Unless the Chairman of the Board of Directors decides otherwise, the CEO and the CFO / CRO attend the meetings of the Board of Directors in an advisory capacity. The Chairman determines which other participants may attend a meeting of the Board of Directors (other members of the Executive Committee or other experts). The CEO is entitled to make recommendations regarding other participants. The Board of Directors receives monthly reports about the performance of the business and is informed about the development of risk, as well as the Group's compliance with legal,

regulatory and internal rules and requirements, at least every six months. Its control instruments include semi-annual reporting requirements, the annual budgeting process and Internal Audit and the audit firm. The periodic reporting requirements include a monthly financial report, which provides information on the current performance of the business and the corresponding realization of targets (MIS), as well as information about the meetings of the Executive Committee. As part of its consolidated risk reporting, Vontobel discloses information about the development of market, liquidity, credit, operational and reputational risks. Detailed information on the management and monitoring of these risks can be found in the Notes to the consolidated financial statements (pages 137 to 150). Internal Audit reports to the Chairman of the Board of Directors and the Risk and Audit Committee about its audit activities on an ongoing basis and provides the Board of Directors with consolidated reports twice annually. The audit firm produces its annual statutory report (report about the statutory audit) as well as further reports on audits addressing specific topics for submission to the Board of Directors. The statutory report is addressed to the Board of Directors and a copy of the report is submitted to FINMA, as well as the Executive Committee and the Head of Internal Audit.

Each member of the Board is entitled to request information on any matters relating to Vontobel Holding AG or Vontobel from the other members of the Board of Directors or the CEO at meetings of the Board of Directors. Any member of the Board of Directors may submit a request for information about Vontobel's performance to the CEO outside a meeting of the Board of Directors. Subject to approval by the Chairman of the Board of Directors, the members of the Board of Directors may obtain information about specific business incidents and / or inspect business records.

Executive Committee

Members of the Executive Committee as of 31 December 2021

NAME	FUNCTION	NATIONALITY
Dr Zeno Staub	CEO	CH
Dr Thomas Heinzl	CFO / CRO	AT
Dr Maria-Antonella Bino	Member	CH
Felix Lenhard	Member	CH

RESIGNATION IN 2021
Georg Schubiger
Axel Schwarzer
Enrico Friz (deceased)

Georg Schubiger and Axel Schwarzer stepped down from the Executive Committee as of December 31, 2020. Dr Thomas Heinzl has been a member of the Executive Committee since August 1, 2020. Enrico Friz, General Counsel, was a member of the Executive Committee from January 1, 2020, until he passed away on January 20, 2021. Dr Maria-Antonella Bino has been a member of the Executive Committee since June 1, 2021. Since June 1, 2021, the Executive Committee has comprised Dr Zeno Staub (CEO), Dr Thomas Heinzl (CFO / CRO), Dr Maria-Antonella Bino (General Counsel) and Felix Lenhard (COO).

Other activities and functions
See curricula vitae of the Members of the Executive Committee, page 47.

Rules in the Articles of Association governing the number of permitted activities in accordance with Art. 12, para. 1, item 1 of the Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV)
Article 25 of the Articles of Association of Vontobel Holding AG states that no member of the Executive Committee may perform more than five additional mandates outside Vontobel, of which no more than two additional mandates may be performed in listed companies. Additionally, a member of the Executive Committee may perform up to seven mandates in not-for-profit or charitable legal entities outside Vontobel. The provisions set out in the applicable Business and Organizational Regulations also apply (please refer to: www.vontobel.com/agm).

Management contracts
There are no management contracts.

Compensation, shareholdings and loans
Information about compensation, shareholdings and loans can be found in the Vontobel Compensation Report commencing on page 53.

Dr Zeno Staub
Chief Executive Officer

Born 1969,
Swiss citizen

Member of the Executive Committee since 2003

Education
Dr. oec., University of St. Gallen, Switzerland

Professional background
Since 2001	Vontobel, Zurich, Switzerland	
	Since 2011	Chief Executive Officer
	2008–2011	Head of Asset Management
	2006–2007	Head of Investment Banking
	2003–2006	Chief Financial Officer
	2001–2002	Head of the Chief Financial Officer management support unit (Controlling and IT project portfolio)
2000	BZ Informatik AG, Freienbach, Switzerland Member of the Executive Management	
1994–2000	Almafin AG, St. Gallen, Switzerland Founding shareholder and Managing Partner	

Mandates
- Member of the Board of Directors of the Swiss Bankers Association, Basel, Switzerland (since September 2021)
- Vize-Chairman of the Board of the Association of Swiss Asset and Wealth Management Banks (VAV), Zurich, Switzerland
- Member of the Swiss Society of Financial Market Research, St. Gallen, Switzerland
- Member of the Advisory Board of the Society of Investment Professionals in Germany (DVFA), Frankfurt, Germany
- Member of the Board of Trustees of the Max Schmidheiny Foundation, St. Gallen, Switzerland
- Member of the Management Board of the Gottfried Keller Foundation, Zurich, Switzerland

Dr Thomas Heinzl
Chief Financial Officer / Chief Risk Officer

Born 1970,
Austrian citizen

Member of the Executive Committee since 2020

Education
Dr. oec., University of St. Gallen, Switzerland
MSc (Computer Science), Swiss Federal Institute of Technology (ETH), Zurich, Switzerland

Professional background
Since 2020	Vontobel, Zurich, Switzerland Chief Financial Officer / Chief Risk Officer	
2014–2020	UBS AG, Zurich, Switzerland	
	2014–2020	Chief Operating Officer, UBS Asset Management
	2019–2020	Chairman of the Board of Directors of UBS Asset Management Schweiz AG
2012–2014	Vontobel, Zurich, Switzerland Head of the PB Investments (Discretionary and Advisory) unit, Sales and Product Management	
2012	UBS AG, Zurich, Switzerland Head of Strategic Planning	
2011–2012	Start-up	
1998–2010	McKinsey & Company Schweiz AG, Switzerland	

Mandates
none

Dr Maria-Antonella Bino
General Counsel

Born 1966,
Swiss citizen

Member of the Executive Committee
since 2021

Education
PhD in Law, Geneva University, Switzerland

Professional background

Since 2021	Vontobel, Zurich, Switzerland General Counsel, Head Legal & Compliance
2020–2021	Group Sygnum Bank AG, Zurich, Switzerland Advisor to the Group CEO, Head of Legal & Compliance, Group Executive Board Member
2013–2020	BNP Paribas BNP Paribas (Suisse) SA, Geneva, Switzerland General Counsel, Executive Board Member BNP Paribas SA, Paris, France Group Legal and IFS Group Legal, Executive Committee Member BNP Paribas Wealth Management, Monaco Board Director and Chairman of the Audit Committee
2011–2013	Federal Office of the Attorney General of Switzerland Deputy of the Attorney General
2008–2010	Federal Examining Magistrates Office, Switzerland Deputy Chief Federal Examining Magistrate
2002–2008	Federal Examining Magistrates Office, Switzerland Federal Examining Magistrate
1999–2002	Federal Supreme Court of Switzerland Legal Counsel

Mandates
- Substitute Federal Judge at the Federal Criminal Supreme Court, Bellinzona, Switzerland

Felix Lenhard
Chief Operating Officer

Born 1965,
Swiss citizen

Member of the Executive Committee
since 2010

Education
lic. oec., University of St. Gallen, Switzerland

Professional background

Since 2001	Vontobel, Zurich, Switzerland Since 2010 Chief Operating Officer of Vontobel 2009 Head of IT within the Operations support unit 2003–2009 Head of Business Applications division within the Operations support unit 2001–2003 Corporate Business Development
2000	BZ Informatik AG, Freienbach, Switzerland Member of the Executive Management
1996–2000	Almafin AG, St. Gallen, Switzerland Partner with responsibility for the area of consulting
1991–1996	PwC, Zurich, Switzerland, and London, UK Senior Consultant Financial Services division

Mandates
none

Shareholders' participatory rights

Voting rights: Restrictions and representation
The transfer of registered shares requires the approval of the Board of Directors or a committee designated by the Board of Directors. If listed registered shares are acquired through the stock market, title to the shares is transferred at the time of their transfer to the acquirer. If listed registered shares are acquired other than through the stock market, title passes to the acquirer when the latter applies to the company for recognition as a shareholder. However, the acquirer may not, in any event, exercise voting rights associated with the shares or any other rights associated with the voting rights until the company has recognized the acquirer as a shareholder. The acquirer is not subject to any restrictions on the exercising of any other shareholder rights.

The Board of Directors may refuse to recognize an acquirer of registered shares as a full shareholder:
(a) if the number of registered shares held by the acquirer exceeds 10 percent of the total number of registered shares recorded in the Commercial Register. Legal entities and partnerships with a legal capacity that are united in terms of capital or votes in a single management structure or in some other similar manner together with natural or legal entities or partnerships that act in a coordinated way to circumvent registration restrictions, are deemed for the purposes of this provision to be one acquirer; the vested rights of shareholders or shareholder groupings (including the right, whilst retaining beneficial ownership, to contribute shares in companies over which they have full control or to remove the same together with the right to transfer shares within a shareholder grouping without restriction under this percentage clause and relating to the participation of individual shareholders, in all cases with full retention of voting power), who together already held more than 10 percent of the share capital at the time restricted transferability was introduced by means of a public notice on January 25, 2001, are not affected;
(b) if, when requested by the company, the acquirer fails to confirm expressly that the shares were acquired in his/her own name and on his/her own account.

After the share transfer has been approved, it is entered in the share register. The company recognizes as shareholders or beneficiaries of registered shares only those entities entered in the share register. If the company has not yet approved the acquirer on the date legal title is transferred, the acquirer is entered in the share register as a shareholder without voting rights and in this case, the relevant shares are deemed to be unrepresented at any General Meeting of Shareholders.

See the section "Statutory quorums" for information on the conditions that apply to the lifting of restrictions on voting rights set out in the Articles of Association.

In the year under review, no exceptions were granted according to the statutory quorums (please see the next paragraph).

Each share entitles the shareholder to one vote. A shareholder may grant a written power of attorney in order to be represented at the General Meeting of Shareholders by a third party, who need not be a shareholder, or by the independent proxy. The Articles of Association do not contain any other rules on the issuing of instructions to the independent proxy or on electronic participation in the General Meeting of Shareholders.

Statutory quorums
To be valid, resolutions and elections by the General Meeting of Shareholders require an absolute majority of the votes cast, excluding blank and invalid votes, unless binding legal provisions stipulate otherwise. Resolutions by the General Meeting of Shareholders require a minimum of two-thirds of votes represented and an absolute majority of the nominal share values represented in order to:
(a) Amend the purpose of the company
(b) Introduce voting shares
(c) Amend or abolish restrictions on the ability to transfer registered shares (restricted transferability)
(d) Provide an authorized or conditional increase in capital
(e) Provide an increase in capital from equity in return for non-cash considerations or for the purpose of contributions in kind and the granting of special benefits
(f) Restrict or abolish pre-emptive rights
(g) Relocate the registered office of the company
(h) Remove more than one member of the Board of Directors in the course of one financial year
(i) Dissolve the company (with or without liquidation)
(j) Distribute a dividend in kind
(k) Increase the share capital (in all cases).

Convening of the General Meeting of Shareholders
Legal regulations apply to the convening of the General Meeting of Shareholders.

Invitations to attend the General Meeting of Shareholders are issued by the Board of Directors or, in the instances specified by law or in the Articles of Associations, by the statutory auditors or liquidators. The General Meeting of Shareholders is to be convened at least 20 days before the date of the meeting in the form specified by the company for public notices and must indicate the place, time, agenda items and motions proposed by the Board of Directors and shareholders who have asked for a General

Meeting to be held or for an item to be placed on the agenda for discussion; in addition, shareholders with registered shares are to be notified of any General Meeting in writing. The notice convening the meeting must indicate the nature of any admission requirements. The notice convening the Ordinary General Meeting must draw attention to the fact that shareholders may inspect the Annual Report, the Compensation Report and the auditors' report at the registered office of the company and that they may also ask for a copy of these documents to be sent to them without undue delay.

Inclusion of an item on the agenda
Shareholders representing at least 0.5 percent of the share capital may apply in writing for an item to be included on the agenda for discussion together with any associated motions. Any such application must reach the company at least two months before the date of the General Meeting.

No resolutions may be passed on motions that are not part of duly notified agenda items. Exempt from this provision are motions to convene an Extraordinary General Meeting, to conduct a special audit and to elect statutory auditors following a request from a shareholder. Similarly, no prior notification is required for motions that are part of items for discussion or where no associated resolution is required.

Entry in the share register
No entries are made in the share register from the date on which the invitations to the General Meeting of Shareholders are sent until one day after the meeting.

Change of control and defense measures

Mandatory public takeover offer
The Articles of Association do not include an "opting out" or "opting up" clause with regard to mandatory public takeover offers, as defined in Art. 125 of the Swiss Financial Market Infrastructure Act. The instruments available to the company to defend itself against hostile takeover bids essentially comprise the following measures already referred to above:

– At present, 50.9 percent of voting rights are bound by a shareholder pooling agreement on a long-term basis (see section "Major shareholders and groups of shareholders with pooled voting rights", page 31).
– The restrictions on transferability allow the Board of Directors to refuse to enter shareholders or groups of shareholders in the share register once their shareholdings exceed the 10 percent threshold (see section "Voting rights: restrictions and representation", page 49).
– A change in the restrictions on transferability or the removal of more than one member of the Board of Directors in the course of one financial year must be approved by a qualified majority (see section "Statutory quorums", page 49).

Clauses on changes of control
The contracts of members of the Board of Directors (including the Chairman of the Board of Directors) and the Executive Committee do not – with the exception of entitlements arising from the share participation plan referred to hereafter – make provision for any agreements in the case of a change of corporate control (change of control clauses). In the event of a change of control, any entitlements arising from the share participation plan will, however, be met immediately if the plan cannot be continued.

Statutory auditor / Group auditor

Duration of mandate and term of office of auditor in charge
The consolidated financial statements and the financial statements of Vontobel Holding AG and the subsidiaries are audited by Ernst & Young. The external auditor of Vontobel Holding AG is elected for a period of one year at the General Meeting of Shareholders. Ernst & Young was elected as auditor for the first time when Vontobel Holding AG was established in 1983. The auditor in charge is Prof. Dr Andreas Blumer, who has held this function since the financial year 2019. The holder of this office changes every seven years, in accordance with banking legislation. The

role of statutory auditor has been performed by Philipp Müller since the financial year 2019.

Fees paid to the auditor

1,000 CHF	2021	2020
Auditing fees billed by Ernst & Young	2,823.8	2,422.8
Additional fees billed by Ernst & Young for audit-related services	534.6	537.8
of which tax services	*470.3*	*515.5*
of which other services	*64.3*	*22.3*

Additional fees
The additional fees primarily concern services provided in connection with projects and audit-related services for tax or regulatory matters. Tax services comprise services related to the tax returns of subsidiaries and the area of transfer pricing documentation. Other services provided during the year under review consisted primarily of services related to regulatory confirmations for the supervisory authorities and the evaluation of the impacts of regulatory changes. The audit firm is permitted to provide these services as well as performing the auditing duties of the external auditor as they do not give rise to any conflicts of interests. The subject of any new audits, as well as special audits that have to be conducted at the request of the supervisory authorities, require the approval of the Risk and Audit Committee. There is no prescribed catalogue of criteria that has to be consulted when approving these types of additional mandates; the Risk and Audit Committee decides on an individual basis whether the issuing of an additional mandate would impact on the auditor's independence.

Supervision and control instruments relating to audits
The Board of Directors is responsible for the supervision and control of the audit firm. This includes examining the risk analysis and reviewing the reports produced by Internal Audit and the audit firm; it is assisted by the Risk and Audit Committee when discharging this duty. The Risk and Audit Committee obtains regular reports from representatives of the audit firm and it evaluates the firm's performance based on the quality and comprehensiveness of its audit activities. The audit firm and Internal Audit attended all meetings of the Risk and Audit Committee in the year under review.

Vontobel, as a banking group, is subject to consolidated supervision by FINMA. Legal requirements and regulations must therefore be observed in the selection of the audit firm. Other material selection criteria applied by the Board of Directors are the audit firm's proven expertise with regard to complex finance and valuation issues in accordance with the accounting standards prescribed by FINMA and the International Financial Reporting Standards (IFRS), as well as its expertise regarding special topics relating specifically to the institution. The audit firm's independence, performance and fees are evaluated periodically using a defined process and a structured set of criteria. Further, a detailed review is conducted every five years. A review of this nature was last carried out in 2018, since the mandate was put out to tender in 2019 and a comprehensive validation process was carried out.

Information policy

As a company listed on the stock exchange, Vontobel Holding AG pursues a consistent and transparent information policy vis-à-vis its shareholders, clients and employees, as well as the financial community and the general public. Its regular reporting activities include the publication of its annual and half-year reports, as well as the organization of events such as the annual and half-year conference with the media, investors and analysts and the General Meeting of Shareholders. When important events occur, the above-mentioned stakeholders are informed simultaneously via press releases, distributed to newspapers of national and international importance (e.g. Neue Zürcher Zeitung, Handelszeitung, Le Temps, the Financial Times and Frankfurter Allgemeine Zeitung) and to electronic information systems (e.g. Bloomberg, Reuters and AWP). To subscribe to our financial news and press releases, including ad hoc releases, please refer to www.vontobel.com/en-ch/services/newsletter/. Official notices relating to the company are published in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) unless some other manner of publication is prescribed by law.

Details of the financial calendar and contact addresses are listed on page 245 of the Annual Report and at www.vontobel.com/ir. For our financial reporting, please refer to www.vontobel.com/financialreporting and www.vontobel.com/financialnews.

Trading blackout periods

The Vontobel Group's (Vontobel) general trading blackout periods are governed by an internal policy as follows:
1. All Vontobel employees are prohibited from trading in Vontobel shares or corresponding derivatives for four weeks prior to the official publication of the annual and half-year results. This period may be adjusted by the General Counsel.
2. In addition, employees who, by virtue of their function, have access to confidential information about the business of Vontobel are subject to a trading ban from 15 December and 15 June, respectively, until after the official publication of the annual and half-year results, respectively, as well as for two weeks prior to the Annual General Meeting of Shareholders of Vontobel Holding AG and prior to the publication of the media release about the third quarter business update, unless the General Counsel defines other the blocking periods. The group of persons affected by this trading ban is periodically reviewed and regularly updated and the persons concerned are informed and instructed accordingly. The members of the Board of Directors and the Executive Committee of Vontobel Holding AG are always subject to this trading ban.

Transactions in Vontobel shares that take place in accordance with the provisions of a pre-established pre-trading plan and without the possibility of influence by the person in question are exempt from the trading ban during the aforementioned trading blackout periods. The option of setting up such pre-trading plans is available exclusively to members of the Board of Directors and the Executive Committee of Vontobel Holding AG.

Supplementary rules also apply to blocked employee participation shares that have not yet been transferred to employees.

Compensation report

“Deliver a great place to work for people who want to excel”

Bruno Basler
Chairman of the Nomination and Compensation Committee

Our compensation policy is aligned with our corporate essence and its core values. Since 2004, our compensation system has supported employees who take responsibility and display entrepreneurship and foresight while placing clients at the center of all that they do.

Shareholders' letter

Dear shareholders

Our compensation policy is aligned with our corporate essence and its core values. Since 2004, our compensation system has supported employees who take responsibility and display entrepreneurship and foresight while placing clients at the center of all that they do. The consistent and predictable nature of the compensation system over time is extremely valuable and has proved to be in the interests of all Vontobel stakeholders.

An important feature of our compensation system is that it encourages all employees to participate in our share participation plan. This promotes an entrepreneurial, prudent and long-term mindset and approach among all our employees and management. More than 65 percent of all Vontobel employees now take part in the share participation plan. At the end of 2021 members of the Executive Committee held an average of more than five times their base salary in Vontobel shares. Furthermore, both our compensation system and individual compensation payments are consistently aligned with the "Pay for Performance" principle: If the financial value created by Vontobel increases, compensation will, on average, also increase. And if value creation decreases, then compensation also decreases. "Pay for Performance" also means that a relatively high proportion of total compensation at Vontobel is variable. The benefit of this is that despite significant variations in business cycles, our level of personnel expense relative to operating income has remained very stable over the last 17 years, amounting to an average of around 50 percent. This also has the effect of reducing the volatility of Vontobel's net profit, dividend and investment power and thus enables a more consistent policy.

Our compensation system helps us recruit, develop and retain the best talent. When recruiting new employees, we strive to attract people with integrity who are right for our company and who value our culture. In this context, we place an emphasis on attracting talented individuals who believe they can achieve success at and with Vontobel and are therefore willing to assume entrepreneurial risk and to join the company on a base salary that sometimes is lower by market standards. If employees are successful and deliver a good performance over the long term, their compensation – together with the share participation plan – will develop in line with or exceed slightly market rates. It is in Vontobel's interests to not only attract but also retain top performers.

Dialogue with our investors
The Federal Act on Gender equality (GEA) was revised as of July 1, 2020 and supplemented by an obligation for employers to conduct an internal equal pay analysis for firms of 100 or more employees, as well as an independent review of the equal pay analysis. The Competence Centre for Diversity and Inclusion (CCDI-FIM) of the HSG prepared a statistical pay equality analysis using the Logib method which showed that Bank Vontobel AG and Vontobel Asset Management AG comply with the principle of equal pay for men and women. The Social Partnership Office for Equal Pay in the Banking Industry (SF-LoBa) independently reviewed the analysis and confirmed not only that it was formally correct, but also that it complied with all the requirements of the SF-LoBa industry seal of approval. In addition, our market studies show that we are always very mindful of paying fair wages in line with the market, regardless of gender. Each year, we conduct an in-depth review of our salary details with the help of available market data. The results of these analyses are incorporated directly into the upcoming compensation rounds.

Dialogue with our investors
We engage in a regular dialogue with our investors and discuss their thoughts on our compensation policy. We are grateful for all of their suggestions, review them carefully and implement them as far as possible, where this makes sense for our company. For example, we are responding to their calls for greater transparency and are providing the most detailed information possible about the evaluation of the Executive Committee's performance. Our base salaries and annual variable compensation are the subject of carefully prepared decisions by our management bodies.

Pay for performance
Vontobel remained on track in 2021 and took important strategic steps towards its "Lighthouse Ambition 2030", which states that by 2030, we will be recognized as one of the leading and most respected investment firms in all our markets. In the year under review, Vontobel therefore continued to invest in new talents with new capabilities, as well as in technologies. We also strengthened our commitment to selected markets. The high level of trust that clients place in Vontobel and its successful positioning in the market are reflected by the pleasing growth in operating income, which rose by 21 percent to a record CHF 1,536 million in 2021, as well as by the very good Group net profit of CHF 383.8 million (+48 percent compared to 2020), which also reached a record level.

This very good result was also reflected by a return on equity of 18.8 percent significantly exceeding the mid-term target of 14 percent set for 2022. Advised client assets totaled CHF 268.1 billion at the end of 2021, an increase of 8 percent compared to the end of 2020. We once again saw the benefits of our proven investment processes and the recognized expertise of our investment teams, which translated into a continued net inflow of new money. With a net new money growth rate of 3.7 percent, we came close to our ambitious 4–6 percent target range in 2021. This very successful financial year underscores our ability to achieve growth even in a highly competitive environment. Subject to the approval of the General Meeting of Shareholders, the proposed aggregate compensation of the Executive Committee will decrease by 33 percent compared to the previous year. This decrease is mainly due to the different composition of the Executive Committee. The proposed ordinary dividend of CHF 3.00 represents an attractive dividend yield of 3.8 percent (based on a year-end share price of CHF 79.90). Retained earnings are used to strengthen the company's capital position and to finance investments in future organic growth, as well as giving Vontobel additional financial flexibility to carry out potential acquisitions. The sustained good profitability achieved in recent years also formed the basis for the high return on equity in the performance period from 2019 to 2021. The average return on equity in these three years was 15.4 percent. The average BIS Total Capital Ratio was a solid 20 percent. Consequently, the multiplier for performance shares from the 2018 bonus, which will vest in spring 2022, is 154 percent.

Say-on-pay
Our shareholders approved all of the compensation proposals at the General Meeting of Shareholders 2021. The fixed compensation of the Board of Directors was approved by 97 percent of shareholders. The proposed fixed compensation of the Executive Committee was approved by 97 percent and the proposed bonus by 97 percent of shareholders. At the General Meeting of Shareholders 2022, you, our shareholders, will once again be given a prospective vote on fixed compensation and a retrospective vote on variable compensation. At Vontobel, you vote on the actual compensation amounts, meaning that you retain full control over the compensation that is paid out. We are asking you to approve it at the General Meeting of Shareholders of April 6, 2022.

Outlook
Vontobel wouldn't be Vontobel if we didn't constantly look to the future. We are committed to securing Vontobel's success, both today and in the long term. This entrepreneurial tendency to look to the future is even more important as the world, our society and our clients change ever more rapidly due to the emergence of new opportunities in a digitized world. Consequently, one of the core functions of any Board of Directors is to constantly think about the company's long-term future and to take proactive steps to achieve continued improvements and become even more successful. A company that fails to attract new customers, grow and generate an appropriate return for its owners will not survive in the long term. At Vontobel, we want to continue to build on stable foundations and grow steadily. This is also reflected in our ambitious capital market targets. We also have a clear vision of how we intend to achieve these goals. By 2030, we want to be one of the leading and most respected investment firms that can attract, recruit, develop and retain outstanding talent that is a good fit for Vontobel. Over the next two years, we have set ourselves five priorities on which we as Vontobel will place a special focus:

1. Deliver the Vontobel experience
2. Deliver a pure-play investment firm to all clients
3. Deliver on tipping points for our future growth ambition
4. Deliver the power of technology, data & analytics
5. Deliver a great place to work for people who want to excel

On behalf of Vontobel and the members of the Nomination and Compensation Committee, I wish to thank you for your trust and support, as well as for your feedback, which are greatly valued.

Bruno Basler
Chairman of the Nomination
and Compensation Committee

Compensation philosophy and how it is linked to Vontobel's strategy

Introduction
Vontobel is a globally operating investment manager with Swiss roots. We have a long-term commitment to our employees and shareholders. Our philosophy is to promote a performance-oriented culture, to foster teamwork and to take a prudent approach to risk. We encourage entrepreneurial spirit and empower our people to take ownership of their work and bring opportunities to life. We want each individual to have the courage to express an independent perspective, even if that goes against the consensus view.

We firmly believe that every single employee makes a significant contribution to creating the Vontobel experience. Appropriate and fair compensation for our employees and compliance with local regulatory requirements in the markets in which we operate are important elements of our strategy.

We do not endorse any form of discrimination. All of our employment decisions, including compensation decisions, are based on the person's function, qualifications, performance and conduct, or other objective, legitimate business considerations.

Link between Vontobel's corporate values and the compensation system
We strive to conduct our business responsibly on basis of concrete values. Our goal is to generate significant benefits for our customers by seizing opportunities. We also want to achieve this goal by shaping each individual customer experience on our own responsibility. Our core values guide us in our efforts to achieve this purpose and vision:

Driven by an ownership mind-set, we stand for empowerment and personal responsibility.

Our compensation structures place a significant emphasis on ownership through performance assessment criteria that consciously seek to reward behavior consistent with the desired ownership mindset. Share ownership is also a key element of our incentive structures.

We embrace independent thinking to capitalize upon the future. To do so, we promote creativity to develop insights that translate into opportunities that make a difference.

We encourage our employees to consider both the long-term impact of their decisions and the sustainability of the results generated. We determine variable awards based on long-term metrics. We also reinforce this view through the focus on share ownership at Vontobel.

Determined to deliver, we stay on course in a changing world. We are determined to overcome hurdles in order to put our clients ahead. We go the extra mile. We constantly improve and learn to work ever smarter.

We encourage this mindset in our employees through non-financial performance assessment criteria.

Link between Vontobel's strategy and the compensation system

All Vontobel employees should be rewarded for their commitment and contribution. For this reason, our compensation principles link Vontobel's strategic priorities with each individual's total compensation package:

Priorities 2020–2022

1. Deliver the Vontobel experience
2. Deliver a pure-play investment firm to all clients
3. Deliver on tipping points to our future growth ambition
4. Deliver the power of technology, data & analytics
5. Deliver a great place to work for people

Compensation principles

- Pay for performance: A comprehensible overall compensation system that rewards contributions.
- Drive culture: Promote an ownership mind-set and courage. Foster performance- and team-oriented culture.
- Aligned and long-term oriented: Take account of the long-term interests of clients, employees, shareholders and the company.
- Competitive: Offer competitive compensation to attract and retain talent.
- Compliant: Commitment to comply with legal and regulatory requirements. Promote risk-consciousness and prevent conflict of interest.

Core principle of "Pay for Performance"

The principle of "Pay for Performance" lies at the heart of Vontobel's overall compensation system. This means that excellent employee performance and contributions to the long-term success of Vontobel are rewarded. The compensation system is designed to motivate employees at all levels of the company and is geared towards incentivizing future performance while not inducing excessive risk-taking.

Our guidelines are:

- There should always be a strong correlation between total compensation and the annual performance of the business and of the individual.
- Performance depends on various factors and is therefore variable. Consequently, we pay for performance through variable compensation elements.
- We incentivize the right behavior and reward employees who live the Vontobel experience.
- Strategic investments are important to ensure employee retention, meet business objectives or access new markets.
- In case of termination or misconduct no bonus is paid.

Compensation components

We are committed to providing each employee with a total compensation package that is fair, competitive, future-oriented and tailored to the role of the individual. The overall-level of pay is in line with market practices and is linked to Vontobel's operational profitability. While the exact structure depends on the employee's function and location, the total compensation package generally consists of fixed and variable components, as well as social benefits.

Base salary

The fixed base salary is the foundation of each individual's total compensation package. The goal of the base salary is to provide a solid fixed income for the respective function.

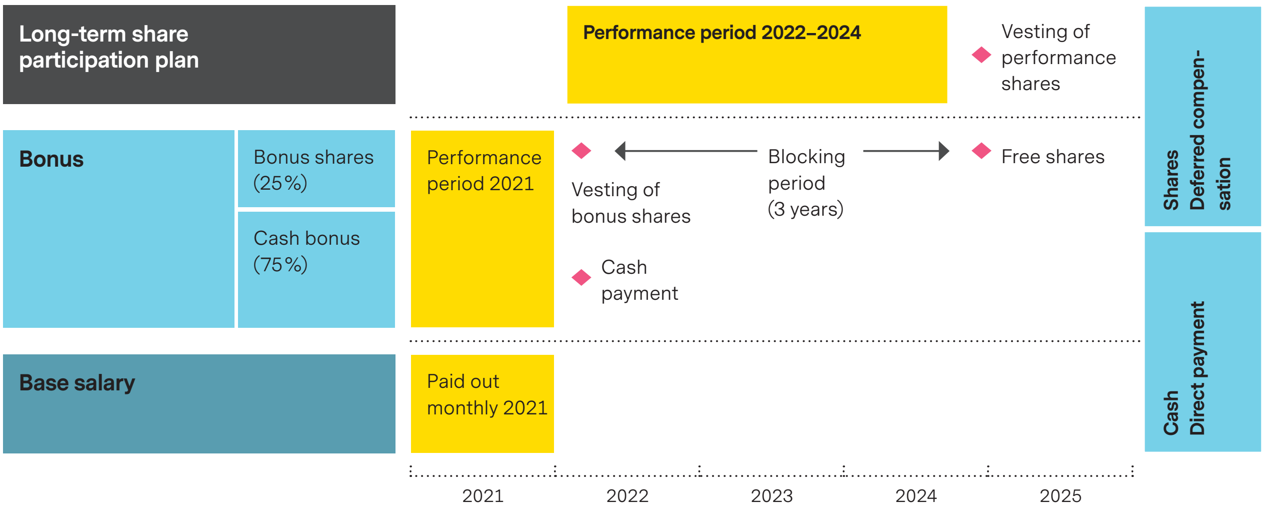
Variable compensation

While the base salary secures the employee's standard of living, variable compensation serves the purpose of motivating employees to strive for exceptional long-term performance. The variable component is split into bonus (cash or deferred) and long-term incentives. Variable pay is based on the performance at Group level down to the level of the client unit / center of excellence and entity as well as the indvidual's performance.

Variable compensation is influenced by various key objectives:

- Attract and retain highest-quality talents
- Promote Vontobel values
- Ensure compliance with external regulations
- Secure affordability for the company

Overview of employee compensation components:



Bonus

We want to recognize employees who deliver outstanding results and contribute to the realization of business goals. The bonus is a short-term award that serves this purpose since it rewards employees for the contributions they made during the financial year. The bonus is generally paid out in the first quarter of the year, on a retrospective basis for the previous year.

Employees who receive a cash bonus can choose if they want to invest 25 percent of their cash bonus in bonus shares. Participation is therefore voluntary except in the case of certain employees who are subject to a mandatory investment requirement (e.g. management, high-risk functions, cash bonus above threshold). For employees who participate in long-term incentive plans (LTIs), a portion of the bonus is deferred by investing a defined amount in Vontobel shares (i.e. bonus shares). Since participants become Vontobel shareholders, the deferred bonus is a crucial element of our ownership mindset.

To avoid any real or perceived conflicts of interest, short-term incentives for employees working in control functions are not calculated solely on the basis of financial metrics, instead they take account of the achievement of function-specific non-financial key performance indicators.

Long term incentive

Since each employee is important to Vontobel's overall success, we believe that each individual should participate in long-term value creation. In 2004, we therefore implemented an LTI that encourages ownership, foresight and tenacity and motivates each employee to deliver the edge.

In addition to the global LTI, variations of this plan were introduced to meet regional regulatory requirements, e.g. the inclusion of fund investments in the plan.

The main components that form part of all Vontobel LTIs are Bonus Shares and Performance Shares:

Bonus Shares

Promote ownership through bonus shares: Employees receive the deferred bonus in shares of Vontobel Holding AG at a discounted price of 80 percent of the relevant market price. The shares are immediately transferred into the ownership of the individual but the recipient is required to hold the shares for a period of three years. During this period, the individual is also entitled to receive dividend payments.

Performance Shares

Incentivizing future performance through performance shares: With the allocation of bonus shares, employees also receive a prospective entitlement to performance shares that they can exercise after a period of three years. The performance shares are transferred free of charge and there are no sales restrictions.

The amount of performance shares depends on Vontobel's average return on equity (ROE) and average risk profile (BIS Total Capital Ratio). The multiplier resulting from these two parameters is defined using the average over the relevant performance period of three years. This ensures that the achievement of a high return on equity in combination with a low risk profile is rewarded more generously than the achievement of a high return on equity in combination with a high risk profile. Every LTI participant will thus benefit from the discounted price of the shares, the dividends on the bonus shares as well as from the additional performance shares that are offered free of charge.

The number of performance shares is determined on a purely formulaic basis and therefore theoretically has no maximum limit. We have therefore introduced for this component of Executive Committee compensation – the only one not subject to the discretionary governance process – a cap of 250 percent on the multiplier used for the calculation of performance shares as from 2019. This cap applies solely to members of the Executive Committee for reasons of relevance and due to the impact on the risk / return tradeoff practiced by this managing body.

Link between variable components and the principle "Pay for Performance"

Link between the bonus and pay for performance

Our bonus system creates a high degree of transparency since all decisions are based on the performance of Vontobel, the client units / centers of excellence and the individual. Consequently, the individual's cash bonus is entirely dependent on the performance achieved across these areas during the financial year.

Link between the share plans and pay for performance

As a result of the investment of the bonus and the deferral of the award, the benefit is closely linked to both individual performance and the performance of Vontobel's business. Since employees are not allowed to sell their shares for three years (i.e. "blocked shares"), the actual benefit they realize depends on the development of the share price. In addition, the amount of additional performance shares varies in line with Vontobel's performance. In conclusion, each employee's benefit is dependent on the sustainable performance of the business at two levels.

		DISCRETIONARY INDIVIDUAL BONUS	BLOCKED BONUS SHARES	PERFOR-MANCE SHARES
Perfor-mance	Individual	✓	✓	✓
	Client unit / Center of excellence	✓	✓	✓
Time Horizon	**Retrospective** for performance delivered	✓	✓	
	Prospective Investment in future performance of the business		✓	✓

Governance

Compliance with regulatory requirements

We are committed to complying with regulatory requirements at all times and in all the regions where we do business. Due to the variety of countries in which Vontobel is represented, various regulatory frameworks governing compensation need to be taken into account. For example, Vontobel follows the AIFMD, UCITS, CRD IV and MiFID regulations in the EU and the Swiss Ordinance against Excessive Compensaiton in Listed Stock Corporations (VegüV). Additionaly, Vontobel has voluntarily chosen to adhere to the FINMA remuneration principles in accordance with best practice.

The Board of Directors is responsible for ensuring that Vontobel's principle to always complying with all applicable regulations and even exceeding the minimum requirements in key territories is observed. In addition, the Board of Directors is responsible for ensuring that the compensation policy and level of pay do not expose Vontobel to an unacceptable level of risks.

The individual nature of the regulations that apply to Vontobel entities means that local policies may apply within the scope of this global policy and that these local policies may need to be amended whenever the regulatory landscape changes.

Responsibility for Vontobel's compensation system

To follow these principles, governance roles and responsibilities are clearly defined and shared across the organization:

- **Shareholders:** The General Meeting votes on the total compensation awarded to the Board of Directors (BoD) and the Executive Committee. The General Meeting also elects the members of the Nomination and Compensation Committee (NCC).
- **External auditors:** The external auditors review the financial statements, including compensation-related figures that are disclosed in the annual report.
- **Board of Directors:** The Board of Directors (BoD) delegates selected tasks to the Nomination and Compensation Committee (NCC), oversees all compensation related matters and has the final decision-making power. The Board of Directors is ultimately responsible for the compensation policy and its implementation, with responsibilities being delegated to the Nomination and Compensation Committee.
- **Nomination & Compensation Committee (NCC):** The NCC oversees Vontobel's entire total compensation system. Each December, the Nomination and Compensation Committee proposes the annual bonus pool to the Board of Directors and maintains an ongoing dialogue about the performance development with managers throughout the year.
- **Executive Committee:** The CEO makes a proposal to the Nomination and Compensation Committee each year regarding the compensation of the Executive Committee.
- **Internal Audit:** The role of Internal Audit is to contribute to the integrity of the entire process and to ensure it is comprehensive and adapted to the scale and complexity of the company. One of the goals of Internal Audit is to make sure that the compensation system does not define incentives that could lead to conflicts of interest. Internal Audit therefore acts completely independently and reports directly to the Board of Directors or its committees.
- **Control functions:** Human Resources, Finance, the Risk and Audit Committee and other control functions are involved in the oversight, design and allocation of employee incentives.
- **Heads of CU/CoE:** The management of each client unit / center of excellence has a say in the total compensation package of the individual employees, including the allocation of variable compensation. Ongoing reviews and annual overall assessments are carried out.
- **Line Managers:** They provide support and guidance and communicate decisions to employees. Managers with responsibility for compensation matters play an integral role in salary discussions and propose bonuses.
- **Individual employees:** Each employee is responsible together with his line manager for setting his own goals and aligning them with the Vontobel experience. The individual collects regular feedback and engages in an ongoing dialogue about individual development.

Say-on-pay motions proposed to the General Meeting of Shareholders 2022

Overview of responsibilities for compensation and decision-making processes
The Board of Directors has overall responsibility for Vontobel's human resources policy and consequently also for its compensation policy. The Nomination and Compensation Committee (NCC) supports the Board of Directors in determining Vontobel's compensation principles and defining its compensation strategy.

The NCC oversees the compensation of the Board of Directors, the Chairman of the Board of Directors, the members of the Executive Committee and the CEO, as well as basic elements of the compensation of all Vontobel employees.

RECIPIENT OF COMPENSATION	PROPOSED BY	DECISION ON PROPOSAL TO GENERAL MEETING	APPROVAL AT GENERAL MEETING
Board of Directors	NCC	Board of Directors	Shareholders
Chairman of Board of Directors	NCC	Board of Directors	Shareholders
Members of the Executive Committee	CEO	NCC	Shareholders
CEO	Chairman of Board of Directors	NCC	Shareholders

In accordance with the Articles of Association of Vontobel Holding AG (see Article 31: www.vontobel.com/en-ch/about-vontobel/investor-relations/annual-general-meeting) and the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV), Vontobel discloses the compensation awarded to members of the Board of Directors and members of the Executive Committee and puts it to the vote at the General Meeting of Shareholders.

The Board of Directors will hold the following votes on compensation at the General Meeting of Shareholders of April 6, 2022:

Voting on compensation

	2019	2020	2021	2022	2023	2024
Consultative vote on Compensation Report 2021			Compensation system and governance			
Maximum aggregate fixed compensation of members of Board of Directors for forthcoming term of office				Compensation period		
Maximum aggregate fixed compensation of members of Executive Committee for period from 1 July 2022 to 30 June 2023				Compensation period		
Maximum aggregate performance-related compensation of Executive Committee for prior financial year that has ended			Performance period			
Additional amount for performance shares of the Executive Committee, which relate to bonus shares for 2018 (approved at the General Meeting of Shareholders 2019) and will vest in 2022.	Performance period					
Maximum aggregate amount for performance shares 2022–2024 of Executive Committee				Performance period		

= General Meeting

In the event of one or more motions being rejected at the General Meeting of Shareholders 2022, the Board of Directors is required to call a new General Meeting within six months and to propose new motions for the approval of compensation to shareholders.

Nomination & Compensation Committee (NCC)

The NCC consists of at least three members of the Board of Directors, who are elected each year by the General Meeting of Shareholders. In 2021, the NCC comprised the independent Board members Bruno Basler (Chairman of the NCC), Dr Elisabeth Bourqui and Clara C. Streit, as well as the non-independent Board member Björn Wettergren. Björn Wettergren represents the fourth generation of the Vontobel and de la Cour families.

The NCC maintains an intensive dialogue with management throughout the year and generally holds at least four meetings during that period. Each year, the extent to which Group-wide performance objectives have been achieved in quantitative and qualitative terms, as well as the CEO's proposal concerning the size of the variable bonus pool for the entire Group, are discussed in detail. The CEO and occasionally also the Head of Human Resources provide the NCC with explanations and advice on this matter. The CEO is not present during the part of the meeting when his compensation is determined.

Benchmarks

We consider it necessary to offer competitive compensation in order to attract and retain talented professionals over the long term. The NCC therefore reviews the compensation of all employees once each year. During this process, compensation levels and structures are compared with those of similar positions in Vontobel's peer group in the finance industry. The NCC uses comparative data from publicly accessible sources, information provided by renowned market data providers and talent recruitment information for this purpose. The results of this compensation comparison are used, among other things, as the basis for determining individual compensation.

The current peer group used to assess the appropriateness of our compensation is shown below:

Peer group

Switzerland	Credit Suisse, EFG International, GAM, Julius Baer, Lombard Odier, Pictet and UBS
UK	Abrdn, Ashmore, Janus Henderson and Schroders
USA	Artisan Partners, Lazard and Franklin Templeton

Vontobel Bonus pool

The bonus pool is used to finance the bonus of the Executive Committee and employees. It is determined using the following three-stage process:

Financial performance	Other performance indicators	Overall evaluation
The bonus pool is accrued each month based on financial performance. Profit before taxes and before variable compensation of the Group and individual CU/CoE have the largest influence on the bonus pool. Growth- and future-oriented key figures such as net new money and investment performance also have a direct influence on the bonus pool.	Progress in implementing the strategy Conduct, leadership and development of the organization Relative performance compared to peer group	The NCC carries out a comprehensive evaluation and reviews Vontobel's market positioning as well as the long-term creation of value in order to formulate the final proposal regarding the bonus pool that is submitted to the Board of Directors for approval.

Vontobel Asset Management in the US and TwentyFour Asset Management in the UK have their own compensation systems and receive variable compensation that is not part of the bonus pool.

Allocation of bonus

The allocation of the total bonus pool to the individual client units and centers of excellence (areas) is managed by the CEO using a clearly defined process. The following elements form the basis for the allocation of a bonus pool:

- **Vontobel Bonus Pool:** the available total bonus pool approved by the Board of Directors

- **Area Base Line:** is the starting point for the bonus allocation and is based on a "same for same" bonus simulation. This takes into account the change in number of employees, the results of external and internal market studies and the results of the equal pay analyses, but not the performance of the respective area.

- **Area Performance Score:** is the result of the annual assessment of the individual client units and centers of excellence. The performance score is the result of the following parameters:
  Performance metrics: "what has been achieved" measures the achievement of specific predefined key performance indicators (KPI's)
  Health & ESG metrics: "does it contribute to the long-term development of Vontobel" measures the contribution to the corporate strategy/business plan (lighthouse) using the predefined key figures (quantitative, qualitative and ESG KPI's).
  Risk & Compliance metrics: "how has it been achieved" measures the achievement of specific risk indicators as well as qualitative risk behavior.

  Within the client units and the centers of excellence, an individual's discretionary variable bonus is also determined using quantitative and qualitative assessment criterias that are relevant to the individual's respective function. The quantitative components include the respective current profitability of Vontobel as well as the profitability and growth achieved by the client unit / center of excellence. In addition, the bonus amount depends to a significant extent on the employee's actions over the course of the year; responsible conduct is of particular importance in this regard. The bonus is reviewed annually and is usually paid in the first quarter of each year. The bonus is determined each year by the merit managers and is subject to approval by the Executive Committee.

External consultants

Vontobel obtains anonymized comparative data from external compensation consulting firms such as Willis Towers Watson (formerly Towers Watson) and McLagan (a division of Aon Hewitt), as well as Kienbaum. This information serves as an important basis when determining compensation – especially in an environment characterized by significant market and regulatory changes.

In the case of our entities outside Switzerland, we obtain advice from Mercer LLC on pension and social benefits.

The NCC has commissioned PricewaterhouseCoopers AG (PwC) to provide independent advice and support with regard to the review and further development of our compensation model as well as in respect of general compensation-related questions such as changes in international guidelines and rules.

Some of the consultant referred to above hold further mandates within Vontobel. However, these other mandates are performed outside the Compensation and Benefits unit.

Periodic review of the system

The Compensation Regulations (regulations governing Vontobel's share participation plan, including the related brochure) were approved by the Board of Directors of Vontobel Holding AG on December 16, 2004 and continue to apply in their current form. Each year, the compensation system is discussed by the NCC from various perspectives.

Base salaries and annual variable compensation are the subject of carefully prepared decisions by our management bodies. Only our Long Term Incentive Program, which comprises performance shares, is calculated on a purely formulaic basis and theoretically has no upper limit. For this reason, the NCC decided in 2018 to introduce a cap of 250 percent on the multiplier used for the calculation of performance shares for members of the Executive Committee from 2019 (applicable for the first time to the performance period 2019 to 2021).

In 2016, the NCC approved the introduction of a Variable Compensation Agreement (VCA) for individual employees that also reflects regulatory requirements in the European locations in which Vontobel operates. The Executive Committee is not affected by this arrangement.

Change of control clauses

The contracts of members of the Board of Directors (including the Chairman) and the Executive Committee (including the CEO) do not make provision for any agreements in the case of a change of corporate control (referred to as change of control clauses). In the event of a change of control, any entitlements arising from the share participation plan will, however, be met immediately if the plan cannot be continued.

Notice periods and severance agreements

Vontobel Holding AG or companies controlled by it may conclude mandate agreements or employment contracts of limited or unlimited duration with members of the Board of Directors. The duration and termination of such agreements are based on the term of office and applicable law.

Vontobel Holding AG or companies controlled by it may conclude employment contracts with members of the Executive Committee. Employment contracts of limited duration are subject to a maximum duration of one year but may be renewed. The maximum notice period for employment contracts of unlimited duration is 12 months. If the employment relationship is terminated, the company or companies controlled by it may release a member of the Executive Committee from his duties with immediate effect and/or conclude a termination agreement.

In principle, the employment contracts of Vontobel employees (including members of the Executive Committee) are subject to a notice period of a maximum of six months. In the case of the Chairman of the Board of Directors, notice must be given in the fourth quarter of the relevant year. The contracts concluded with the members of the Board of Directors (including the Chairman) and the members of the Executive Committee (including the CEO) do not contain any clauses relating to severance payments.

Loans to governing bodies

The company may grant a member of the Board of Directors or a member of the Executive Committee credits and loans at standard market rates or generally applicable employee terms and conditions up to an amount of CHF 50 million.

To the extent permitted by law, the company may grant an advance to members of the Board of Directors or members of the Executive Committee to cover court costs and lawyers' fees in connection with legal proceedings, lawsuits or investigations – whether under civil, criminal or administrative law or of another nature – that are connected with their duties or with the fact that they are or were members of the Board of Directors or the Executive Committee.

Compensation of the Board of Directors

Compensation system

Compensation principles
The range of duties performed by a bank's Board of Directors is prescribed by law and by the financial market supervisory authority. The overall supervision and direction of the company are the non-transferable and irrevocable duties of the Board of Directors in its capacity as the supervisory and defining body. A Swiss Board of Directors has an extended range of responsibilities, duties and powers compared to Boards of Directors in other countries. The Board of Directors of Vontobel should be able to perform the overall direction and supervision of the company without restriction. It is also intended to serve as a credible counterbalance to the Executive Committee and should be able to act independently. Based on this, Vontobel has defined the following compensation principles for its Board of Directors:
- Competitive compensation that reflects the competences and experience of members of the Board of Directors and the value they contribute
- It consists exclusively of fixed compensation
- Participation in the long-term performance of the company through shares

The compensation proposed to the General Meeting of Shareholders is decided by the Board of Directors.

Compensation components
The compensation of the members of the Board of Directors consists of the following components:

Duties and roles
Board of Directors
The Board of Directors defines the business strategy and formulates guiding principles for the bank's corporate culture. It signs off the company-wide risk management framework and is responsible for issuing regulations, establishing and monitoring an effective risk management function, and managing overall risks. Furthermore, the Board of Directors establishes a suitable organizational structure and has ultimate responsibility for the company's financial position and development. The Board of Directors is responsible for ensuring that the company has an appropriate number of employees and other resources (e.g. infrastructure, IT) and for its human resources and compensation policies. It oversees the work of the Executive Committee and is, among other things, responsible for ensuring that there is both a suitable risk and control environment within the company. In this way, it has a decisive influence on the strategy, structure and culture of Vontobel. In order for the Board of Directors to perform these duties credibly and to act independently from the Executive Committee, it must be composed of qualified and experienced members, while ensuring an appropriate level of diversity.

COMPENSATION COMPONENTS

Fixed fee	50% paid in cash	The fixed fee for the mandate as a member of the Board of Directors of Vontobel Holding AG is paid half in cash and half in shares.
	50% paid in shares	The allocation of shares that are blocked for a period of three years serves as a long-term incentive, resulting in an alignment with shareholder interests. Members of the Board of Directors thus participate in the long-term success of the company and the long-term performance of the Vontobel share.
		Shares are allocated at an accepted value of 80% of the average price in the month of December of the year prior to the year in which the payment is paid out. These shares may not be sold, pledged or transferred during the blocking period.
Further fees	100% paid in cash	The fee for the mandate as a member of the Board of Directors of Bank Vontobel AG, which is controlled by Vontobel Holding AG, and the daily fees/meeting attendance allowance as well as expenses are paid 100% in cash.
Pension payments (only for the Chairman of the Board of Directors)		The Chairman of the Board of Directors has an ordinary employment relationship in Switzerland. He therefore receives statutory pension fund benefits like all other employees. The other members of the Board of Directors do not receive pension fund benefits.

Chairman of the Board of Directors

The Chairman presides over the Board of Directors as a whole and represents it internally and externally. The Chairman has a key role in shaping Vontobel's strategy, communication and culture. Vontobel has a strong and experienced Chairman, who performs a central function within the Board of Directors. In 2015, his compensation was set at CHF 2.5 million, which – based on a multi-year average – corresponds to the level of compensation of a member of the Executive Committee.

The fixed aggregate compensation of members of the Board of Directors, including the Chairman of the Board of Directors, which is proposed to the General Meeting of Shareholders for the forthcoming term in office includes a reserve for the following other compensation components: Employer contributions to the pension fund and supplementary fund, daily fees and meeting attendance allowances. The amount that serves as the basis for the vote on compensation does not include social security contributions (AHV, ALV, IV) or additional advisory fees that are unrelated to the function as a member of the Board of Directors and are disclosed separately in the Annual Report.

Actual compensation (audited information)

Compensation for the financial year

For the financial year 2021, compensation totaling CHF 4.4 million (previous year CHF 4.3 million) was paid to the members of the Board of Directors. Of this sum, CHF 2.6 million was paid in cash and CHF 1.8 million in the form of share-based compensation.

Compensation of the members of the Board of Directors for the financial year (pursuant to Art. 663b ^{bis} of the Swiss Code of Obligations)

NAME	FUNCTION	COMPENSATION PAID IN CASH CHF 1,000	COMPENSATION PAID IN SHARES[1] CHF 1,000	OTHER COMPENSATION CHF 1,000	2021 TOTAL FIXED COMPENSATION CHF 1,000	2020 TOTAL FIXED COMPENSATION CHF 1,000
Herbert J. Scheidt[2]	Chairman	1,250.0	1,250.0		2,500.0	2,500.0
Bruno Basler	Vice-Chairman	193.6	60.0		253.6	251.9
Dr Maja Baumann	Member	149.3	60.0		209.3	209.3
Dr Elisabeth Bourqui	Member	144.4	60.0		204.4	231.9
David Cole	Member	170.1	60.0		230.1	229.3
Dr Michael Halbherr[3]	Member	108.4	45.0		153.4	
Stefan Loacker	Member	149.1	60.0		209.1	209.3
Clara C. Streit	Member	143.6	60.0		203.6	222.9
Andreas Utermann[3]	Member	113.9	45.0		158.9	
Björn Wettergren	Member	144.4	60.0		204.4	222.9
Total		**2,566.8**	**1,760.0**		**4,326.8**	**4,077.5**
MEMBERS RESIGNED						
Dr Frank Schnewlin[4]	Vice-Chairman	46.2	15.0		61.2	249.3

1 Allocation of shares of Vontobel Holding AG that are subject to a holding period of three years, during which they cannot be sold.
2 In the year under review, Herbert J. Scheidt received CHF 89,340 (previous year CHF 76,666) of fees for Board memberships outside the company that he holds in connection within his role at the company.
3 Member of the Board of Directors since April 20, 2021
4 Retired from the Board of Directors on April 20, 2021

Additional fees, related parties and similar information
None.

Former members of the Board of Directors
Compensation paid to members of the Board of Directors who stepped down during or prior to the previous year: None.

Holdings of shares and options (audited information)

		31.12.2021			31.12.2020		
			OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE			OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE	
NAME	FUNCTION	SHARES NUMBER	CALL OPTIONS	PUT OPTIONS	SHARES NUMBER	CALL OPTIONS	PUT OPTIONS
Herbert J. Scheidt	Chairman	392’388			444,933		
Bruno Basler	Vice-Chairman	18,876			17,785		
Dr Maja Baumann [1]	Member	5,704			4,613		
Dr Elisabeth Bourqui	Member	3,759			5,697		
David Cole	Member	5,254			4,163		
Dr Michael Halbherr	Member						
Stefan Loacker	Member	3,494			2,403		
Clara C. Streit	Member	11,334			10,243		
Andreas Utermann	Member						
Björn Wettergren [1]	Member	5,458			4,367		
MEMBERS RESIGNED							
Dr Frank Schnewlin	Vice-Chairman				12,154		

The above figures do not include rights to receive performance shares.
The calculation of the number of shares at the time of exercise reflects the exchange ratio of the respective options.
The above figures also include the share and option holdings of parties related to the members of Vontobel’s governing bodies.
1 The figures stated do not include the indirect participations of members of the Board of Directors Dr Maja Baumann and Björn Wettergren held through a group of shareholders (“shareholder pool”) bound by a shareholder pooling agreement. Further information on the shareholder pool is provided in the Corporate Governance Report on page 31.

Loans to governing bodies (audited information)

As of December 31, 2021 loans and credits to members of the Board of Directors of CHF 0.0 million were outstanding (previous year: none). As of December 31, 2021 and December 31, 2020 no fully secured loans and credits to related parties were outstanding. No loans to former members of the Board of Directors were outstanding that were not granted according to standard terms and conditions.

Compensation of the Executive Committee

Compensation system

Compensation principles
The principle of "Pay for Performance" applies at Vontobel. The compensation system was structured in such a way as to ensure that the level of compensation paid to the members of the Executive Committee tends to be lower than the market rate in the first few years after they join the company but can increase if a good performance is achieved over more than three years thanks to the share participation plan. As a result, the members of the Executive Committee tend to have a relatively low base salary but receive higher variable compensation – provided Vontobel and the client unit or center of excellence they oversee perform well.

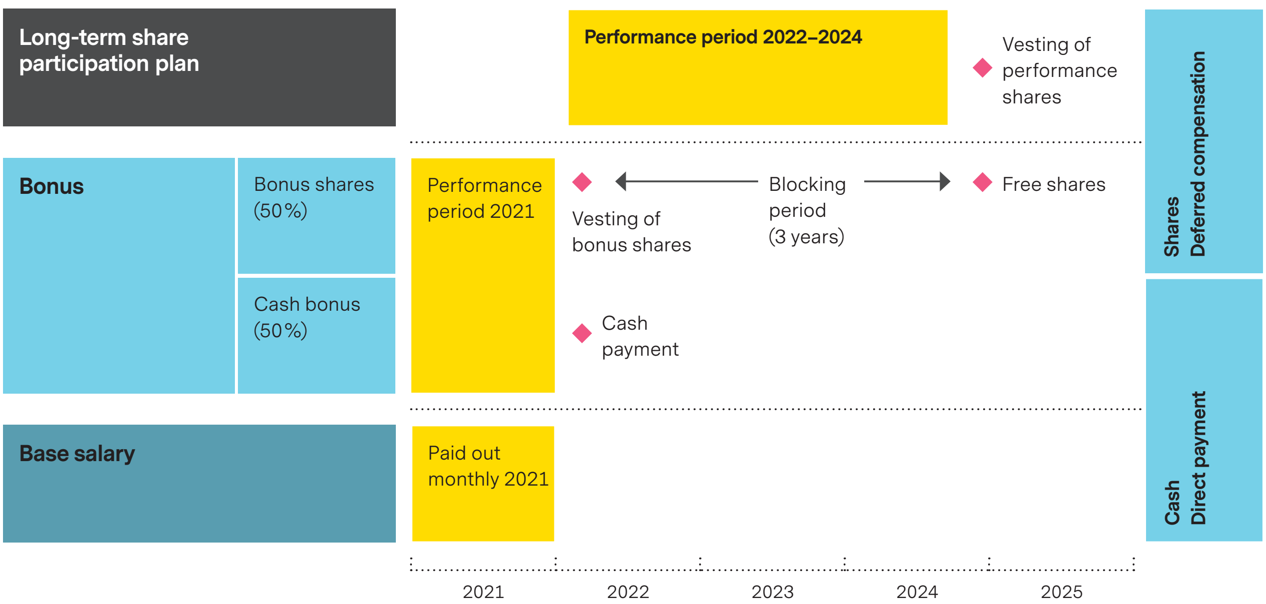
In the allocation of variable compensation, quantitative and qualitative objectives are assigned equal weighting when measuring and evaluating performance. In this context, the NCC takes account of criteria including:

- Performance of each member of the Executive Committee
- Financial performance of Vontobel and the relevant client unit / center of excellence
- Performance measured in relation to the finance industry peer group
- Current market rates of compensation and efforts to achieve a compensation policy with a long-term focus, and
- Balanced distribution between groups of stakeholders

Formula-based compensation is not used for members of the Executive Committee at Vontobel. The Board of Directors reaches the final decision about the compensation proposals for the General Meeting of Shareholders at its own discretion.

Compensation components
The compensation of the Executive Committee consists of a fixed compensation component (annual base salary) and a variable compensation component (bonus and long-term share participation plan). The fixed compensation component is determined on the basis of the individual function. The variable compensation component is determined on the basis of collective and also individual performance. This approach is designed to ensure that the compensation of the Executive Committee is largely dependent on the achievement of ambitious performance objectives.

Overview of Executive Committee compensation components:



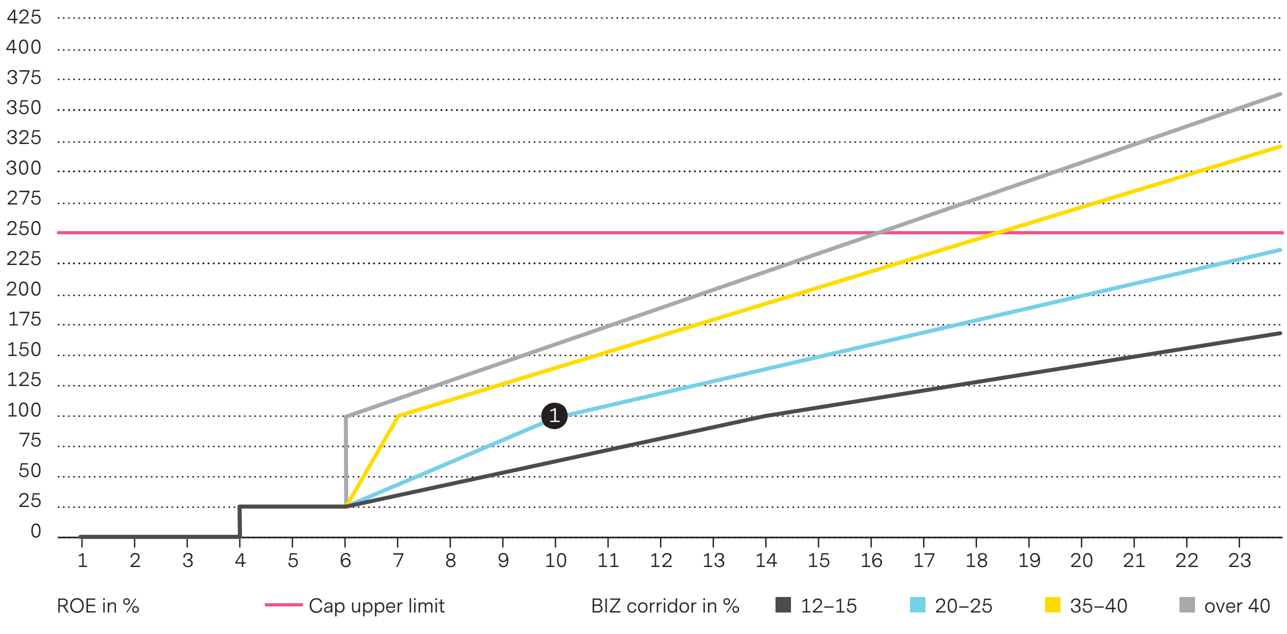
The compensation of the members of the Executive Committee consists of the following components:

COMPENSATION COMPONENTS

Base salary	100% paid in cash	The base salary of each member of the Executive Committee is determined individually. The level of base salary is in line with our international peer group and is generally lower than the base salaries paid by our Swiss peers.
Bonus	50% paid in cash (cash bonus)	The bonus is based on the collective and individual achievement of quantitative and qualitative objectives. The bonus is paid half in cash and half in bonus shares.
	50% paid in shares (bonus shares)	Bonus shares are allocated at an accepted value of 80% of the average price in the month of December of the year prior to the year in which the bonus is paid out. These shares are blocked for three years from the date of vesting and may not be sold, pledged or transferred during that period. If the company achieves a sustained good performance and its share price rises during the blocking period, the value of the bonus shares increases accordingly. However, if the share price falls, the bonus subsequently decreases – resulting in a dual financial loss for the member of the Executive Committee, since taxes have already been paid on the basis of the higher share price. This model ensures that members of the Executive Committee can participate in the successful performance of the company while also sharing the risks in the event of poor financial results. If the employment relationship is terminated, bonus shares that have already been allocated remain in the ownership of the individual members of the Executive Committee and continue to be subject to the blocking period even after the period of employment has ended. Further details of the share participation plan can be found in the brochure "Vontobel Share Participation Plan" at: www.vontobel.com/compensation-report
Long-term share participation plan	100% paid in shares (performance shares)	Vontobel also pays part of its compensation in the form of long-term incentive components. They are paid in the form of registered shares of Vontobel Holding AG (performance shares) and are designed to promote loyalty to the company. Three years after receiving bonus shares, members of the Executive Committee are entitled to receive additional shares, known as performance shares (long-term incentive) if vesting conditions are met. This right depends on the performance of the business over the last three years, hence the name "performance shares", as well as on the number of bonus shares received. When determining the performance of the business, Vontobel's average return on equity (ROE) and average risk profile (BIS Total Capital Ratio) are taken into account. The multiplier resulting from these two parameters is defined using the average over the relevant performance period (the last three years or the last six half-year values). This ensures that the achievement of a high return on equity in combination with a low risk profile is rewarded more generously than the achievement of a high return on equity in combination with a high risk profile. One condition for the vesting of performance shares is that an average Group-wide return on equity of at least 4% is generated over the relevant three-year period. In addition, the BIS Total Capital Ratio must exceed 12%. If one of these requirements is not met, all rights to performance shares lapse (see chart on the next page for further details). Performance shares are only awarded to members of the Executive Committee who remain in an employment relationship on which notice has not been served three years after they received the bonus shares. In this way, performance shares also play an important part in ensuring that the Executive Committee is focused on the stable and successful development of Vontobel over the long term and in promoting loyalty to the company.
Employee benefits		The members of the Executive Committee receive the same pension fund benefits as all other employees in Switzerland.
Other compensation		In general, the members of the Executive Committee do not receive any special additional benefits. They have the same additional benefits as all other employees in the location and the unit in which they work.

This chart shows the payout ratio for performance shares for selected BIZ ranges:

Payout ratios for performance shares
Performance shares as a % of bonus shares (multiplier)



If an average ROE of 10 percent is generated and the average BIS Total Capital Ratio is 20–25 percent, the member of the Executive Committee would, for example, receive 100 percent of the performance shares at the end of the three-year performance period based on the current perspective. This means that the member would receive the same number of shares as performance shares that he or she already received as bonus shares at the beginning of the performance period (see point 1 in chart). The payout ratio or the multiplier used for the calculation of performance shares (as shown above) is capped at a maximum of 250 percent for members of the Executive Committee.

Additional amount

If new members are appointed to the Executive Committee and take up their position at Vontobel after the General Meeting of Shareholders has approved the maximum aggregate amount of fixed compensation for members of the Executive Committee for the financial year concerned, an additional amount may be used for the compensation to be paid to these new members. The additional amount for each compensation period and for each new member corresponds to 40 percent of the last approved maximum aggregate amount of fixed compensation of the Executive Committee. This additional aggregate compensation includes any compensation for disadvantages incurred in the course of a change of employment (sign-on bonuses). If the additional amount is not sufficient to compensate for these disadvantages, the amount of the sign-on bonus exceeding the additional amount must be submitted to the next Ordinary General Meeting for approval.

Objectives and their achievement

The Executive Committee has a sustained influence on the implementation of Vontobel's strategy and consequently on its business activities. In addition to this overall responsibility, the CEO and the other members of the Executive Committee are assigned quantitative and qualitative objectives, which are listed in the scorecard. Since each member of the Executive Committee performs a different function within the company, the objectives are individually aligned to the areas of responsibility of each member of the Executive Committee. In this context, the CEO's objectives serve as the basis for the individual objectives of the other members of the Executive Committee.

The following objectives were defined for the Executive Committee for 2021 and were evaluated by the Board of Directors:

QUANTITATIVE OBJECTIVES (50%)		EVALUATION[1]
Finance	– Achieve or exceed budget – Generate net inflows of new money – Enhance operating efficiency – Increase return on equity – Maintain capital position that significantly exceeds regulatory requirements	**Highly effective performance**
Strategy	– Implement strategic growth initiatives and priorities based on the defined interim goals for growth – Further strengthen core competencies – Drive organic growth in target markets – Capture opportunitites created by technology – Supplement growth through M&A	**Highly effective performance**

QUALITATIVE OBJECTIVES (50%)		EVALUATION[1]
Behaviour	– **Client focus** – always seek the best solution to deliver sustained success for our clients and Vontobel; strengthen client focus across all areas of Vontobel, especially through the implementation of specific customer journeys – **Results-driven approach** – achieve impact by focusing on objectives and results; think long term in order to realize sustainable and competitive growth – **Compliant conduct** – act with integrity and remain independent at all times; provide advice in accordance with our Code of Conduct and our guidelines and take appropriate account of risks; take comprehensive measures to guarantee continuous compliance with laws and regulatory requirements, with a particular emphasis on the recognition of risks related to money laundering; ensure the protection of client data and compliance with all applicable legal requirements	**Effective performance**
Leadership and development	– **Inspirational leadership** – recruit, retain, support and develop the best talent; define ambitious objectives and motivate employees to raise the benchmark for client service and quality of work; inspire others to deliver a top performance – **Transformative leadership** – demonstrate flexibility and be capable of leading in new operating conditions and adapting to them constructively; reach clear decisions and share them with the team – **Communication** – share own knowledge and experience with others; promote constructive collaboration as a team across functions and borders – **Diversity and Inclusion** – create an open and trustworthy environment that is free of prejudice and promotes diversity and equal opportunities	**Highly effective performance**

1 Vontobel Evaluation Grid: 1 Unsatisfactory performance / 2 Inconsistent performance / 3 Effective performance / 4 Highly effective performance / 5 Outstanding performance contribution

In the year under review, against the backdrop of a highly competitive environment, the Executive Committee largely achieved or exceeded the financial objectives defined for the financial year. The high level of trust that clients place in Vontobel and its successful positioning in the market are reflected by the continued net inflow of new money of CHF 8.1 billion, the 21 percent growth in operating income to a record CHF 1,536 million and Group net profit of CHF 383.8 million (+48 percent), which also reached a record level. Profit before taxes totaled CHF 467.2 million, corresponding to growth of 46 percent compared to 2020. With a net new money growth rate of 3.7 percent, Vontobel came close to its ambitious 4–6 percent target range in the year under review. This reflected inflows from all three Client Units – Wealth Management, Asset Management and Digital Investing.

Vontobel was able to significantly grow its income in 2021 and at the same time risk-weighted positions decreased by 11 percent. For this reason – and despite the full acquisition of TwentyFour Asset Management, which was financed out of Vontobel's own funds, the CET1 capital ratio rose to 16.6 percent at the end of 2021 (end-2020: 13.8 %). The Tier 1 capital ratio, which is identical to the total capital ratio at Vontobel, reached 23.4 percent (end-2020: 19.8 %). The capital ratios continue to substantially exceed the regulatory minimum requirements defined by FINMA of 7.8 percent for the CET1 capital ratio, 9.6 percent for the Tier 1 capital ratio and 12 percent for the total capital ratio for category 3 banks, including Vontobel.

The Executive Committee far exceeded the strategic objectives defined for 2021. Considerable progress was achieved at a strategic level and Vontobel generated further growth in all core activities, as well as strengthening its market position in key target markets. In Asset Management, Vontobel is continuing to focus on higher-margin mandates. In the year under review, Asset Management recorded a net inflow of assets of CHF 1.9 billion – driven in particular by TwentyFour Asset Management and the Fixed Income business. However, the termination of two low-margin fixed income mandates slowed the growth in net new money, which reached 1.4 percent overall in Asset Management. The gross margin was 42 basis points, in line with the previous year.

The business with Wealth Management clients achieved a pleasing performance, with clients entrusting CHF 5.6 billion of net new money to Vontobel, corresponding to growth of 6.9 percent. The attractive and client-centric offering, a sound advisory process and the deepening of existing client relationships led to a further strengthening of operating income to CHF 633.7 million in Wealth Management, combined with a solid gross margin of 70 basis points, compared to 75 basis points in 2020.

The Digital Investing Client Unit serves clients who solely make use of our digital offerings. As a result of its good market positioning and the strong increase in the demand for leverage products, trading income in this unit grew by 148 percent. In 2021, Vontobel was able to significantly expand its market position for investment products as well as leverage products in key markets such as Switzerland and Hong Kong.

The Executive Committee consistently exceeded its qualitative objectives. For example, it further strengthened Vontobel's positioning in the market and vis-a-vis all stakeholders. A strong emphasis was placed on client focus. To deliver the best solutions and generate sustained success for our clients, the Executive Committee has, in particular, introduced specific Customer Journeys. In this context, ever stricter regulatory requirements have been implemented in good time. To achieve our targets and ensure we maintain a long-term view, it is essential to have an inspiring and dedicated leadership team in place that promotes talented employees in a targeted way, motivating them and setting the right objectives. Vontobel is about taking ownership, adopting a forward-looking approach and thinking independently for the benefit of our clients. Our sharper identity sends out a clear signal and is an expression of what motivates us and how we create value for our clients.

Actual compensation (audited information)

Compensation for the financial year

The aggregate compensation of the Executive Committee decreased by 33 percent compared to the previous year. This decrease is mainly due to the different composition of the Executive Committee. The variable bonus awarded to members of the Executive Committee based on an evaluation of their achievement of individual objectives was, on average, 2.32 times their base salary (previous year: 1.79).

Compensation of the members of the Executive Committee for the financial year

	FIXED COMPENSATION			PERFORMANCE-RELATED COMPENSATION			
FINANCIAL YEAR	BASE SALARY CHF MN	PENSION CHF MN	OTHER COMPENSATION [1,6,7] CHF MN	BONUS PAID IN CASH [2] CHF MN	BONUS PAID IN SHARES [2,3] CHF MN	TOTAL [4,5]	NUMBER OF RECIPIENTS [8]
2021	3.0	0.5	1.2	4.0	3.0	11.7	5
2020	5.3	1.0	1.6	6.4	3.1	17.4	8
Change vs 2020 in %	–43	–50	–25	–38	–3	–33	–38

1 Other short-term employee benefits comprise claim payments, family allowance payments and preferential interest rates for mortgages.
2 Financial year 2021: Subject to the approval of the General Meeting of Shareholders 2022.
3 A total of 47,111 (previous year 56,335) Vontobel Holding AG shares were allocated to members of the Executive Committee. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.
4 Excluding flat rate compensation for expenses and employer contribution to AHV / IV / ALV.
5 The expense relating to performance shares is not included in “Total compensation for the financial year”. The allocation of performance shares is shown separately in the following table “Allocation of shares from the long-term employee share-based benefit program”.
6 2020: In connection with the entry of Dr Thomas Heinzl into the Executive Committee and his compensation for the lapsed performance-related compensation with his former employer, the fixed compensation of the Executive Committee reported for the 2020 financial year exceeds the maximum fixed compensation approved by the Annual General Meeting on 30 March, 2020 by CHF 0.65 M. The Board of Directors used CHF 0.65 M of the additional amount for this compensation in accordance with article 32 of the Articles of Association of Vontobel Holding AG. In accordance with the Ordinance against Excessive Remuneration of Listed Companies (VegüV), this additional amount does not require the approval of the Annual General Meeting.
7 2021: Includes a lump-sum death benefit to a former member of the Executive Committee.
8 As part of Vontobel’s strategic realignment, the Executive Board was reorganised and downsized, see section / chapter on page 46.

Allocation of shares from the long-term employee share-based benefit program

	2021 CHF M OR NUMBER	2020 CHF M OR NUMBER	CHANGE TO 31.12.2020 CHF M OR NUMBER	CHANGE TO 31.12.2020 IN %
Market value of performance shares at the date on which they were allocated in CHF M [1]	3.3	7.5	–4.2	–56
Number of performance shares allocated	45,178	116,783	–71,605	–61
Total number of persons receiving compensation	**2**	**5**	**–3**	**–60**
Market value of performance shares to former members of the Executive Committee at the date on which they were allocated in CHF M	*6.2*	*1.7*	*4.5*	*265*
Number of performance shares allocated to former members of the Executive Committee	*85,856*	*26,391*	*59,465*	*225*
Total number of persons receiving compensation (former members of the Executive Committee)	*5*	*1*	*4*	*400*

The allocated performance shares are a long-term component of the compensation system and, as such, are not included in the previous table “Compensation for the financial year”. Instead, they are shown separately in this table.
1 In accordance with the relevant IFRS rules the cost recorded as equity compensation benefits was CHF 2.5 M (previous year: CHF 5.7 M) and was included on a pro rata basis over the vesting period.

Highest total compensation for the financial year

FINANCIAL YEAR	NAME	FUNCTION	FIXED COMPENSATION: BASE SALARY CHF 1,000	FIXED COMPENSATION: PENSION PLAN CHF 1,000	FIXED COMPENSATION: OTHER COMPEN-SATION CHF 1,000	PERFORMANCE RELEATED COMPENSATION: BONUS PAID IN CASH CHF 1,000	PERFORMANCE RELEATED COMPENSATION: BONUS PAID IN SHARES[1] CHF 1,000	TOTAL CHF 1,000
2021	Dr Zeno Staub	CEO	1,000.0	153.0	0.0	1,600.0	1,600.0	4,353.0
2020	Dr Zeno Staub	CEO	1,000.0	135.2	1.8	1,250.0	1,250.0	3,637.0

To determine the member of the Executive Committee with the highest total compensation, the conditional rights to receive performance shares associated with bonus shares are included in the calculation with a weighting of one performance share per bonus share.

1 The member of the Executive Committee was awarded 25,551 shares (previous year 22,715 of Vontobel Holding AG as part of his compensation for the year under review. These shares are subject to a holding period of three years, during which they cannot be sold. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period. Those values will be known in spring 2023 respectively 2024 (cf. previous section "compensation components").

Allocation of shares from the long-term employee share-based benefit program to the member with the highest total compensation

	31.12.2021	31.12.2020
Number of performance shares allocated	32,270	35,628

The number of performance shares allocated is calculated on the basis of the number of bonus shares received for the financial year 2017 (previous year 2016) as well as the performance of the business in the years 2018 to 2020 (2017 to 2019).

Vesting of performance shares

The increase in profitability in recent years resulted in a pleasing increase in the return on equity in the performance period from 2019 to 2021. The average return on equity was 15.4 percent and the average BIS Total Capital Ratio was a solid 20 percent. Consequently, the multiplier for performance shares from the 2017 bonus, which will vest in spring 2021, is 154 percent.

Multiplier of performance shares that have vested since 2004

The following table shows the key data and the multiplier since the introduction of the long-term share participation plan in 2004:

SERVICE PERIOD (BUSINESS YEAR)	PERFORMANCE PERIOD	ALLOCATION YEAR	DETERMINING FACTORS MULTIPLIER: AVERAGE RETURN ON EQUITY (ROE)	DETERMINING FACTORS MULTIPLIER: AVERAGE BIS TOTAL CAPITAL RATIO[1]	MULTIPLIER	MARKET PRICE AT ALLOCATION DATE IN CHF
2004	2005–2007	2008	18.9%	23.7%	189%	36.85
2005	2006–2008	2009	16.2%	22.1%	162%	24.00
2006	2007–2009	2010	12.2%	21.6%	122%	32.25
2007	2008–2010	2011	9.2%	21.5%	85%	36.40
2008	2009–2011	2012	9.0%	23.1%	81%	22.00
2009	2010–2012	2013	8.6%	24.6%	74%	30.95
2010	2011–2013	2014	7.9%	25.8%	73%	32.15
2011	2012–2014	2015	8.3%	25.1%	83%	43.35
2012	2013–2015	2016	9.6%	22.3%	93%	41.75
2013	2014–2016	2017	13.0%	20.1%	130%	55.60
2014	2015–2017	2018	14.5%	18.6%	121%	61.80
2015	2016–2018	2019	14.7%	18.8%	123%	55.20
2016	2017–2019	2020	13.4%	19.0%	112%	64.00
2017	2018–2020	2021	13.5%	19.3%	113%	72.55
2018	2019–2021	2022	15.4%	20.3%	154%	n/a

1 Up to 31.12.2012: BIS Tier 1 Capital Ratio

Additional fees, related parties and similar information
None.

Former members of the Executive Committee
In 2021, compensation was paid to a former member of the Executive Committee. The fixed compensation in the year of departure is included in the table "compensation of the members of the Executive Committee for the financial year".

The table "share allocation from the Long-Term Incentive Program" shows the allocation of performance shares to former members of the Executive Committee.

Holdings of shares and options (audited information)

		31.12.2021			31.12.2020		
			OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE			OPTIONS NUMBER OF SHARES AT THE TIME OF EXERCISE	
NAME	FUNCTION	SHARES NUMBER	CALL OPTIONS	PUT OPTIONS	SHARES NUMBER	CALL OPTIONS	PUT OPTIONS
Dr Zeno Staub	CEO	135,719			177,034		
Dr Thomas Heinzl	CFO / CRO	7,269					
Dr Maria-Antonella Bino	General Counsel						
Felix Lenhard	COO	50,968			92,269		
MEMBERS RESIGNED							
Georg Schubiger[1]	Member				143,574		
Axel Schwarzer[1]	Member				223,270		
Enrico Friz	Member				8,498		
Dr Martin Sieg Castagnola	Member				81,302		

The above figures do not include rights to receive performance shares.
The calculation of the number of shares at the time of exercise reflects the exchange ratio of the respective options.
The above figures also include the share and option holdings of parties related to the members of Vontobel's governing bodies.
1 Retired from the Global Executive Committee as of December 31, 2020 remaining in the company

Loans to governing bodies (audited information)

As of December 31, 2021, fully secured loans and credits to and the promise of payment in favour of members of the Executive Committee of CHF 0.5 million were outstanding (previous year CHF 2.7 million). Thereof the highest amount; Thomas Heinzl, CFO / CRO, CHF 0.5 million. No loans to former members of the Executive Committee were outstanding that were not granted according to standard terms and conditions.

Compensation of other employees

Compensation system

Compensation principles

Employee compensation is essentially based on the same model as for the Executive Committee and consists of the same components. Differences may arise in the case of individual employees due to market-specific compensation models for individual job profiles or due to local regulatory requirements.

Long-term participation plan

In principle, the same participation plan is available to Vontobel employees as to the Executive Committee. However, the mandatory portion of the bonus that has to be taken in the form of shares differs between employees and members of the Executive Committee. Employees can opt to receive 25 percent of their bonus in the form of bonus shares of Vontobel Holding AG. For bonus amounts exceeding CHF 100,000, it is mandatory for employees to take 25 percent of the bonus in the form of shares. Individual employees who exercise roles that are defined by the Board of Directors as special positions are required to take 33 percent of their bonus in the form of shares.

Variable Compensation Agreements

Additional agreements known as variable compensation agreements are used in the case of individual portfolio managers in the center of excellence Investments. As a result of these agreements, a part of the bonus for the concerned employees is linked to the performance of funds and is blocked for a period of three years. The cash portion of the bonus is reduced accordingly. Their participation in the share participation plan is not affected by this. These agreements align the interests of portfolio managers with those of clients. Furthermore, it increases the loyalty of the employees concerned to Vontobel and also fulfils regulatory requirements in certain countries.

Vontobel Asset Management USA

Vontobel Asset Management USA has a compensation system in place that is aligned with local compensation practices. In addition, certain employees receive variable compensation that is not part of the Group-wide bonus pool. To align the interests of portfolio managers and clients, their part of the bonus that exceeds a specific threshold, is linked to the performance of funds and is blocked for a period of three years. Other employees take part in the Group-wide participation program.

TwentyFour Asset Management

With the acquisition of the remaining 40 percent of TwentyFour Asset Management by Vontobel as of 30 June 2021, its compensation model was also revised and aligned with that of Vontobel. In particular, elements of the “Vontobel Share Plan” and those of the “Variable Compensation Agreement” were included.

Confirmation of compliance with equal pay between women and men

Bank Vontobel AG and Vontobel Asset Management AG comply with the principle of equal pay for men and women. As part of the new legal framework, an internal equal pay analysis was successfully carried out by external experts. The correct implementation of this analysis was subsequently verified by the Social Partnership Office for Equal Pay in the Banking Industry (SF-LoBa).

Context
The Federal Act on Gender Equality (GEA) was revised as of July 1, 2020 and supplemented by an obligation for employers to conduct an internal equal pay analysis. The revision of the law affects employers with 100 or more employees and aims to enforce the constitutional right to equal pay for equal work and work of equal value (Art. 8 para. 3 BV).

Analysis method
An in-house pay equity analysis must be based on a demonstrably scientific method that is legally compliant for Switzerland. Such an analysis statistically examines whether equal pay is being complied between all women and men of an employer. Equal pay within the company is deemed to have been observed as long as any remaining unexplained pay difference is within the specified tolerance threshold of 5 percent.

Basis of analysis
Bank Vontobel AG and Vontobel Asset Management AG decided to have the analysis carried out by external experts. For this purpose, the Competence Centre for Diversity and Inclusion (CCDI-FIM) of the HSG prepared a statistical pay equality analysis using the Logib method. The analysis was carried out within the statutory deadline with a cut-off date of 30 April 2021. The 1515 employees of Bank Vontobel AG and 239 employees of Vontobel Asset Management AG in employment at that date were taken into account. In accordance with the law, the only employees excluded from the analysis were apprentices, interns, temporary employees, seconded employees as well as disability and similar special cases.

Analysis result
The result of the analysis shows that Bank Vontobel AG and Vontobel Asset Management AG comply with the internal pay equality between women and men within the specified tolerance threshold of “Logib” and therefore the label “Equal pay audited in accordance with the requirements of the Equal Opportunities Act” could be issued.

Social partnership control
The revised GEA requires an additional, independent check of the equal pay analysis carried out. Bank Vontobel AG and Vontobel Asset Management AG have decided to take advantage of the possibility of a social partnership review. The Social Partnership Office for Equal Pay in the Banking Industry (SF-LoBa) reviewed the analysis and confirmed not only that it was formally correct, but also that it complied with all the requirements of the SF-LoBa industry seal of approval.

Questions and answers

Questions have repeatedly arisen in discussions with our investors and shareholders as well as when performing comparisons of Vontobel's compensation system with other compensation models. We carefully address these questions and assess their relevance for Vontobel. We have, among other things, responded to calls for complete transparency. In the following section, we look at the most important questions:

Objectives

Why doesn't the Compensation Report contain more detailed disclosures on objectives and the extent to which they are achieved?

Quantitative and qualitative objectives are agreed and measured for each member of the Executive Committee. Due to competition considerations, we disclose objectives and the extent to which they are achieved on an aggregate basis because we don't wish to provide an insight into individual strategic objectives or the individual achievement of objectives.

Caps (relative or absolute limit on compensation)

Why has Vontobel not imposed any caps on bonuses?

Individual caps on variable compensation result in upward pressure on fixed compensation. This development would lead to a less flexible cost structure and would not be in line with our corporate and performance culture, which have a long-term focus. Consequently, Vontobel has not imposed any relative or absolute caps on variable bonuses.

Vontobel has a balanced compensation system that ensures only sustained performance is rewarded. In the past, compensation was therefore always consistent with performance and the achievements of objectives. Furthermore, all compensation is put to the vote at the General Meeting of Shareholders (on a prospective basis for fixed compensation and on a retrospective basis for variable compensation). This gives shareholders full control over the compensation that is paid out.

Why has Vontobel not defined any caps for the share participation plan?

Our Long-term Incentive Program is risk-adjusted and has a natural cap, since the return on equity and Total Capital Ratio parameters run counter to each other on the one hand and have a de facto maximum limit on the other.

For example, since Vontobel was listed on the stock market in 1986, the return on equity has never exceeded 21.6 percent – the value achieved in 2006 prior to the financial crisis.

The increase in the capital ratio is also limited. On the one hand, Vontobel distributes a major proportion (>50 percent) of its annual net profit to shareholders in the form of a dividend. On the other hand, the remaining profit is retained to finance organic growth and potential acquisitions. Consequently, an increase in the capital ratio can only be achieved slowly. However, we recognize that the calculation of performance shares is purely formulaic and therefore has no upper limit in theory. For this reason, we have decided to introduce a cap of 250 percent on the multiplier used for the calculation of performance shares for members of the Executive Committee from 2019.

Target bonus

Why has Vontobel not introduced a target bonus?

The introduction of an additional rule in the form of a target bonus would not create any added value in the current process to determine compensation, since a retrospective vote on the concrete bonus amounts is held at the General Meeting of Shareholders.

Shares for employees

Does Vontobel increase its share capital in order to allocate bonus and performance shares?

Vontobel purchases all of the shares required for the compensation of the Board of Directors, Executive Committee and employees in the market. This ensures that our compensation system does not result in any dilution of shareholders.

Discount on shares

Why is a 20 percent discount applied to the shares allocated to employees?

The discount is to be viewed as a component of overall compensation and, as such, also forms part of the contractual negotiations with potential employees. In addition, the discount is a further incentive for employees to opt to receive shares despite the three-year blocking period.

Employees – excluding the Board of Directors and Executive Committee – have the option of receiving shares if their bonus is less than CHF 100,000. The discount serves here as an additional incentive to participate in the company over the long term. Shareholder interests are thus broadly anchored across the company. Vontobel shares received as part of the bonus are valued at the average share price on the SIX Swiss Exchange in the month of December and a 20 percent discount is applied to reflect the three-year blocking period.

Peer comparison in participation plan

Why isn't the performance of the peer group or a benchmark index incorporated into the long-term participation plan based on a formula, e.g. through the relative Total Shareholder Return (TSR)?

Peer performance is naturally taken into account by Vontobel when determining variable compensation. Rather than using a formula-based component, it is taken into account via an individual quantitative and qualitative comparison, which is incorporated into the bonus allocation. Furthermore, if a relative TSR were to be taken into account, this would entail the risk of management adopting a procyclical approach. Management would, for example, have an incentive to participate in short-term market trends to avoid the share price coming under pressure – even if this would not make any sense for Vontobel in terms of business policy or from a long-term perspective.

In addition, it is only possible to compare different companies to a limited extent, since the TSR and share price always incorporate company-specific and market-specific factors that would then need to be individually "corrected" or "normalized".

Capital costs in compensation model

Why are capital costs not taken into account in Vontobel's compensation model?

Vontobel has set itself the target of generating a return on equity of at least 14 percent. This minimum requirement means that the cost of capital is taken into account when defining management objectives. In addition, all rights arising from the long-term share participation plan lapse if the average return on equity falls below 4 percent.

Why do performance shares vest if the return on equity is 4 percent and is therefore below the cost of capital?

The participation plan is designed to promote employee loyalty to the company over the long term. For this reason, the compensation model provides for an allocation of performance shares even if the return on equity is 4 percent, i.e. below the cost of capital. However, a correspondingly low allocation applies (25 percent). We expect the costs of the participation plan to be reduced significantly if a low return on equity is generated.

Mandatory share ownership requirements

Why is there no mandatory requirement for members of the Board of Directors and the Executive Committee to hold shares in Vontobel?

Our compensation model results in the Board of Directors and Executive Committee building up a significant shareholding over time. In the case of the Executive Committee, for example, the mandatory requirement to take 50 percent of the bonus in shares automatically results in a minimum holding of Vontobel registered shares with a value equivalent to 50 percent of the variable compensation paid over the last three years. For this reason – and because management has not sold all of the shares that became free – the Executive Committee had an aggregate holding of Vontobel shares corresponding to 10 times its base salary at the end of 2021.

Clawbacks

Why are there no clawbacks at Vontobel?

Vontobel has so far intentionally refrained from introducing clawbacks since they can give rise to the temptation to not disclose challenges and problems in order to avoid any clawbacks. Instead, Vontobel encourages and cultivates a corporate culture in which problems are disclosed, discussed and actively addressed. Furthermore, clawbacks are very difficult to enforce in practice and can only be implemented under certain circumstances.

Total compensation

Why doesn't Vontobel disclose the total amount of current compensation plus the value of vested shares from earlier participation plans?

Vontobel provides a high level of transparency about compensation. Vontobel is one of a small number of companies that report allocated performance shares at vesting, meaning that the actual – rather than model-based or calculatory – compensation is shown.

If the compensation from the participation plan 2018 were to be added to the compensation for 2021, this would provide a misleading picture since the compensation stems from different periods.

Building a better working world

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 8 February 2022

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Vontobel Holding AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled "audited information" of the remuneration report (pages 53 to 81).

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report for the year ended 31 December 2021 of Vontobel Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Andreas Blumer (Qualified Signature)

Prof. Dr. Andreas Blumer
Licensed audit expert
(Auditor in charge)

Philipp Müller (Qualified Signature)

Philipp Müller
Licensed audit expert

Corporate Responsibility & Sustainability

Foreword

Assuming responsibility, taking action

2021 was another eventful and challenging year. The coronavirus and measures to contain the pandemic impacted on our daily lives – both professional and personal. Travel bans imposed by many countries and the requirement to work from home severely restricted our movements again this year. However, these steps were essential to protect the health of our employees, clients and families.

The effect of these restrictions is also visible in our environmental key performance indicators for the year under review – primarily the figures for air travel, which – for the first time – did not represent the largest proportion of our operational carbon footprint. The majority of our communication with clients, internal discussions and training or development courses took place on a virtual basis. In this context, we benefited from our forward-looking investments in videoconference and communications technology. And the use of new virtual technologies, tools and platforms provide guaranteed access for all our colleagues, wherever they are located around the globe.

In Switzerland, the CO_2 Act – which I personally campaigned for – was just rejected by Swiss voters. They opposed the law in the very year in which Switzerland and Germany experienced exceptionally strong storms, which caused devastation and suffering. It is difficult to determine whether or not this was due to climate change – though scientists believe that this has at least partly shaped these weather conditions. Above all, it is becoming clear that further education on this topic is needed. Vontobel has long recognized its responsibility to actively contribute to the development of a more sustainable economy and society. Achieving the transition to a carbon-neutral economy is one of the major challenges of our time. This historic transformation process creates opportunities for investors but also entails risks. As a globally operating investment firm, we engage in an active dialogue with our private and institutional clients about known and future risks and opportunities. It is of decisive importance for our clients that our sustainable investment solutions generate a financial return and enable them to align their investment decisions with specific investment objectives as well as their personal values.

The Sustainable Finance Disclosure Regulation (SFRD) – which forms part of the EU Action Plan for Financing Sustainable Growth – entered into force in March 2021. Since Vontobel is a globally active financial expert, not all of our products fall within the scope of this European regulation. To ensure transparency and comparability, however, we have decided that all of our investment solutions that take account of ESG criteria will not only be classified according to our own “Integrated ESG” and “Sustainable” product categories but also according to the SFDR. In the case of investment solutions that are not subject to this regulation, we apply the classification mutatis mutandis. In the year under review, Vontobel Asset Management and TwentyFour Asset Management became first list signatories to the UK Stewardship Code 2020. To become a signatory to the Code, which sets high stewardship standards, asset managers must submit a Stewardship Report to the UK Financial Reporting Council for review.

Vontobel is also actively involved in industry associations to support efforts to strengthen the position of the Swiss financial center as a leading hub for sustainable investing. In 2021, we actively assisted the Association of Swiss Asset and Wealth Management Banks (VAV) – which plays an important role in the financial center – in formulating 16 priorities in the area of sustainable finance. This initiative demonstrates how its members can make a concrete contribution towards the realization of the climate targets set out in the Paris Agreement.

Vontobel further developed its Sustainability Governance in 2021: The Group-wide Corporate Sustainability Committee now consists of management representatives from all Client Units and Centers of Excellence. In parallel to this, Vontobel has expanded its sustainability positioning to include six commitments that set out our contribution to a more sustainable economy and society. Further information is provided on page 110 in the section on Governance.

We will continue to face multiple challenges in the year ahead. However, we also see them as a source of new opportunities – for Vontobel, our employees and clients, as well as for the economy and society.

Dr Zeno Staub
CEO Vontobel

Sustainable Investing

Product portfolio

103-1 Explanation of the material topic and its boundary
Vontobel has been committed to acting and investing in a value-oriented and farsighted manner for generations. As a pioneer in this field, we have been offering our clients a wide range of sustainable investment solutions since the 1990s.

The integration of environmental, social and governance (ESG) factors into our product and service portfolio is a key part of Vontobel's Sustainability Strategy as a globally active financial expert. We regard the integration of these factors as an effective lever in order to foster the sustainable development of the economy and society.

Our aim is for our clients to be able to contribute to sustainable development, generate financial returns and select investment themes that reflect their own values and investment objectives. Our three Client Units (Wealth Management, Asset Management, Digital Investing) work together closely to help achieve this.

103-2 The management approach and its components
No investments in controversial weapons
All our investments have to fulfil certain minimum requirements. Cluster bombs and land mines are banned by international conventions. In 2011, Vontobel therefore approved Group-wide guidelines that prohibit investments in companies that manufacture these types of arms. Stringent processes ensure that no manufacturers of cluster bombs and land mines are included in our investment funds, discretionary mandates or investment recommendations.

Our guidelines on cluster bombs and land mines can be found here: www.vontobel.com/principles-policies.

Investment solutions
As a globally active financial expert with a long track record in sustainable investing, Vontobel can offer interested clients the opportunity to achieve financial success with our sustainable investment solutions and align their investment decisions with specific investment objectives and personal values.

We focus on active asset management based on a multi-boutique model with independent centers of competence, highly specialized investment teams and dedicated ESG analysts. This organizational setup allows us to align the boutiques' investment processes with the specific requirements of the respective asset classes and geographies and to pursue a clear investment philosophy.

A universal ESG approach would not allow these different requirements and goals to be met. We therefore develop specialized ESG strategies that are tailored to each investment strategy. Based on this ESG approach, Vontobel Asset Management received the Scope Award for "Best Asset Manager ESG Boutiques" in Switzerland in 2021. The analysts of the Scope Analysis rate the risk/return profile of investment funds and the quality of asset managers.

The ESG Investment Forum is responsible for the coordination of the various investment strategies with a focus on sustainability themes as well as overarching principles and policies. It also advances ESG topics across all investment teams at Vontobel and meets on a monthly basis. The Committee consists of representatives of all the investment boutiques. The Chair of the Investment Forum is a member of the Vontobel Corporate Sustainability Committee (page 110).

All our investment solutions that incorporate ESG criteria are based on our ESG integration philosophy with these five components:

- To gain a holistic view of companies and issuers, Vontobel – as an active manager – does not generally rely on a single source of information. We work with various leading providers of sustainability data, e.g. MSCI ESG or Sustainalytics, as well as with local or specialized ESG data providers. Our investment specialists also use their direct contact with companies to obtain additional ESG insights.
- Based on these sources of information and our own ESG research, we form our own opinion about companies and themes. Our ESG specialists are an integral part of our investment teams: They work together to develop processes and tools that are tailored to the specific goals of each strategy.
- The continuous monitoring of ESG risks is also a key element of our risk management. Our ESG specialists and investment teams discuss current ESG risks during research meetings.
- We believe that active ownership adds value between long-term partners, e.g. investors and management. This approach is set out in our Voting Policy and our Engagement Policy Statement. Further information on our active ownership activities are provided on page 94.
- Finally, we assign a high level of importance to transparency. Our reporting methods are designed to provide an accurate account of our investment processes, to meet the needs of our clients, and to comply with applicable regulations. We strive to make ongoing improvements to our reporting.

We have defined two product categories for investment solutions that incorporate ESG criteria: “Integrated ESG” and “Sustainable”. Each boutique presents its investment solutions to the ESG Investment Forum in order for them to be analyzed and categorized. Depending on the ESG investment approach and objective, the Forum assigns the investment solutions to one of these two product categories. Minimum criteria have been defined for both categories.

With “Integrated ESG” products, the focus for each of the five components mentioned is on analyzing ESG risks and transparently communicating how those risks influence our investment decisions.

For “Sustainable” products, we additionally apply sector exclusions (e.g. tobacco, controversial arms, coal extraction) based on values and standards, we engage in an active dialogue with companies or other stakeholders and exercise our voting rights. Some strategies go one step further, e.g. our Listed Impact solutions: They invest in companies that contribute to the sustainable development of the economy and society and capture opportunities arising from this transition.

— Equities

Our equities solutions follow a clearly defined investment philosophy that is based on strong convictions. Environment, social and governance are important elements of our bottom-up investment approach.

The ***Quality Growth strategies*** invest with a long-term investment horizon, managing long only equity portfolios. The investment philosophy focuses on “High Quality Growth at a Sensible Price”. The aim is to deliver returns based on long-term investments in solid businesses with the ability to sustain stable growth rates.

Alongside growth, the approach seeks to identify and understand ESG risks that can influence the predictability of investment potential. ESG is seen as a range of real risks and opportunities where management choices can impact long-term returns for investors.

Quality Growth considers its approach to stock ownership as Active Stewardship. Active Stewardship involves regular engagement with Boards of Directors, management teams and other stakeholders to deepen the understanding of strengths and risks as they evolve over time. Quality Growth exercises its votes independently and in the way that the team believes will best represent the interests of its investors. This represents a key element of Active Stewardship.

Deep-dive research effort is backed by a dedicated team of experienced ESG analysts with a broad range of skills, including in the area of investigative journalism.

The ***mtx strategies*** are based on the belief that there is a strong positive correlation between improvements in a company’s return on invested capital (ROIC) and its share price. We focus on a limited number of stocks that are in the top quartile in terms of their ROIC and their industry ranking and are trading at a discount relative to their intrinsic value.

For all assets managed according to the mtx strategies, we seek to examine whether ESG data is material to the alpha source of the investment strategy in a selected group of top-performing stocks and whether ESG performance can support ROIC.

Central to this ESG integration approach is our in-house benchmark, the so-called minimum standard framework (MSF). Sector-specific MSFs with up to 25 material ESG factors that have a possible influence on future cash flows help us evaluate both the companies’ ESG risks and opportunities. In 2021, we modified and strengthened our approach to the ESG analysis of China-A shares.

For clients with a focus on Switzerland, the ***Swiss Equities team*** has been offering sustainable investment solutions for more than 20 years and has a broad range of strategies.

With the “Integrated ESG” approach, ESG criteria are an important component of the investment process. The analysts assess companies from both a financial and a sustainability perspective. As part of this process, they define qualitative ESG information for all portfolio stocks – similar to the mtx approach – with ESG criteria being assigned different weightings depending on the sector.

In the case of dedicated sustainable investment solutions, we additionally apply sector exclusions and “best-in-class” approaches, with analysts and portfolio managers working primarily with external sustainability rating agencies such as Inrate or Ethos. The team has one of the largest volumes of actively managed Swiss equities in the sustainable investing space.

Our ***Listed Impact Equity strategies*** address global challenges such as climate change, the scarcity of natural resources, population growth and urbanization based on a targeted approach.

The strategy focusing on clean technology invests in companies whose products and services help to reduce the environmental impacts of processes, buildings and infrastructure. There are various ways to measure this. For example, we assess energy savings achieved as a result of innovative product developments or optimized processes, such as energy-efficient electric motors, weight reductions in the area of transportation or the use of high-performance processors. In this context, we consider the entire value chain of these products and services, since the largest environmental impact often occurs during the phase when they are in use.

Moreover, we have developed a method to measure "Potential Avoided Emissions" (PAE) together with the ISS ESG consultancy. This solution-oriented approach records the contribution that these products and services are expected to make to the reduction of CO_2 while in use compared to a conventional product or process.

When a company is being considered for possible investment, the responsible analysts not only look at financial and standard ESG criteria but also at the company's contribution to the achievement of the UN Sustainable Development Goals (SDGs) and the quantifiability of the positive impact generated using indicators defined by us. An Impact Calculator that is available on our website for the relevant products shows the potential impacts of the products and services on the environment.

In 2021, we expanded our offering to include a strategy that considers environmental challenges and also social change. We invest here in companies that offer innovative solutions to manage challenges such as population growth, the ageing population, healthcare provision and food distribution. The strategy builds on the investment and impact approach of our environment-oriented strategy that has proven effective for more than a decade.

— Bonds

When investing in government or corporate bonds, we apply a series of sustainability approaches that meet a variety of client needs and take account of the characteristics of different fixed income market segments.

In ***Fixed Income strategies***, ESG factors form part of the fundamental risk analysis for countries and companies across all managed portfolios. In terms of companies, we not only take account of financial data but also of ESG factors and we assess their influence on credit quality and credit ratings.

Our country analysis covering government issuers not only takes account of macro data and political analysis but also ESG factors in order to evaluate their impact on a country's credit rating. We use data and information from recognized ESG research agencies, with our own credit and ESG specialists carrying out follow-up research to explore these topics in more depth. In the case of matters that are highly controversial from an ESG perspective, we strive to achieve improvements through additional engagement activities.

Our qualitative research distinguishes us from a passive approach that is implemented on a purely quantitative basis in respect of sustainability. Our dedicated sustainability strategies place an emphasis on social and environmental factors in addition to financial performance. Four topics – Basic Needs, Empowerment, Environmental Capital and Climate Change – serve as our sustainable map and we have defined relevant ESG indicators on that basis. Each sustainable investment strategy relates to a selected focus theme.

The main characteristic of our Green Bond strategy is the careful selection of environmentally sustainable projects in areas such as solar energy or climate-friendly transportation to generate the largest possible contribution in terms of avoided emissions. In addition to return opportunities, this strategy enables our clients to invest in projects that make a measurable contribution to climate protection.

Our subsidiary ***TwentyFour Asset Management*** (TwentyFour) manages all portfolios using an ESG integration approach, where ESG factors are evaluated alongside traditional credit metrics in its proprietary relative value database.

For TwentyFour's sustainable fund range, further integration and screening methods are applied. It seeks to avoid investing in companies that are involved to a significant extent in the production of tobacco, alcohol or controversial weapons, are active in the gambling or adult entertainment industries, or produce carbon-intensive energy. It also avoids investments in companies that carry out animal testing for cosmetics. Further, TwentyFour conducts a comprehensive analysis process which means that we only invest in companies whose ESG scores fall within the top two-thirds of potential scores according to our in-house scoring model.

Engagement is a key factor for fixed income investors who are unable to vote in the same way as shareholders. TwentyFour is convinced that active engagement makes it possible to influence the conduct of companies. Engagement activities are published on its website and are discussed in regular client reporting. TwentyFour Asset Management

LLP is a signatory to the UK Stewardship Code 2020 and the UN PRI.

— Multi Asset

Binding minimum ESG standards have applied to all underlying securities for all mandates managed by the ***Global Balanced Solutions*** team since 2018. In this context, we exclude certain arms manufacturers, thereby applying the exclusion lists of the Swiss Association for Responsible Investment (SVVK-ASIR) and of Vontobel. This approach excludes particularly high-risk securities, improves risk management, and allows for the structuring of more robust portfolios.

We rely on the experience of our own ESG analysts, which is also recognized by external agencies. The existing and proven best-in-class approach naturally remains a key pillar of our multi-asset offering for clients who wish to have a stronger sustainability focus. Here, companies in critical sectors must meet more stringent requirements. In addition, individual values-based exclusion criteria are applied in customized solutions.

The basic portfolio of the quantitative Multi Asset funds consists of bonds with a minimum ESG rating. The active positions are built using index investments. We observe the market for sustainable indices in this context and take account of relevant products with sufficient liquidity.

In the area of ***Wealth Management***, our product range includes two dedicated sustainable portfolio management mandates. The first solution is a Multi-Asset mandate. This is a standard solution based on three sustainable investment strategies defined by Vontobel – Conservative, Balanced and Growth – and aligned with the client's risk profile. This mandate solution invests according to sustainability criteria via collective investment vehicles (funds and certificates) in the asset classes cash, fixed income and equities, and it is diversified across various sustainability approaches. Sound, long-term strategic asset allocation provides a robust basis for this mandate. We also cover "high conviction" themes (e.g. clean tech, water and healthy living).

The second mandate solution is an individual mandate that is tailored to the client's wishes regarding sustainability criteria, investment strategy, and the use of asset classes and financial instruments. A specialized portfolio management team is responsible for managing the mandates. Our relationship managers – together with the portfolio manager and sustainability experts – conduct personal consultations with clients to regularly discuss the performance of the portfolio in terms of financial returns and the generation of positive environmental and social impacts.

— Investment solutions that incorporate ESG criteria

The Sustainable Finance Disclosure Regulation (SFDR), which forms part of the EU Sustainable Finance Action Plan, entered into effect in March 2021. We have implemented the provisions across all those products that fall within the scope of the SFDR.

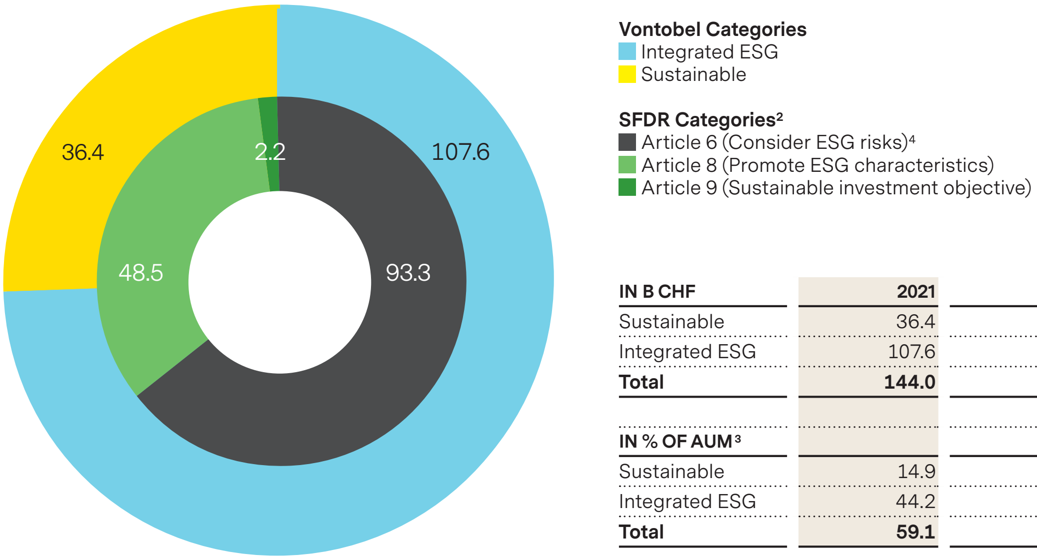
The regulation divides financial products into three categories:

- Financial products where transparency is provided about the management of sustainability risks (Article 6)
- Financial products that promote environmental and/or social characteristics (Article 8)
- Financial products with sustainable investments as their objective (Article 9)

Since Vontobel is a globally active financial expert, not all of our products fall within the scope of the European regulation SFDR. At present, there is no uniform internationally recognized framework for financial products that integrate ESG criteria. To ensure transparency and comparability, we have classified all of our investment solutions that integrate ESG criteria according to the SFDR. In the case of investment solutions that are not subject to SFDR, the classification has been applied mutatis mutandis (see chart).

Since in 2020, the reported product categories were redefined and the requirements governing existing products were tightened the 2019 figures are only comparable with subsequent years to a limited extent. Further information on the product categories is provided in the section "Investment solutions" (page 87).

Investment solutions that incorporate ESG criteria[1]



IN B CHF	2021	2020	2019
Sustainable	36.4	30.4	30.5
Integrated ESG	107.6	95.9	-
Total	**144.0**	**126.3**	**-**
IN % OF AUM[3]			
Sustainable	14.9	13.8	15.3
Integrated ESG	44.2	43.7	-
Total	**59.1**	**57.5**	**-**

1 Excludes Structured Solutions
2 To ensure transparency and comparability, we have classified all of our investment solutions that integrate ESG criteria according to the SFDR. In the case of investment solutions that are not subject to SFDR, the classification has been applied mutatis mutandis.
3 Assets under management, see page 11.
4 Article 6 of the SFDR relates to products that disclose if and how ESG risks are taken into account. For all of the investment solutions considered here, the continuous monitoring of ESG risks forms part of the risk management process. This chart only shows those products covered by Article 6 of the SFDR that take account of ESG criteria.

— Structured Solutions

For years, Vontobel has ranked as one of the leading issuers in Switzerland and Europe with its structured solutions. We actively offer various structured products that focus on sustainable themes. At the same time, our clients have the option of structuring individual products based on sustainable underlyings. When defining and implementing ESG criteria, we draw on the expertise of in-house specialists as well as external ESG ratings and ESG data providers.

In the case of theme-based, publicly offered investment products, the specific ESG approach is indicated in the term sheet. We offer these types of thematic ESG investment products via the online product platform “derinet”. Products with sustainable underlyings now appear with the ESG logo in derinet and can easily be identified by interested investors using the relevant filter in the product search function. With derinet, products can be offered to a broad public via a central marketplace.

This makes it possible to place sustainable products with a large community of investors. The demand for such solutions is constantly increasing. At the end of 2021, CHF 326.1 million were invested in products issued by us, compared to CHF 258.5 million at the end of 2020.

In addition to the traditional range of investment and leverage products, the range of solutions offered to clients includes indices on themes such as climate change, hydrogen as an energy source, sustainability leaders, meat alternatives, the circular economy, diversity, etc. Selected solutions from our range of sustainability-themed investments is provided below:

Vontobel is one of the market leaders in Swiss equity research. Our analysts integrate ESG criteria directly into our valuation methods for the equities that are covered. The Vontobel Swiss ESG Research Index is offered via an open-end tracker certificate and shows the development of the 25 Swiss equities with the highest ESG scores together with a “hold” or “buy” rating by our analysts.

The certificate on the Vontobel Impact for Good Index enables investors to participate in companies that have committed to achieving positive environmental and social impact in the areas of healthcare, education, combating poverty and environment. The companies included in the certificate offer products and services that make consumers’ lives more sustainable, protect the environment or support the launch of innovative start-ups.

In many places, water is considered a ubiquitous resource. However, numerous regions of the world also suffer from water shortages and the problem is much more widespread than often thought. The Vontobel Aqua Index pursues a strategy that involves selecting the stocks of companies that offer commercial solutions to challenges such as water shortages and water pollution.

Companies that help to combat climate change are selected for the universe of the Climate Impact Index. Further ESG criteria are included in the analysis. The portfolio consists of companies in areas such as photovoltaics, wind energy, thermal insulation, recycling, sustainable forestry, electromobility, efficient water usage and public transport infrastructure.

With the MSCI World IMI Select Sustainable Impact Top 20 Index, investors participate in the performance of companies whose core business activities contribute to the realization of at least one of the UN SDGs (Sustainable Development Goals).

With the Solactive Global Sustainability Leaders Performance Index, investors gain access to a dynamic index of 20 stocks that are selected semi-annually according to strict ESG criteria. The companies are chosen according to a best-in-class approach, with the exclusion of controversial stocks.

Investment advisory

In the area of investment advisory, we support our private clients when investing in equities, fixed income or collective investments that are in line with Vontobel Wealth Management's sustainability approach and are covered by primary or secondary research providers, as well as our in-house fund research team.

To deliver systematic and efficient sustainable investment advisory to clients, our offering has been strengthened with internal and external ESG research and analysis that is available to all Relationship Managers and Investment Advisors via our web-based tool. They can therefore screen the investment universe not only based on fundamental analysis but also on the basis of ESG assessments and any controversial activities in combination with the list of recommendations of sustainable and ESG investments. Our team of Swiss equities analysts has fully integrated ESG criteria into its company valuations and thus supports advisory services by providing in-depth guidance on sustainability issues related to Swiss stocks.

Additionally, our systems incorporate ESG criteria, providing systematic oversight over client portfolios and supporting active communication and the provision of appropriate advice.

We are currently in the process of certifying our Relationship Managers and Investment Advisors with the AZEK certificate ESG for Client Advisors (ESG-CA), enhancing our in-house ESG expertise.

All of these measures allow Relationship Managers and Investment Advisors to compile sustainable portfolios more efficiently and systematically, and to offer our clients more in-depth advice about the sustainability of investments on an ongoing basis. We guide our clients by providing sustainable investment ideas as well as a comprehensive holistic portfolio view that considers overall exposures to ESG risks and opportunities while remaining aligned with the Vontobel market outlook and the respective risk profile.

With sustainable solutions, we offer our clients the opportunity to align their investment decisions with their personal values and to participate in solutions for a sustainable future, while reducing the ESG risks in their portfolios.

In the area of wealth planning, we offer our clients the opportunity to invest in pension solutions (Pillar 3a, vested benefits and management pensions) that focus on investments that combine the goals of capital preservation and capital growth with ethical, environmental and social aspects.

Client communications

Our investors receive comprehensive information about the investment processes, ESG approaches and selection criteria of the individual funds and mandates based on the respective investment policy. Examples include methodology white papers, benchmark comparisons, impact reports (including CO_2 reporting) or impacts based on the UN SDGs. We also provide ESG profiles and assessments for underlying individual positions. We are committed to continuously improving our reporting.

As products that incorporate ESG criteria become more widely available, the number of ESG options and approaches is also growing. We have created the "Act ESG" symbol. Where it appears on our websites and in our publications, this symbol leads to ESG-relevant content and encourages our clients and interested parties to explore the topic of sustainable investing. For example, in December 2021, we conducted our "ESG: Breaking Through the Barriers" survey to ask more than 200 financial advisors around the globe how they expect demand for ESG products to develop in the future. The majority of respondents expressed the view that they can attract new clients by offering ESG products and that the ESG topic strengthens the client relationship. Nevertheless, only a small number of respondents said that they integrate the topic into the advisory process.

In the third issue of our “ESG knowledge barometer” we consider the question of how investor attitudes have changed as a result of the “new normal”: The pandemic, climate change and issues such as diversity, equal opportunity and inclusion have led to increased awareness of sustainability (ESG) in recent years. We asked over 5,000 end investors from 16 markets about their perception of how sustainable investments have developed over the last 12 months and whether they plan to adjust their approach to sustainability in the future. The results showed that the awareness about sustainable investment opportunities has growth and this theme is playing an ever greater role in investment decisions. However, 60 percent of respondents still believe that too few companies take their social responsibility seriously.

In 2021, we once again shared a livestream on the topic “Sustainable investing” in spring and autumn based on studies about ESG published by our team of analysts.

Training
To embed the topic of sustainability and ESG in client advisory, all Relationship Managers and Investment Advisors participate in the ESG for Client Advisors (ESG-CA) course run by AZEK. This training course concludes with an examination that participants must pass to obtain the corresponding certificate, thus ensuring a high and consistent standard of training.

Targeted training was provided about the Sustainable Finance Disclosure Regulation (SFRD) and its impact on our products, processes and communications.

In 2021, 42 people completed the Vontobel Curriculum for Relationship Managers. This training course, which was developed specifically for Vontobel Wealth Management, consists of four days of classroom learning as well as around 25 hours of online training about topics such as finance, regulation, and advisory capabilities. A key component of the curriculum is the transfer of knowledge about sustainable investing and the broadening of our expertise in this field across the whole of Wealth Management.

On-the-job training is an effective tool to expand and firmly establish knowledge about ESG themes within investment teams: Through close daily collaboration between ESG analysts, financial analysts and portfolio managers, we foster the ongoing exchange of expertise. General developments in the field of ESG are discussed in research meetings. In addition, we regularly invite specialists from our external ESG research providers to come and share a new perspective on relevant topics.

Training courses on ESG strategies and general training about ESG themes are regularly integrated into mandatory global sales training.

In 2021, we once again presented sustainable investing as part of our Entry Training for new employees in Wealth Management. This induction program, which lasts several days, introduces them to the company and is an ideal preparation for their demanding roles.

The Vontobel Academy offers four e-learning modules from the industry association Swiss Sustainable Finance in English and German that all interested employees can complete. The modules provide a short insight into how sustainability creates value for companies and thus also for investors.

103-3 Evaluation of the management approach
FS6 Percentage of the portfolio for business lines by specific region, size and by sector

See pages 21 and 211–213.

FS8 Products and services designed to deliver a specific environmental benefit

FS11 Percentage of assets subject to positive and negative environmental or social screening

At December 31, 2021, Vontobel had a total of CHF 144,022 million of assets under management invested into solutions that incorporate ESG criteria (excludes Structured Solutions).

Also see "Investment solutions that incorporate ESG criteria" on page 90 and the graph on page 91.

Active Ownership

103-1 Explanation of the material topic and its boundary
Material ESG issues can impact the success of a company and consequently its capacity for future investments and growth. At Vontobel, we believe that active ownership can have a positive influence on a company's values and behavior and strengthen its longer-term contribution towards building more sustainable economies and societies and protecting the environment.

103-2 The management approach and its components
Exercising of voting rights
Vontobel works with specialist research providers who support portfolio managers with their research and voting recommendations. However, the final decision is made by the portfolio manager in consultation with the relevant management company.

We exercise voting rights for our investment funds where possible, working together with proxy voting service providers.

The guidelines followed by the proxy voting service providers have been reviewed and approved by Vontobel. Due diligence is also regularly performed on the services used. The proxy voting providers use their own research in order to issue recommendations to their clients on how they should exercise their voting rights. Our portfolio managers and analysts receive alerts about forthcoming shareholder meetings together with voting recommendations that are based on standardized proxy voting provider guidelines approved by Vontobel.

Portfolio managers and analysts may review the voting recommendations and if they agree with them, Vontobel votes accordingly. If they disagree because the standard recommendation does not match their in-depth knowledge of the company in question and its management, the analyst or portfolio manager can change the vote on an item on the agenda. This process ensures that we execute all of our voting obligations and that our analyst and portfolio managers retain the authority to make decisions in the interests of our investors.

Further information on the exercising of voting rights can be found at: am.vontobel.com/sustainable-investing.

Engagement

We consider active cooperation with companies to be an essential part of sustainable investing. At Vontobel, we have both direct and indirect engagements.

As part of their fundamental research activities, our analysts and portfolio managers engage with the management of companies informally on relevant topics. ESG topics are not covered in all company reports or by all our research providers. We therefore carry out fact-finding engagements to better understand a company's sustainability performance and standards (e.g. its governance policies or environmental performance). This includes assessing the impact of its products and services on the environment – looking in particular at whether they can help to reduce or eliminate carbon emissions.

Through these engagements, we encourage companies to improve their risk management practices and ESG disclosures in general and to also report on the impacts of their products over their entire life cycle. For the Listed Impact strategies, a questionnaire was sent to all the companies in the investment fund in connection with our annual Impact Report. In the questionnaire, we outline our request for data for the nine environmental indicators in the Impact Report. More than 30 companies took the time to complete the questionnaire in 2021. As a result, we were able to update the environmental indicators based on the relevant data from the firms.

In addition to direct engagement activities, we also carried out collaborative engagements for our mtx and Listed Impact strategies through a service provider specialized in this area. Our collaboration with the provider strengthens our position by enabling us to join forces with other investors. This allows us to exert greater influence than our own investment volume would allow.

103-3 Evaluation of the management approach
FS10 Portfolio-based engagement on social or environmental issues

Each year, Vontobel publishes a Voting and Engagement Report (www.vontobel.com/voting), which provides examples of engagement. The report for 2021 will be published in mid-2022.

Further information on sustainable investing at Vontobel can be found at: www.vontobel.com/sustainable-investing.

Economic Sustainability

Economic Performance and Indirect Economic Impacts

103-1 Explanation of the material topic and its boundary
We assume our corporate responsibility by considering the needs of our clients and pursuing a risk-conscious approach while running our business successfully on a long-term basis. By doing so while complying with ethical business standards, we can make a contribution to the economy.

At Vontobel, we have a long tradition of social responsibility and of supporting the community. Our company is an integral part of the global economic system and we benefit from the excellent operating environment in our Swiss home market, with its high standards of education, good infrastructure and political stability. We therefore have a responsibility to promote the welfare and stability of the communities in which we work, and we invest in a variety of initiatives and projects in this context.

103-2 The management approach and its components
As an employer and taxpayer and as an active participant in economic life – e.g. in our role as a purchaser and investor – we contribute to the creation of value at a regional level in the locations in which we operate. This includes the corporate taxes that we pay annually, as well as the payment of salaries and the provision of innovative and sustainable financial services for private and institutional clients. We also make a contribution through the efficient use of energy and resources, by serving communities, and by engaging in an active dialogue with the general public about the role of financial services providers.

Since 2004, our clients have been able to lend their support to a variety of projects focusing on social issues, culture, ecology, education or medicine through the Vontobel Charitable Foundation.

103-3 Evaluation of the management approach
201-1 Direct economic value generated and distributed
Value creation increased by around 25 percent compared to the previous year, while taxes paid rose by more than 30 percent. The Board of Directors' confidence in Vontobel's strategy and its active capital management are demonstrated by the proposed dividend of CHF 3.00 (previous year: CHF 2.25). Further information on the operating result is provided on page 122.

Economic value distributed

CHF M	2021	2020	2019
Value creation 1	1,209.8	967.2	945.5
Taxes 2	90.3	68.9	46.6
Dividend for the fiscal year 3	167.7	127.1	126.5

1 Income less general expense and depreciation of property, equipment (incl. software) and intangible assets
2 Includes income tax, tax on capital and other taxes and contributions
3 As per proposal submitted to the General Meeting

201-3 Defined benefit plan obligations and other retirement plans
Information on pension and other employee benefit plans and benefit pension liabilities is provided in the tables on pages 157 and 174.

203-1 Infrastructure investments and services supported
In 2021, the Vontobel Charitable Foundation contributed a total of around CHF 369,600 of donations and grants (2020: CHF 552,500). In the year under review, the Charitable Foundation supported initiatives including a project run by the organization FREETHEBEES to provide larger tree cavities as a refuge for wild honeybees and to help them thrive. Further information: www.freethebees.ch.

In addition, Vontobel made donations totaling CHF 193,800 in the year under review. Of this sum, a significant amount was donated to the Swiss Climate Foundation and the International Committee of the Red Cross (ICRC). Through our annual Vontobel Fundraising Initiative, we supported a program to provide aid to the people of Lebanon in 2021.

Anti-corruption

103-1 Explanation of the material topic and its boundary
We operate our business with a focus on maintaining the satisfaction and trust of our clients, as well as on protecting and building the wealth they have entrusted to us. We always strive to pursue these goals in accordance with applicable laws, rules and regulations – especially when taking steps to combat terrorism and corruption.

103-2 The management approach and its components
Anti-corruption measures are an important part of our compliance system. Effective compliance forms the basis of our long-term success and is therefore a core aspect of our business. Vontobel implements comprehensive, state-of-the-art measures to ensure continuous compliance with laws and regulatory requirements. As part of our Group-wide risk analysis, teams of specialists regularly assess all our areas of business using appropriate compliance processes to ensure they are legally compliant.

One of the main areas of focus of our risk analysis is the identification of risks arising from money laundering or terrorist financing. The aim is to avoid business relationships that are used for money laundering or terrorist financing. In addition, we have a special process in place to monitor our relationships with politically exposed persons (PEPs). Material cases are discussed by participants at the monthly Legal & Compliance meeting, which is also attended by two members of the Global Executive Board. In urgent cases, the Board meets on an ad hoc basis or reaches decisions via circular letter. Legal and Compliance produce half-yearly compliance reports for the Global Executive Board.

A key area of focus in adhering to our compliance requirements is the provision of employee training on relevant topics in the area of anti-corruption. All new employees have to attend an introductory compliance course that also addresses the subject of corruption. In addition, classroom training is carried out each year on specific topics within the Client Units. At departmental level, further training courses are offered to address the management of specific risks. Our objective is to provide training for all employees on an annual basis. These measures prevent breaches of internal and external rules and regulations. New employees are also issued with the Employee Handbook, which sets out specific guidelines and instructions, as well as the Code of Conduct. The most recent version of the Employee Handbook is available on the Intranet. All employees can access current and comprehensive policies at any time. They include the "Group policy on anti-corruption and the handling of gifts", as well as the "Group policy on conflicts of interest".

103-3 Evaluation of the management approach
205-1 Operations assessed for risks related to corruption
Our Group-wide risk management framework also addresses the topic of anti-corruption. It covered all of our locations globally in the reporting year.

205-2 Communication and training about anti-corruption policies and procedures
In the year under review, we rolled out an updated Compliance eLearning course that includes a test component. The training covers topics such as money laundering and terrorist financing, market conduct rules, anti-corruption measures and the protection of personal data. The training is mandatory for all Vontobel employees (with the exception of Corporate Real Estate, the Reception as well as external employees). VAMUS and TwentyFour Asset Management employees receive the adapted training courses. New employees are automatically enrolled for training and must complete compliance training related specifically to their role or business area.

205-3 Confirmed incidents of corruption and actions taken
There were no incidents of corruption involving employees at Vontobel in the year under review.

In the case of suspected breaches of legal or regulatory requirements, internal guidelines or ethical standards, a whistleblowing system is in place to allow employees to report these incidents anonymously. No such reports were made in 2021.

Further information on economic sustainability at Vontobel can be found at: www.vontobel.com/economic-sustainability.

Environmental Sustainability

103-1 Explanation of the material topic and its boundary
Vontobel is committed to using processes that reduce the environmental impacts of our activities and help to protect the climate. For many years, we have engaged in various activities to protect the environment and are particularly focused on climate protection. Our stakeholders also expect this of us. The sparing use of resources, energy efficiency and the reduction of greenhouse gas emissions therefore have an important role to play in our operations. As a result of the more efficient use of resources, we are often able to generate an additional economic benefit in different areas.

103-2 The management approach and its components
Vontobel's Corporate Sustainability Committee defines the Sustainability Strategy, which includes the areas of environmental and climate protection.

The business divisions and units have responsibility for the operational implementation of measures in the areas of environmental and climate protection. In particular, the Facility Management, Procurement, and Logistics units have an important role to play in this context.

Our Corporate Real Estate Strategy is linked to our Sustainability Strategy. When selecting and renovating office buildings, we systematically focus on environmentally friendly and energy-efficient measures to achieve energy savings. High energy standards and the good insulation of building envelopes are part of this approach. The use of energy-saving LED lighting is a standard feature of all our new and renovated office buildings. Wherever possible, we also install LED lighting in existing buildings in view of the massive reductions in electricity and maintenance costs that can be achieved. This form of lighting results in less waste that requires special disposal. Vontobel has been purchasing electricity from renewable sources for all of our locations globally since 2013 – either directly or otherwise indirectly through regional Guarantees of Origin. The indirect purchase of renewable energy in the form of regional Guarantees of Origin is the approach taken if it is not possible to directly purchase electricity from renewable sources. This is the case if, for example, Vontobel leases its offices in one location and cannot influence the electricity mix used in those premises. When purchasing Guarantees of Origin, we comply with the requirements of the CDP. It calls for the expansion of global capacity for the production of electricity from renewable sources. Since 2021, all buildings on the Zurich Campus have been heated and cooled using heat pumps that are fed with water from Lake Zurich.

Vontobel strives to conduct its own operations in accordance with high environmental and social standards and we therefore also expect our business partners to adhere to the principles of responsible business conduct. These aspects are incorporated into our tendering process and serve as a guide when awarding contracts. The relevant details are set out in Vontobel's "Guidelines for sustainable procurement". They address matters such as employment conditions, child labor and forced labor (modern slavery), environmental protection, and the prevention of corruption. These guidelines are available at: www.vontobel.com/principles-policies. Compliance with the guidelines is a prerequisite in order to work with Vontobel. As part of the supply management framework introduced in 2021, new partners have to provide information about their environmental and social standards. In addition, Vontobel makes use of an external rating platform to monitor the volume and relevance of sustainability risks related to its main suppliers.

Vontobel purchases a large quantity of products and services from external providers, including facility management services, IT infrastructure, and the design and production of printed materials, as well as catering and cleaning services. Wherever possible, we work with local suppliers to ensure that goods are transported over short distances. We are committed to building fair, long-term partnerships with our suppliers. For example, we have been sourcing fruit for our employees from a Swiss family business for many years, and all of our print orders in Switzerland are awarded to Swiss printing companies. A major proportion of the advertising and Christmas gifts used throughout the company are also purchased from Swiss providers.

In the year under review, we once again donated desktop computers that are no longer needed to the charitable foundation "AfB social & green IT". The foundation takes corporate IT equipment and refurbishes it for reuse following certified data deletion. The equipment is supplied to private individuals, schools and non-profit organizations. In total, Vontobel has donated almost 2,000 computers to the foundation to date.

In the reporting year, we continued the "One Two We" program introduced in our employee restaurant in 2013 and the "One Climate Menu" launched in connection with the program. The aim is to offer more meals that mainly use seasonal produce and include fewer products that are transported by air and less meat, while making increased use of different types of cereals as an alternative to rice – thus reducing the carbon footprint in the food chain. The permanent vegan buffet "Vegan Corner", which was introduced in the previous year, has become popular with vegans and non-vegans alike. In 2021, the offering was expanded to include a selection of raw vegetables and fruit. The SV Group that operates the employee restaurant on behalf of Vontobel sends its chefs to Hiltl, the world's oldest vegetarian restaurant, for further training in this area.

Vontobel's operations have been carbon-neutral since January 1, 2009 (Scope 1, 2 and 3). We offset the greenhouse gas emissions we produce each year by purchasing CO_2 emissions certificates to support projects that save the equivalent volume of emissions. The Corporate Sustainability Committee once again selected a climate neutrality project with a focus on rainforest conservation and the protection of biodiversity in 2021. Detailed information about the project is available at: www.vontobel.com/environmental-sustainability. As a founding member of the Swiss Climate Foundation, we donate a significant proportion of our refunded CO_2 levy to the Foundation, which then uses these funds to finance projects to improve the energy efficiency of small- and medium-sized companies. The projects supported by the Climate Foundation in the year under review included a technology that can be used to filter CO_2 directly from ambient air and to reduce it into fixed carbon and oxygen, as well as a solution for the cost- and energy-efficient insulation of buildings.

Materials[1]

103-3 Evaluation of the management approach
301-1 Materials used by weight or volume
301-2 Recycled input materials used

	2021	2020	2019
Materials (absolute)			
Water (drinking water, m ^{3})	22,369	29,053	24,006
Food (t)	86	111	103
Paper (t)	68	95	99
Proportion of recycled paper used	94%	90%	93%
Materials (per full-time position)			
Water (drinking water, l/FTE)	10,787	14,403	11,826
Food (kg/FTE)	41	55	51
Paper (kg/FTE)	33	47	49

1 Figures are based on the period from October 1 in the previous year to September 30

The consumption of all recorded resources and materials declined in the year under review. These reductions were mainly driven by new ways of working and more limited mobility due to the pandemic. Many employees worked primarily from home, and the proportion of home office usage was even higher than in the previous year as a result of the obligation to work from home during certain periods. Our buildings nevertheless have to be maintained in a state of operational readiness at all times.

Water consumption data can only be compared to prior years to a limited extent: We receive invoices at different times, depending on the water supplier. It is not always possible to clearly determine the amount of water supplied for each year of operation.

Energy[1]

103-3 Evaluation of the management approach
302-1: Energy consumption within the organization
302-3: Energy intensity
302-4: Reduction of energy consumption

	2021	2020	2019
Energy (absolute)			
Heat consumption (MWh)	2,524	3,180	3,570
Renewable energy consumption (MWh)	98	189	107
Electricity consumption (MWh)	6,275	6,818	6,863
District heating/cooling usage (MWh)	3,103	993	804
Total energy consumption (MWh)	11,999	11,180	11,343
Business travel (1,000 km)	3,493	8,619	18,387
of which business flights (1,000 km)	*3,043*	*8,068*	*16,955*
Commuting (1,000 km)	12,005	18,036	24,420
Energy (per full-time position)			
Total energy consumption (kWh/FTE)	5,786	5,542	5,588
Business travel (km/FTE)	1,685	4,273	9,058
of which business flights (km/FTE)	*1,467*	*4,000*	*8,352*
Commuting (km/FTE)	5,789	8,941	12,030

1 Figures are based on the period from October 1 in the previous year to September 30

Total energy consumption rose slightly in the year under review. We believe that this increase is attributable on the one hand to the growth in the number of employees and the increase in building space (absolute increase) that was maintained despite the pandemic and home office operations, and on the other hand to the more limited waste heat from the IT infrastructure and employees.

In terms of environmental key figures, the measures taken to prevent the spread of Covid-19 had a significant impact on business travel in particular: Since almost no travel was possible at certain times due to the obligation to work from home and because of travel bans, both air travel and commuting decreased substantially once again. Even before the pandemic, we invested in the latest video-conferencing and communications technology. These investments mean that all our employees can hold meetings with clients and colleagues at any time, wherever they are located around the globe.

Emissions[1]

103-3 Evaluation of the management approach
305-1 Direct (Scope 1) GHG emissions
305-2 Energy indirect (Scope 2) GHG emissions
305-3 Other indirect (Scope 3) GHG emissions
305-4 GHG emissions intensity
305-5 Reduction of GHG emissions

	2021	2020	2019
Emissions (absolute)			
Total greenhouse gas emissions (t CO_2e)	2,866	5,103	7,953
Greenhouse gas emissions scope 1 (t CO_2e)	626	781	939
Greenhouse gas emissions scope 2 (t CO_2e)	377	356	293
Greenhouse gas emissions scope 3 (t CO_2e)	1,863	3,966	6,720
of which business flights (t CO_2e)	*1,103*	*2,927*	*5,637*
of which commuting (t CO_2e)	*236*	*413*	*408*
Emissions (per full-time position)			
Total greenhouse gas emissions (kg CO_2e/FTE)	1,382	2,530	3,918
of which business flights (kg CO_2e/FTE)	*532*	*1,451*	*2,777*
of which commuting (kg CO_2e/FTE)	*114*	*205*	*201*

1 Figures are based on the period from October 1 in the previous year to September 30

Since business travel has a large influence on our CO_2 footprint, total emissions decreased significantly during the reporting period.

In the year under review, greater use was made of district heating instead of natural gas as a heating energy source. This led to a shift from scope 1 to scope 2 emissions and resulted in an overall reduction in emissions. Electricity consumption and commuting arising from work in a home office were included in the calculation.

It is essential to have a solid set of data in order to develop and implement environmental and climate protection measures in a targeted and effective manner. In the year under review, we achieved further improvements in data quality for various environmental key figures at our international locations.

Further information on environmental sustainability at Vontobel can be found at: www.vontobel.com/environmental-sustainability.

Social Sustainability

We define social sustainability as our responsibility as an employer and our comprehensive commitment to serving communities.

Further information about our support for the International Committee of the Red Cross (ICRC) and other social commitments is available here: www.vontobel.com/serving-communities.

Promoting art and integrating it into our everyday lives is a part of our corporate culture. We collect works of art from the field of contemporary photography, which we display at our premises, and we support young artists by helping them realize new projects. Learn more: www.vontobel.com/art.

Employment

103-1 Explanation of the material topic and its boundary
The skills and expertise of our employees are vital to Vontobel's long-term success. We are aware of the competition that exists for skilled employees: As a globally active financial expert, Vontobel has to compete with major players and increasingly also with small new companies in our industry, both in our Swiss home market and internationally. We therefore want to offer our employees attractive employment conditions.

103-2 The management approach and its components
Corporate Human Resources, which reports to the Executive Committee, is responsible for positioning Vontobel as an attractive employer.

In Switzerland, the Employee Handbook contains comprehensive information about employment conditions, social security benefits, training, compliance regulations and security guidelines. It applies to all permanent employees and is supplemented by internal policies. Locations outside Switzerland have their own employee handbooks, which take account of country-specific requirements. The latest versions of these documents are always available on the Intranet.

As a future-oriented employer, Vontobel offers employees extensive benefits:
- Holiday entitlement that exceeds the statutory requirement: Since 2016, our employees in Switzerland have had the option of purchasing a maximum of ten individual days of holiday in addition to their normal holiday entitlement.
- Employees can join collective agreements offered by health insurers at reduced rates together with their spouse or registered partner and their children.
- We offer an attractive share participation plan, mortgage products and attractive pension products at preferential rates.
- In the case of both maternity and paternity leave, the benefits that Vontobel grants to working parents go beyond the statutory minimum requirements: Employees in Switzerland are granted six months of maternity leave or four weeks of paternity leave on full pay. Depending on their personal needs, this period of leave can be taken on a fixed or flexible basis. This benefit is granted irrespective of their number of years of service.
- In 2020, a peer coaching program was launched for parents in collaboration with parents@work. The program supports working parents when they return to the workplace or helps them address the challenges of combining professional and family life. The coachees are supported by a colleague for a period of one year. In view of the positive feedback received, the program was continued in 2021.
- For a number of years, we have been a member of kcc group (globegarden), an organization that offers families complete childcare solutions.
- In Zurich, we offer lunches to employees free of charge in our staff restaurant.
- Wherever possible from an operational perspective, Vontobel endeavors to meet requests for part-time working arrangements from employees, including members of middle management.

In principle, part-time employees receive the same benefits as full-time employees. Different benefits apply in the case of temporary employees or staff who are available on an "on call" basis.

In 2021, we conducted another employee survey. The findings provide helpful insights into areas where our organization as a whole has scope for improvement.

The professional Talent Acquisition team assists in the hiring of new employees through a well-structured and skills-based recruitment process. The HR employees and interview partners involving in hiring are given training and are closely supported during the process.

To intensify informal discussions and feedback within small groups across departmental and hierarchical boundaries, we organize regular Skip Level Sessions (online and international) with senior management.

The Vontobel Graduate Trainee Program (GTP) has been promoting the successful integration of young talents within our organization since 2011. In October 2021, the largest group of trainees to date embarked on the program, which was extended to all areas of the business for the first time. We now run the GTP, which is in its tenth year, in all our international locations.

We set ourselves ambitious targets in terms of employee diversity when hiring graduates. For example, almost half of the graduates we have attracted are women. The program incorporates a development plan that includes various opportunities for networking and further development.

103-3 Evaluation of the management approach
401-1 New employee hires and employee turnover
Compared to the previous year, the number of employees increased (see also 102-8 Information on employees and other workers, page 108).

Employee turnover

	2021	2020	2019
Turnover rate (in %)	10.7	11.1	14.2

Employee departures by age category: up to 20: 0; 21–30: 36; 31–40: 53; 41–50: 69; 51–60: 36; 61–64: 9; from 65: 1
Hires by age category: up to 20: 2; 21–30: 79; 31–40: 106; 41–50: 69; 51–60: 19; 61–64: 2

In 2021, the employee turnover rate decreased from 11.1 to 10.7 percent (see table). A total of 65 female employees and 139 male employees left Vontobel during the year. Meanwhile, a total of 277 new employees were hired during the year under review (107 women and 170 men).

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees
Around 6 percent (previous year: 7 percent) of employees have made use of the option of purchasing individual days of holiday in addition to their normal holiday entitlement.

Training and Education

103-1 Explanation of the material topic and its boundary
Vontobel's ability to achieve our business and professional goals depends to a significant extent on the skills and motivation of our people. Employees have high expectations regarding the provision of training and development opportunities within a company. Moreover, life-long learning is growing increasingly important. To remain attractive as an employer, we are committed to offering targeted training and development opportunities.

103-2 The management approach and its components
Training and development are essential to keep pace with the competition, meet the increasing demands of our clients, and reinforce workplace engagement. Recognizing our responsibility as an employer, we offer a development curriculum with an exciting range of topics, covering different skills and learning needs.

In 2021, we continued to be confronted with challenges due to the Covid-19 pandemic: Most of our training was carried out virtually. This approach led to the use of new technology and platforms that made training more accessible to all colleagues globally.

We further developed our onboarding program for new joiners at Vontobel. Across our global network, new joiners can now connect to our systems and meet other new joiners during the live and virtual onboarding sessions. They all have access to the internal platform "Getting started" that offers comprehensive information to ensure their career at Vontobel gets off to a smooth start. During the onboarding phase, new joiners also benefit from a Q&A and networking session with our CEO.

In addition to the professional skills development curriculum for all employees, Vontobel invests in learning resources that are specific to different Client Units and supports external training where appropriate for employees around the globe. These courses mainly involve business-specific qualifications such as the Master in Banking and Finance, Bachelor or Master in Business Administration, CFA or CIIA.

Employees have access to the online learning platform Degreed, which offers self-directed online learning resources from LinkedIn Learning and Udemy, amongst others.

To review the quality of the courses and programs that are completed, we provide participants with a questionnaire on aspects such as content, design and applicability, and we evaluate their responses. In addition to qualitative reporting, we generate quantitative reports. This enables us to produce a comparison with training and development activities in previous years and also in comparison with the industry benchmark.

We consider it important for employees to assume responsibility for their own professional development. We therefore continue to invest in the "myPerformance Development" tool. Setting clear goals and managing performance are key for managers and employees to ensure a clear focus and alignment around the delivery of our priorities. Vontobel's Performance Development process covers goal setting, ongoing and annual reviews and feedback. Employees can also draw up a personal development plan in consultation with their line manager. This forms the basis for career planning and continuous performance improvement. To further strengthen the process, a pilot for peer feedback was carried out in 2020, giving employees the opportunity to actively seek structured feedback from their colleagues. This feedback module has now been launched for all employees at Vontobel.

As a rapidly growing organization, we believe that the development of managers from within our own ranks is a priority to achieve our strategic objectives and drive our success. While leading a team is a privilege, it comes with responsibility. Our Leadership Development Framework is therefore designed to ensure that our managers have the necessary skills and confidence to effectively meet the diverse needs of the business units and teams they lead.

The IMD Leadership Program for senior managers that was launched in 2020 continued in the year under review. Program participants learn how to strengthen their role as leaders in an organization that is undergoing transformation. The program focuses on the following topics: inspiring leadership, global and cross-cultural thinking, and self-reflection. The senior managers meet across locations and divisions in order to build networks and apply what they have learned to their everyday work. For all managers not attending the IMD program, we have launched a course entitled "Leading high-performing teams through feedback" in collaboration with the University of St. Gallen. Over 330 managers have been invited to attend this program that focuses on building trust, delivering direct and constructive feedback, and managing performance evaluations.

103-3 Evaluation of the management approach
404-1 Average hours of training per year per employee

Training

	2021	2020	2019
Training costs (1,000 CHF)	1,805	1,262	1,773
Training costs (CHF / FTE)	856	626	895
Number of apprenticeships (incl. trainees)	38	33	33

Overall training costs as well as training costs per employee increased in 2021. The number of apprenticeships and traineeships also increased compared to the previous year (38).

404-2 Programs for upgrading employee skills and transition assistance programs
In 2021, we offered professional skills training for all our employees. The topics were prioritized by Vontobel managers and employees and covered feedback discussions, a client-centric approach to innovation, data literacy and digital interaction. The programs offered a combination of online content and virtual instructor-led classes, as well as peer-to-peer assignments that helped participants embed their learning in their day-to-day work.

To support our emerging talent, we developed a pioneering internal mentoring program for 45 employees at Vontobel. Each of the participants had a senior mentor who enabled them to articulate their personal goals, prepare an action plan and progress towards their objectives. We worked with the Singapore-based training company Protégé, which ran skills development workshops virtually for the participants and their mentors to help them make the most of the mentoring relationships.

Many discussions with clients and other partners are now taking place via virtual channels. To help prepare for this type of dialogue, employees were offered training courses such as "Improve your impact in digital client meetings" or "Engaging digital interactions".

The Swiss Association for Quality (SAQ) has, since 2020, recognized the further development courses offered to relationship managers in Vontobel Wealth Management as recertification measures. Relationship managers benefit from this by completing training according to this nationally accredited standard, thus further enhancing their own employability.

404-3 Percentage of employees receiving regular performance and career development reviews
At the end of 2021, 91 percent of employees had begun or completed their annual performance review process.

Diversity, Equal Opportunity and Non-Discrimination

103-1 Explanation of the material topic and its boundary
The creation of a pleasant working environment that is free from discrimination and promotes diversity and equal opportunity represents a further component of our commitment to our employees.

103-2 The management approach and its components
To prevent discrimination in the workplace, the principle of non-discrimination is enshrined in our Employee Handbook. Both the Employee Handbook and the Vontobel Code of Conduct form an integral part of the employment contract.

The Executive Committee takes the topic of Diversity & Inclusion seriously and is committed to ensuring that it is enshrined and developed further within the organization. In the focus areas that we defined – Cultural Diversity, Equal Opportunity, Generations and Inclusion – we have therefore defined appropriate and realistic points of focus. We provide regular updates on our various activities on the Intranet.

In the Equal Opportunities focus area, our aim is to continuously increase the number of women in senior management positions or leadership roles. When hiring new employees, we strive to ensure a balanced selection of female and male candidates. In promotion processes, a high level of importance is assigned to ensuring a fair and transparent selection of talented employees. We also actively invest in networks and alliances such as:
- Fondsfrauen
- Advance (Gender Equality in Business)
- Womenbiz
- Data+Women

In the “Cultural Diversity” focus area, we want to ensure that the composition of our workforce reflects our target markets while, at the same time, preserving our “Swissness” that is valued by our clients.

In the “Generations” focus area, we aim to achieve a balanced age mix. Ensuring long-term talent management and succession planning that are aligned with the needs of the business divisions is of key importance for Vontobel’s human resources planning. Most of our employees are aged between 30 and 50. Targeted measures are needed to align the potential of this age group with the divisions’ staffing needs.

We actively address the topic of Diversity & Inclusion with Vontobel’s management in order to bring about changes and achieve our goals in this area. Consequently, Diversity & Inclusion forms an integral part of our leadership seminars.

103-3 Evaluation of the management approach
405-1 Diversity of governance bodies and employees
There was only minor change in the proportion of employees who worked on a part-time basis compared to 2020: The proportion of female employees working part-time was 32 percent (2020: 33), while the proportion of male employees in part-time positions was 9 percent.

The Diversity Benchmarking performed annually by the University of St. Gallen, as well as the Gender Intelligence Report published by Advance, confirm that Vontobel has a relatively high proportion of women in more junior management positions as well as a fairly balanced age mix among employees. However, the proportion of women in leadership positions declines as the level of management seniority increases. The Talent Acquisition team therefore places a targeted focus on ensuring an appropriate mix of female and male candidates in the area of recruitment and promotions. When conducting interview training, an emphasis is placed, among other things, on the importance of having a diverse pool of candidates and avoiding unconscious bias. For these as well as further indicators, see the tables starting on page 105.

In the year under review, we commissioned the Competence Center for Diversity & Inclusion (CCDI) of the University of St. Gallen to conduct an equal pay analysis. The findings of the analysis show that Bank Vontobel AG and Vontobel Asset Management AG are essentially complying with the principle of equal pay. The Social Partnership Centre for Equal Pay in the Banking Industry (SF-LoBa) has reviewed the analysis. The results have been certified and we have been awarded the label “Equal pay audited in accordance with the requirements of the Equal Opportunities Act”. More on page 79.

406-1 Incidents of discrimination and corrective actions taken
No cases of discrimination were reported in 2021.

Number of employees by domicile

	NUMBER OF WOMEN	NUMBER OF MEN	31.12.2021 TOTAL	NUMBER OF WOMEN	NUMBER OF MEN	31.12.2020 TOTAL
Switzerland	543	1,232	1,775	511	1,202	1,713
Germany	32	79	111	32	72	104
USA	33	61	94	29	55	84
United Kingdom	26	52	78	26	50	76
Italy	16	25	41	14	23	37
Hong Kong	13	23	36	13	19	32
Luxembourg	7	12	19	7	10	17
Singapore	3	11	14	2	11	13
U.A.E.	2	5	7	2	4	6
Spain	2	3	5	2	3	5
France	2	1	3	1	1	2
Australia	0	2	2	0	2	2
Japan	1	1	2	1	2	3
Total	**680**	**1,507**	**2,187**	**640**	**1,454**	**2,094**

Number of employees by nationality

		31.12.2021		31.12.2020
	NUMBER	IN %	NUMBER	IN %
Switzerland	1,391	64	1,374	66
Germany	237	11	220	11
Italy	108	5	98	5
United Kingdom	89	4	83	4
USA	87	4	78	4
France	47	2	45	2
Spain	18	1	19	1
China	17	1	16	1
Poland	17	1	12	1
Austria	14	1	13	1
Other	162	7	136	6
Total	**2,187**	**100**	**2,094**	**100**

Age structure

		31.12.2021		31.12.2020
	NUMBER	IN %	NUMBER	IN %
Up to 20 years old	3	0	8	0
21 to 30 years old	286	13	264	13
31 to 40 years old	636	29	593	28
41 to 50 years old	685	31	677	32
51 to 60 years old	503	23	493	24
More than 60 years old	74	3	59	3
Total	**2,187**	**100**	**2,094**	**100**
Average age (in years)	*43*		*43*	

Age structure of the Board of Directors

	31.12.2021		31.12.2020	
	NUMBER	IN %	NUMBER	IN %
31 to 40 years old	1	10	1	11
41 to 50 years old	2	20	2	22
51 to 60 years old	6	60	4	44
More than 60 years old	1	10	2	23
Total	**10**	**100**	**9**	**100**

Years of service

	31.12.2021		31.12.2020	
	NUMBER	IN %	NUMBER	IN %
< 1 year	267	12	239	11
1 up to < 5 years	778	36	745	36
5 up to < 10 years	525	24	535	26
10 up to < 20 years	459	21	431	21
20 up to < 30 years	121	6	103	5
from 30 years	37	2	41	2
Total	**2,187**	**100**	**2,094**	**100**

Breakdown of full-time and part-time positions by gender as of 31.12.2021

	NUMBER OF WOMEN	PROPORTION OF WOMEN	NUMBER OF MEN	PROPORTION OF MEN	TOTAL NUMBER	TOTAL PROPORTION
less than 20%	0	0%	0	0%	0	0%
20–49%	11	2%	4	0%	15	1%
50–79%	83	12%	23	2%	106	5%
80–99%	124	18%	103	7%	227	10%
100%	462	68%	1,377	91%	1,839	84%
Total	**680**	**100%**	**1,507**	**100%**	**2,187**	**100%**

Breakdown of rank structure by gender as of 31.12.2021

	NUMBER OF WOMEN	PROPORTION OF WOMEN	NUMBER OF MEN	PROPORTION OF MEN
Employee	95	41%	134	59%
Middle management	352	44%	451	56%
Senior management	232	20%	917	80%
Executive Committee	1	20%	4	80%
Total	**680**	**31%**	**1,506**	**69%**
Board of Directors	3	30%	7	70%

Marketing and Labeling, Product Compliance

103-1 Explanation of the material topic and its boundary
Offering each of our clients the right solution or best possible service is the primary goal of our Client Units. Regulatory requirements apply in particular to producers and distributors of products and services for retail and private clients. Depending on the jurisdiction and the product or service involved, these duties include the preparation and provision of Key Information Documents describing the characteristics and functions of the products or services and the associated risks and opportunities and should ensure the comparability of products and services.

103-2 The management approach and its components
To continue developing our business, each business area carries out product development, client communications and marketing activities. The applicable legal regulations, such as the Swiss Financial Services Act (FinSA), the Swiss Law on Collective Investments or the Markets in Financial Instruments Directive (MiFID II) guide us in this area. We are an active member of various industry associations and help to shape rules in the area of self-regulation that are designed to increase the comparability of products and services and provide greater transparency for investors, as well as complying with the corresponding provisions. In addition, we follow the Principles for Responsible Investment (PRI).

103-3 Evaluation of the management approach
417-1 Requirements for product and service information and labeling
Our products and services meet the applicable legal and regulatory requirements with regard to labeling and transparency. In the year under review, there were no cases of misconduct or financial penalties for non-compliance with regulations governing the applicable requirements.

Customer Privacy

103-1 Explanation of the material topic and its boundary
The trust that clients place in us forms the basis for our successful long-term collaboration and is an important asset that is highly valued at Vontobel. We therefore assign considerable importance to protecting client data and complying with all legal requirements in this context.

103-2 The management approach and its components
The parameters for compliance with legal requirements relating to the protection of client data (such as banking confidentiality and data protection law) are defined and monitored by cross-divisional departments such as Legal & Compliance (with the Group Data Privacy Officer), Group Information Security (with the Chief Information Security Officer) and IT Security.

Further information on how we gather and process personal data can be found on our webpage.
- Our data protection guidelines: www.vontobel.com/privacy-policy
- Information about the EU General Data Protection Regulation (GDPR): www.vontobel.com/gdpr

Further information on IT security: www.vontobel.com/it-security.

103-3 Evaluation of the management approach
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data
In the reporting year, no authorities issued sanctions against Vontobel for breaches of privacy or losses of client data.

Further information on social sustainability at Vontobel can be found at: www.vontobel.com/social-sustainability.

General Disclosures

Organizational profile

102-1 Name of the organization
Vontobel Holding AG

102-2 Activities, brands, products, and services
Information on our activities, brands, products, and services is provided in the following sections of our Annual Report: “Vontobel”, pages 12–16.

102-3 Location of headquarters
Vontobel Holding AG, Gotthardstrasse 43, CH-8022 Zurich, telephone +41 58 283 59 00, www.vontobel.com.

102-4 Location of operations
A current overview of all our locations can be found on the Internet at: www.vontobel.com/locations.

102-5 Ownership and legal form
Further information about the nature of our ownership and our legal form are provided in the section “Major shareholders and groups of shareholders with pooled voting rights”, page 31.

102-6 Markets served
Information on markets served is provided in “Vontobel”, pages 12–16.

102-7 Scale of the organization
As of December 31, 2021, Vontobel had a total of 2,187 employees.

Further key figures concerning the scale of the organization are provided on pages 10 and 11.

102-8 Information on employees and other workers
Of the total of 2,187 employees at Vontobel as of December 31, 2021, 1,839 held full-time positions (see table on page 106).

In addition to employees with permanent contracts, a total of 121 temporary employees and 605 contingent staff worked for Vontobel at the end of 2021. These individuals either have fixed-term contracts or are available on an “on call” basis to assist the company when needed.

For further key figures concerning our employees see the section on “Diversity, Equal Opportunity and Non-Discrimination” (page 104).

102-9 Supply chain
Vontobel purchases a large quantity of products and services from external providers, including facility management services, IT infrastructure, and the design and production of printed materials, as well as catering and cleaning services. Wherever possible, we work with local suppliers. For example, we purchase fruit for our employees from a Swiss family-owned company. All of our print orders in Switzerland are awarded to Swiss printing companies. A major proportion of the advertising and Christmas gifts used throughout the company are also purchased from Swiss providers. At the end of 2021, we had a total of around 2,000 suppliers, of which 80 percent were based in Switzerland.

102-10 Significant changes to the organization and its supply chain
Information on the development of the business is provided in the “Business Review”, pages 19–27, and in “Changes in the scope of consolidation”, page 215. There were no significant changes to the supply chain.

102-11 Precautionary Principle or approach
Sustainability approach
A systematic client focus, a long-term growth strategy, and a solid capital and risk policy are core elements of economic sustainability at Vontobel. Information and explanations on this topic can be found in the relevant chapters of Vontobel’s Annual Report.

Our growth strategy includes a focus on our competencies and on our offering in the area of investment solutions that incorporate ESG criteria. In terms of environmental sustainability, we take targeted measures when conducting our operations to achieve a significant reduction in CO_2 emissions and other factors that are harmful to the environment. Based on our strong commitment to supporting communities, we invest in initiatives and projects to promote social sustainability. A dedicated team addresses these topics.

102-12 External initiatives
Vontobel has been a signatory to the PRI, a UN initiative to promote sustainable investing, since 2010. The Principles were launched by the then UN Secretary General in 2006 and take account of the growing relevance of environmental, social, and governance (ESG) themes in investment practice.

In 2017, our company joined the global network of the “United Nations Global Compact” as well as the “Global Compact Network Switzerland”. We have thus pledged to align our operations and strategies with ten universal principles in the areas of human rights, labor, environment, and anti-corruption. Within our sphere of influence as a company, we thus help to promote key sustainability principles around the globe.

In the year under review, Vontobel Asset Management and TwentyFour Asset Management LLP became first list signatories to the UK Stewardship Code 2020. The code contains principles for institutional investors as well as service providers in the financial sector. Signatories to this demanding standard must submit a Stewardship Report to the UK's Financial Reporting Council for review. In their report, they must demonstrate how they have applied the Code's principles in the previous 12 months. Signing the Code is testimony to our commitment to effective stewardship.

102-13 Membership of associations
Vontobel is a member of various organizations and a co-signatory of several investor initiatives. In this way, we promote sustainable development in an environmental and social context.

A current overview of all initiatives and memberships can be found on the Internet at: www.vontobel.com/ratings-memberships.

Strategy

102-14 Statement from senior decision-maker
See the foreword of the Sustainability Report, page 86.

102-15 Key impacts, risks, and opportunities
See the foreword of the Sustainability Report, page 86.

Ethics and integrity

102-16 Values, principles, standards, and norms of behavior
As a financial services provider, Vontobel is closely connected with the economy and society in all the locations in which we operate. Consequently, the nature and design of our products and services and the way we conduct our business operations have an impact on sustainable development in this integrated world. We believe that promoting sustainable development in our markets is both an economic necessity and an ethical duty.

Two documents form the basis of Vontobel's sustainability commitments:
- The Code of Conduct defines basic principles that employees must observe to ensure that we perform our business activities in a fair and forward-looking manner.
- The Sustainability Guidelines define the areas in which we take action to implement our Sustainability Strategy.

These as well as further principles and guidelines are available at: www.vontobel.com/principles-and-policies.

In parallel to the further development of its Sustainability Governance, Vontobel has expanded its sustainability positioning to include six commitments that set out our contribution to a more sustainable economy and society:
- By 2030, Vontobel aims to reduce net greenhouse gas emissions (GHG) in its own financial investments[1] and operations to net zero. This underscores Vontobel's commitment to the goals of the Paris Agreement on Climate Change.
- Vontobel actively approaches its clients to convincingly demonstrate that meeting the challenges of sustainably transforming the economy and society creates investment opportunities for them – which Vontobel can identify and deliver.
- Vontobel provides dedicated investment solutions focused on companies providing products and services that actively aim to tackle today's pressing challenges, such as resource scarcity and climate change, global inequality, good health and well-being.
- Vontobel's investment decisions are based on state-of-the-art ESG standards and an analysis of material ESG risks including climate change.
- Vontobel creates an environment where everyone who wants to be part of its performance culture can be themselves. It is based on mutual respect and zero tolerance for any form of discrimination.
- Vontobel reports transparently on the relevance and management of sustainability-related opportunities and risks, as well as its own measures in the area of corporate sustainability.

1 Banking book

Vontobel is committed to the objectives of the Paris Agreement. We are currently formulating our net zero climate strategy. We want to reduce net greenhouse gas emissions from our own financial investments in the banking book and from our business operations to net zero by 2030.

Governance

102-18 Governance structure
We permanently strive for sustainability, since it goes hand in hand with business success and stability. Sustainability and an effective business strategy are closely interconnected. For this reason, Vontobel is committed to the continuous optimization of sustainable business management in all our divisions in the long term.

Vontobel strives to continuously improve its own sustainability performance and has two committees that work towards this goal: The Vontobel Corporate Sustainability Committee (CSC) defines the Sustainability Strategy and specific targets based on Vontobel's Sustainability Principles. Vontobel further developed its Sustainability Governance in 2021: The Group-wide Corporate Sustainability Committee now consists of top management representatives from all Client Units and Centers of Excellence. The Committee meets on a quarterly basis and is chaired by the CFO (Head of Finance & Risk). The CSC Terms of Reference, which were approved by Vontobel's Executive Board, set out the Corporate Sustainability Committee's decision-making powers for all sustainability-related matters. In the context of our "Strategy 2022", the Committee defined strategic objectives and key performance indicators for the area "Corporate Responsibility & Sustainability". Corporate Sustainability Management coordinates the implementation of the measures that have been decided in conjunction with the relevant units.

The ESG Investment Forum is responsible for the coordination of the various investment strategies with a focus on sustainability themes as well as the overarching principles and policies. It also advances ESG topics across all investment teams at Vontobel and meets on a monthly basis. The Committee consists of representatives of all the investment boutiques. The Chair of the Investment Forum is a member of the Vontobel Corporate Sustainability Committee.

Information on Vontobel's overall governance structure is provided in the "Corporate Governance" section, starting on page 30.

Stakeholder engagement

102-40 List of stakeholder groups
Our sustainability commitments center on our main groups of stakeholders: clients, shareholders, employees and society.

102-41 Collective bargaining agreements
In Switzerland, all employees up to and including middle management are covered by the Agreement on Conditions of Employment for Bank Employees (VAB) issued by the Employers Association of Banks in Switzerland (AVG).

102-42 Identifying and selecting stakeholders
For Vontobel, interacting with our stakeholders is a central component of our day-to-day business. We focus on our dialogue with all stakeholder groups on whom Vontobel's business activities have a significant influence or who have a substantial impact on the success of the company. At established points of contact, such as Investor Relations or Corporate Sustainability Management, potential stakeholders are recorded based on the queries we receive.

102-43 Approach to stakeholder engagement
An open dialogue is key in order to gain a better understanding of the needs of our clients, employees, suppliers and cooperation partners, and to take account of the interests of local communities and non-government organizations (NGOs). We want to engage with our stakeholders by providing clear and comprehensible information on different challenges and opportunities relating to ESG matters. Regular employee and client surveys are key tools in this context, as are discussions with our suppliers.

102-44 Key topics and concerns raised
In 2021, we once again carried out employee and client surveys. Issues raised by employees included improving the efficiency of internal processes in order to be able to act in a more client-oriented manner. The findings provide helpful insights into areas where our organization as a whole has scope for improvement.

The majority of clients indicated that they were very satisfied with Vontobel but we nonetheless want to achieve improvements in this area and to further strengthen client satisfaction and trust in our company. We are making good progress in these efforts: In the financial year 2021, Vontobel once again received numerous awards, demonstrating our clients' satisfaction with our services.

Reporting practice

102-45 Entities included in the consolidated financial statements
Information on the scope of consolidation is provided on page 214.

102-46 Defining report content and topic boundaries
This report is based on the material topics that Vontobel has identified using the process defined under the GRI G4 guidelines to determine material topics and disclosures in various workshops and interviews. During this process, we discussed all the GRI topics and the Financial Sector Supplements that apply specifically to the financial sector and determined their materiality for Vontobel. The material topics have been transferred to the reporting based on the GRI Standards.

As a provider of financial products, we also incorporate sustainability aspects into our products and services and into partnerships and relationships with suppliers. Further information is available in the preceding chapters. Unless stated otherwise, the reporting boundary encompasses Vontobel Holding AG with the subsidiaries listed in the consolidated annual financial statements as well as their locations.

102-47 List of material topics
Material topics for our reporting:
- Economic performance
- Indirect economic impacts
- Materials
- Energy
- Emissions
- Employment
- Training and education
- Diversity and equal opportunity
- Non-discrimination
- Anti-corruption
- Marketing and Labeling
- Product compliance
- Customer privacy
- Marketing and Labeling
- Product portfolio
- Active ownership

102-48 Restatements of information
We have not made any restatements or corrections to the previous year's disclosures.

102-49 Changes in reporting
We have not made any changes to our reporting.

102-50 Reporting period
Unless stated otherwise, the reporting period is from January 1 to December 31, 2021. The environmental key figures relate to the period from October 1, 2020, to September 30, 2021.

102-51 Date of most recent report
February 2021

102-52 Reporting cycle
This report has been produced in accordance with the principles set out by the Global Reporting Initiative (GRI) for the twelfth time.

102-53 Contact point for questions regarding the report
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102-54 Claims of reporting in accordance with the GRI Standards
This report was produced in accordance with the GRI Standards: "Core" option.

102-55 GRI Content Index
See GRI Content Index from page 113.

102-56 External assurance
The report has not been externally assured.

GRI Content Index

GRI MATERIALITY DISCLOSURES SERVICE 2022

GRI Standard	Title	Page
GRI 101:	**Foundation 2016**	
GRI 102:	**General Disclosures 2016**	**108**
	Organizational profile	
102-1	Name of the organization	108
102-2	Activities, brands, products and services	108
102-3	Location of headquarters	108
102-4	Location of operations	108
102-5	Ownership and legal form	108
102-6	Markets served	108
102-7	Scale of the organization	108
102-8	Information on employees and other workers	108
102-9	Supply chain	108
102-10	Significant changes to the organization and its supply chain	108
102-11	Precautionary Principle or approach	108
102-12	External initiatives	108
102-13	Membership of associations	109
	Strategy	
102-14	Statement from senior decision-maker	109
102-15	Key impacts, risks, and opportunities	109
	Ethics and integrity	
102-16	Values, principles, standards, and norms of behavior	109
	Governance	
102-18	Governance structure	110
	Stakeholder engagement	
102-40	List of stakeholder groups	110
102-41	Collective bargaining agreements	110
102-42	Identifying and selecting stakeholders	110
102-43	Approach to stakeholder engagement	110
102-44	Key topics and concerns raised	110
	Reporting practice	
102-45	Entities included in the consolidated financial statements	111
102-46	Defining report content and topic boundaries	111
102-47	List of material topics	111
102-48	Restatements of information	111
102-49	Changes in reporting	111
102-50	Reporting period	111
102-51	Date of most recent report	111
102-52	Reporting cycle	111
102-53	Contact point for questions regarding the report	111
102-54	Claims of reporting in accordance with the GRI Standards	111
102-55	GRI Content Index	111
102-56	External assurance	111

For the Materiality Disclosures Service, the GRI Service Team verified whether the GRI Content Index is clearly presented and the references for Disclosures 102-40 to 102-49 correspond to the relevant sections of the Report.

This GRI service was conducted on the German version of this report.

GRI Standard	Title	Page	Reason of omission
	Sustainable Investing		
	Product portfolio		
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	87, 94	
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	94	
FS8	Products and services designed to deliver a specific environmental benefit	94	
FS11	Percentage of assets subject to positive and negative environmental or social screening	94	
	Active Ownership		
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	94, 95	
FS10	Portfolio-based engagement on social or environmental issues	95	
	Economic Sustainability		
GRI 201:	**Economic performance 2016**	**96**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	96	
201-1	Direct economic value generated and distributed	96	
201-3	Defined benefit plan obligations and other retirement plans	96	
GRI 203:	**Indirect economic impacts 2016**	**96**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	96	
203-1	Infrastructure investments and services supported	96	
GRI 205:	**Anti-corruption 2016**	**97**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	97	
205-1	Operations assessed for risks related to corruption	97	
205-2	Communication and training about anti-corruption policies and procedures	97	
205-3	Confirmed incidents of corruption and actions taken	97	
	Environmental Sustainability		
GRI 301:	**Materials 2016**	**99**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	98, 99	
301-1	Materials used by weight or volume	99	
301-2	Recycled input materials used	99	
GRI 302:	**Energy 2016**	**99**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	98, 99	
302-1	Energy consumption within the organization	99	
302-3	Energy intensity	99	
302-4	Reduction of energy consumption	99	
GRI 305:	**Emissions 2016**	**100**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	98, 100	
305-1	Direct (Scope 1) GHG emissions	100	
305-2	Energy indirect (Scope 2) GHG emissions	100	
305-3	Other indirect (Scope 3) GHG emissions	100	
305-4	GHG emissions intensity	100	
305-5	Reduction of GHG emissions	100	

GRI Standard	Title	Page	Reason of omission
	Social Sustainability		
GRI 401:	**Employment 2016**	**101**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	101, 102	
401-1	New employee hires and employee turnover	102	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	102	
GRI 404:	**Training and Education 2016**	**102**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	102, 103	
404-1	Average hours of training per year per employee	103	
404-2	Programs for upgrading employee skills and transition assistance programs	103	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	104	
GRI 405:	**Diversity and Equal Opportunity 2016**	**104**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	104	
405-1	Diversity of governance bodies and employees	104	
GRI 406:	**Non-Discrimination 2016**	**104**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	104	
406-1	Incidents of discrimination and corrective actions taken	104	
GRI 417:	**Marketing and Labeling 2016**	**107**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	107	
417-1	Requirements for product and service information and labeling	107	
GRI 418:	**Customer Privacy 2016**	**107**	
GRI 103: 103-1 / 103-2 / 103-3	Management approach 2016	107	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	107	

UN Global Compact: Activities and Results

Implementing and supporting the ten principles of the UN Global Compact
"Vontobel has been a member of the UN Global Compact and of the Global Compact Network Switzerland since 2017. We have thus pledged to align our operations and strategies with ten universally recognized principles in the areas of human rights, labor, environment, and anti-corruption."
Dr Zeno Staub, CEO of Vontobel

This Sustainability Report is our fifth Communication on Progress (COP) report about the implementation of the ten principles at Vontobel.

The Ten Principles of the UN Global Compact

PRINCIPLES	IMPLEMENTATION AT VONTOBEL: CONTENT-RELATED TOPICS AND COVERAGE ACCORDING TO GRI REPORTING	PAGE IN ANNUAL REPORT
Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Topic **Non-discrimination**	
	GRI 406-1 Incidents of discrimination and corrective actions taken	104
	Financial Sector specific indicators: product portfolio and active ownership	
	FS10: Portfolio-based engagement on social or environmental issues	95
	FS11: Percentage of assets subject to positive and negative environmental or social screening	94
Principle 2: Make sure that they are not complicit in human rights abuses	Topic **Organizational Profile**	
	GRI 102-9 Supply chain	108
	Financial Sector specific indicators: product portfolio and active ownership	
	FS10: Portfolio-based engagement on social or environmental issues	95
	FS11: Percentage of assets subject to positive and negative environmental or social screening	94
Labor		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Topic **Organizational Profile**	
	GRI 102-41 Collective bargaining agreements	110
Principle 4: Elimination of all forms of forced and compulsory labor	Topic **Organizational Profile**	
	GRI 102-9 Supply Chain	108
	Topic **Economic performance**	
	GRI 201-3 Defined benefit plan obligations and other retirement plans	96
Principle 5: Effective abolition of child labor	Topic **Organizational Profile**	
	GRI 102-9 Supply Chain	108
Principle 6: Elimination of discrimination in respect of employment and occupation	Topic **Organizational Profile**	
	GRI 102-8 Information on employees and other workers	108
	Topic **Employment**	
	GRI 401-1 New employees hires and employee turnover	102
	Topic **Training and Education**	
	GRI 404-2 Programs for upgrading employee skills and transition assistance programs	103
	GRI 404-3 Percentage of employees receiving regular performance and career development reviews	104
	Topic **Diversity and Equal Opportunity**	
	GRI 405-1 Diversity of governance bodies and employees	104
	Topic **Non-discrimination**	
	GRI 406-1 Incidents of discrimination and corrective actions taken	104

PRINCIPLES	IMPLEMENTATION AT VONTOBEL: CONTENT-RELATED TOPICS AND COVERAGE ACCORDING TO GRI REPORTING	PAGE IN ANNUAL REPORT
Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges	Topic **Materials**	
	GRI 301-1 Materials used by weight or volume	99
	GRI 301-2 Recycled input materials used	99
	Topic **Energy**	
	GRI 302-1 Energy consumption within the organization	99
	GRI 302-3 Energy intensity	99
	GRI 302-4 Reduction of energy consumption	99
	Topic **Emissions**	
	GRI 305-1 Direct (Scope 1) GHG emissions	100
	GRI 305-2 Energy indirect (Scope 2) GHG emission	100
	GRI 305-3 Other indirect (Scope 3) GHG emission	100
	GRI 305-4 GHG emissions intensity	100
	GRI 305-5 Reduction of GHG emissions	100
	Financial Sector specific indicators: product portfolio and active ownership	
	FS10: Portfolio-based engagement on social or environmental issues	95
	FS11: Percentage of assets subject to positive and negative environmental or social screening	94
Principle 8: Undertake initiatives to promote greater environmental responsibility	Topic **Materials**	
	GRI 301-1 Materials used by weight or volume	99
	GRI 301-2 Recycled input materials used	99
	Topic **Energy**	
	GRI 302-1 Energy consumption within the organization	99
	GRI 302-3 Energy intensity	99
	GRI 302-4 Reduction of energy consumption	99
	Topic **Emissions**	
	GRI 305-1 Direct (Scope 1) GHG emissions	100
	GRI 305-2 Energy indirect (Scope 2) GHG emission	100
	GRI 305-3 Other indirect (Scope 3) GHG emission	100
	GRI 305-4 GHG emissions intensity	100
	GRI 305-5 Reduction of GHG emissions	100
Principle 9: Encourage the development and diffusion of environmentally friendly technologies	Topic **Energy**	
	GRI 302-4 Reduction of energy consumption	99
	Topic **Emissions**	
	GRI 305-5 Reduction of GHG emissions	100
Anti-corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Topic **Ethics and Integrity**	
	GRI 102-16 Values, principles, standards, and norms of behavior	109
	GRI 205-1 Operations assessed for risks related to corruption	97
	GRI 205-2 Communication and training about anti-corruption policies and procedures	97
	GRI 205-3 Confirmed incidents of corruption and actions taken	97

TCFD Statement

The steady increase in regulation in the area of sustainable finance is having a noticeable effect – both internationally and in Switzerland. In this context, the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) have grown in importance as they have now been recognized as a global standard by the relevant stakeholders. These recommendations pave the way for uniform and transparent rules on the disclosure of financial climate risks for economic actors. In line with the strategy for a sustainable Swiss financial center, Switzerland became an official supporter of TCFD at the start of 2021.

Vontobel is currently in the process of identifying and evaluating climate-related risks that could impact on our business activities. This is our first TCFD Statement – in the coming years, we will continue to adapt and expand our reporting on climate-relevant factors.

Governance

Climate-related opportunities and risks could potentially influence all areas of Vontobel's business – both in terms of our own business activities and the products and services that we offer our clients. Therefore the ultimate responsibility for this topic lies with the Vontobel Corporate Sustainability Committee (CSC), which is chaired by the CFO. All Client Units and Centers of Excellence are represented in the Committee.

The ESG Investment Forum is responsible for the coordination of the various investment strategies with a focus on sustainability themes as well as overarching principles and policies. It also advances ESG topics across all investment teams at Vontobel and meets on a monthly basis. The Forum consists of representatives of all the investment boutiques. The Chair of the ESG Investment Forum is a member of the Vontobel Corporate Sustainability Committee.

Strategy

We recognize that we can make a significant contribution towards the realization of the objectives set out in the Paris Agreement through the way in which we structure our product range and our investment solutions for our clients. In addition to measuring our operational footprint and developing measures to reduce it, we focus on offering products that meet our clients' investment objectives and are aligned with their personal values.

For all products that integrate ESG criteria, we analyze climate-related risks and show how they influence our investment decisions. For all "Sustainable" products, we additionally apply sector exclusions (e.g. coal extraction), engage in an active dialogue with the companies or other stakeholders regarding their climate strategy, and exercise our voting rights. When implementing some investment strategies, we go one step further and invest in companies that contribute to the sustainable development of the economy and society and capture opportunities arising from the climate and energy transition.

At an operational level, we disclose the emissions resulting from our own business activities in our Sustainability Report and via the CDP (previously the Carbon Disclosure Project). Our "B" score represents the "Management" disclosure level that is assigned to companies that take coordinated measures on climate topics. We are planning to develop a new climate strategy for the future and to implement TCFD recommendations. We expect to apply one of the recognized scenarios of the IEA, IPCC or a similar approach. Vontobel considers sustainability risks to be a critical element of our risk management.

Metrics and Targets

In the case of a subset of funds that integrate climate-related aspects into their investment strategies, climate indicators such as CO_2e and weighted average carbon intensity are reported.

Vontobel has been purchasing electricity from renewable sources for all of our locations globally since 2013 – either directly or otherwise indirectly through regional Guarantees of Origin.

We are currently formulating our net zero climate strategy. We want to reduce net greenhouse gas emissions from our own financial investments in the banking book and from our business operations to net zero by 2030. Vontobel is thus underscoring its commitment to the goals of the Paris Agreement.

Risk Management

In 2021, Vontobel reviewed and updated the basic structure of its Group Risk Management Framework to articulate its risk appetite and to thus facilitate more robust reporting to Executive Management. To underscore the importance of embedding this topic in core processes, key risk indicators and sustainability-related indicators were included. Like all other aspects of the framework, these indicators are reviewed and refined on an ongoing basis and approved by the Board of Directors.

Our policy on sustainable investing and advisory sets out how we integrate sustainability risks and material negative sustainability impacts into our investment decisions and advisory services.

The investment teams manage a series of investment strategies. In the case of many of these strategies, climate-related themes form an integral part of the ESG investment process that is defined and applied by each investment boutique accordingly. The analysis of sustainability risks – especially climate risks – is a significant part of the investment process for these investment strategies.

Our advisory services may be associated with financial risks for our clients. We regard sustainability risks as material risks that could potentially impact on the long-term risk/return profile of an investment. We therefore integrate considerations about sustainability risks into our advisory-related research and advisory activities.

Consolidated financial statements

Notes to the consolidated financial statements

Consolidated income statement

Consolidated income statement

	NOTE	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Interest income		89.4	92.4	–2.9	–3
Interest expense		21.7	21.3	0.4	2
Net interest income		**67.7**	**71.1**	**–3.4**	**–5**
Credit loss (expense) / recovery		–6.5	1.9	–8.3	–437
Net interest income after credit losses	1	**61.3**	**73.0**	**–11.7**	**–16**
Fee and commission income		1,361.3	1,170.0	191.3	16
Fee and commission expense		386.5	300.4	86.2	29
Net fee and commission income [1]	2	**974.8**	**869.6**	**105.2**	**12**
Trading income [1]	3	**493.3**	**311.7**	**181.6**	**58**
Other income	4	**6.2**	**11.2**	**–5.0**	**–45**
Total operating income		**1,535.6**	**1,265.5**	**270.1**	**21**
Personnel expense	5	734.7	640.0	94.8	15
General expense	6	225.4	199.8	25.6	13
Depreciation of property, equipment (incl. software) and intangible assets	7	100.4	98.6	1.8	2
Provisions and losses	8	7.9	6.2	1.7	27
Total operating expense		**1,068.4**	**944.5**	**123.9**	**13**
Profit before taxes		**467.2**	**321.0**	**146.2**	**46**
Taxes	9	83.4	61.6	21.8	35
Group net profit		**383.8**	**259.4**	**124.3**	**48**
of which allocated to minority interests		*10.0*	*16.8*	*–6.8*	*–40*
of which allocated to shareholders of Vontobel Holding AG		*373.8*	*242.7*	*131.1*	*54*

Share information

	NOTE	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Basic earnings per share [2] (CHF)	11	6.69	4.34	2.35	54
Diluted earnings per share [2] (CHF)	11	6.50	4.25	2.26	53

1 2020: Reclassification of CHF 33.8 M from “Fee and commission expense” to “Trading income”. For further details refer to section 4.1.2 of the accounting principles.
2 Basis: Weighted average number of shares

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

	NOTE	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Group net profit according to the income statement		**383.8**	**259.4**	**124.4**	**48**
Other comprehensive income, net of tax	10				
Other comprehensive income that will be reclassified to the income statement					
Currency translation adjustments:					
Income during the reporting period		8.2	–13.9	22.1	
Gains and losses transferred to the income statement					
Total currency translation adjustments		8.2	–13.9	22.1	
Debt instruments in financial investements:					
Income during the reporting period		–13.7	8.7	–22.4	–257
Gains and losses transferred to the income statement		–5.7	–1.2	–4.4	
Total debt instruments in financial investments		–19.4	7.5	–26.9	–359
Cash flow hedges:					
Income during the reporting period		–0.0	–0.3	0.3	
Gains and losses transferred to the income statement					
Total cash flow hedges		–0.0	–0.3	0.3	
Total other comprehensive income that will be reclassified to the income statement		**–11.2**	**–6.7**	**–4.5**	
Other comprehensive income that will not be reclassified to the income statement					
Income from equity instruments in financial investments		8.3	1.5	6.8	453
Income from defined benefit pension plans		78.5	3.8	74.7	
Total other comprehensive income that will not be reclassified to the income statement		**86.8**	**5.3**	**81.5**	
Total other comprehensive income, net of tax		**75.5**	**–1.4**	**77.0**	
Comprehensive income		**459.4**	**258.0**	**201.4**	**78**
of which allocated to minority interests		*10.3*	*16.5*	*–6.2*	*–38*
of which allocated to shareholders of Vontobel Holding AG		*449.0*	*241.5*	*207.6*	*86*

Consolidated balance sheet

Assets

	NOTE	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	CHANGE TO 31.12.2020 IN %
Cash		7,835.0	6,449.0	1,385.9	21
Due from banks		916.8	738.2	178.6	24
Receivables from securities financing transactions	20	1,847.7	1,255.4	592.3	47
Trading portfolio assets	12	6,612.8	7,327.4	–714.6	–10
Positive replacement values	12	426.4	372.2	54.2	15
Other financial assets at fair value	12	4,415.6	5,082.7	–667.0	–13
Loans	13	7,102.5	6,378.6	723.9	11
Financial investments	14	1,616.4	2,253.3	–636.9	–28
Investments in associates	15	5.3	5.6	–0.3	–5
Property, equipment and software	16	377.3	350.4	27.0	8
Goodwill and other intangible assets	18	547.0	556.8	–9.8	–2
Other assets	19	695.0	652.7	42.2	6
Total assets		**32,397.9**	**31,422.4**	**975.4**	**3**

Liabilities and equity

	NOTE	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Due to banks		982.7	715.8	266.9	37
Payables from securities financing transactions	20	12.7	302.5	–289.8	–96
Trading portfolio liabilities	12	288.6	111.0	177.6	160
Negative replacement values	12	1,505.0	1,215.6	289.4	24
Other financial liabilities at fair value	12	11,202.1	10,786.3	415.8	4
Due to customers		14,793.3	14,646.5	146.8	1
Debt issued	23	449.1	448.6	0.5	0
Provisions	24	16.3	18.2	–1.9	–10
Other liabilities	25	1,079.1	1,286.3	–207.2	–16
Total liabilities		**30,329.0**	**29,530.8**	**798.2**	**3**
Share capital	26	56.9	56.9		
Treasury shares	26	–124.4	–65.9	–58.5	
Capital reserve		–357.8	–280.6	–77.2	
Retained earnings		2,556.7	2,230.7	326.0	15
Other components of shareholders' equity		–62.5	–49.4	–13.1	
Shareholders' equity		**2,068.9**	**1,891.6**	**177.2**	**9**
Minority interests					
Total equity		**2,068.9**	**1,891.6**	**177.2**	**9**
Total liabilities and equity		**32,397.9**	**31,422.4**	**975.4**	**3**

Statement of equity

Statement of equity

CHF M	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVE
Balance as of 01.01.2020	**56.9**	**–84.2**	**–225.9**
Group net profit			
Other comprehensive income that will be reclassified to the income statement			
Other comprehensive income that will not be reclassified to the income statement			
Comprehensive income			
Dividend payment[2]			
Purchase of treasury shares		–55.9	
Sale of treasury shares		13.7	–0.1
Share-based compensation expense			35.0
Allocations from share-based compensation		60.5	–41.6
Change in minority interests			
Change in liability to purchase minority interests			–48.0
Other effects			
Ownership-related changes		**18.3**	**–54.8**
Balance as of 31.12.2020	**56.9**	**–65.9**	**–280.6**
Balance as of 01.01.2021	**56.9**	**–65.9**	**–280.6**
Group net profit			
Other comprehensive income that will be reclassified to the income statement			
Other comprehensive income that will not be reclassified to the income statement			
Comprehensive income			
Dividend payment[2]			
Purchase of treasury shares		–137.6	
Sale of treasury shares		18.2	–0.5
Share-based compensation expense			48.8
Allocations from share-based compensation		60.9	–31.2
Change in minority interests			–94.6
Other effects			0.2
Ownership-related changes		**–58.5**	**–77.2**
Balance as of 31.12.2021	**56.9**	**–124.4**	**–357.8**

1 “Currency translation adjustments”, “Unrealized income from debt instruments in financial investments” and “Cash flow hedges” are reported in the balance sheet item “Other components of shareholders’ equity”.
2 Vontobel Holding AG paid a dividend (gross) of CHF 2.25 (previous year: CHF 2.25) per registered share with a par value of CHF 1.00 in April 2021.

RETAINED EARNINGS	CURRENCY TRANSLATION ADJUSTMENTS[1]	UNREALIZED INCOME FROM DEBT INSTRUMENTS IN FINANCIAL INVESTMENTS[1]	CASH FLOW HEDGES[1]	SHAREHOLDERS' EQUITY	MINORITY INTERESTS	TOTAL EQUITY
2,109.4	**–54.9**	**11.6**	**0.4**	**1,813.3**		**1,813.3**
242.7				242.7	16.8	259.4
	–13.7	7.5	–0.3	–6.5	–0.2	–6.7
5.3				5.3		5.3
247.9	**–13.7**	**7.5**	**–0.3**	**241.5**	**16.5**	**258.0**
–126.6				–126.6	–16.1	–142.6
				–55.9		–55.9
				13.6		13.6
				35.0		35.0
				18.9		18.9
				–48.0	–0.5	–48.5
–126.6				**–163.1**	**–16.5**	**–179.6**
2,230.7	**–68.5**	**19.1**	**0.0**	**1,891.6**		**1,891.6**
2,230.7	**–68.5**	**19.1**	**0.0**	**1,891.6**		**1,891.6**
373.8				373.8	10.0	383.8
	7.9	–19.4	–0.0	–11.5	0.3	–11.2
86.8				86.8		86.8
460.5	**7.9**	**–19.4**		**449.0**	**10.3**	**459.4**
–134.6				–134.6	–4.4	–138.9
				–137.6		–137.6
				17.7		17.7
				48.8		48.8
				29.7		29.7
	–1.6			–96.2	–5.9	–102.1
0.0				0.3		0.3
–134.5	**–1.6**			**–271.8**	**–10.3**	**–282.1**
2,556.7	**–62.2**	**–0.3**		**2,068.9**		**2,068.9**

Consolidated cash flow statement

Consolidated cash flow statement

CHF M	2021	2020
Cash flow from operating activities		
Group net profit (incl. minorities)	383.8	259.4
Reconciliation to net cash flow from operating activities		
Non-cash positions in Group results:		
Depreciation and valuation adjustments of property, equipment (incl. software) and intangible assets	100.4	98.6
Credit loss expense / (recovery)	7.5	–1.9
Income from investments in associates	–1.0	–0.9
Deferred income taxes	–2.8	–7.3
Change in provisions	–2.0	–1.3
Net income from investing activities	10.6	2.1
Net income from disposal of property, equipment (incl. software) and intangible assets	–0.1	–0.0
Other non-cash income	63.9	46.9
Net (increase) / decrease in assets relating to banking activities:		
Due from / to banks, net	267.1	179.1
Receivables from securities financing transactions	–592.3	–900.3
Trading positions and replacement values, net	1,125.3	–3,564.4
Other financial assets / liabilities at fair value, net	1,082.9	235.3
Loans / due to customers, net	–577.1	2,807.4
Other assets	8.5	104.8
Net increase / (decrease) in liabilities relating to banking activities:		
Payables from securities financing transactions	–289.8	83.8
Other liabilities	71.9	121.1
Taxes paid	–71.1	–58.1
Cash flow from operating activities	**1,585.6**	**–595.8**
Cash flow from investing activities		
Purchase of associates		–4.6
Dividend from associates	1.2	0.9
Settlement of earn-out payments	–0.9	–0.9
Purchase of property, equipment (incl. software) and intangible assets	–62.0	–66.3
Disposal of property, equipment (incl. software) and intangible assets	0.6	0.5
Investment in financial instruments	–233.6	–476.3
Divestment of financial instruments	857.9	799.6
Cash flow from investing activities	**563.3**	**253.0**
Cash flow from financing activities		
Repayment of leasing liabilities	–32.5	–31.7
Net movements in treasury shares	–119.9	–42.3
Dividends paid	–138.9	–142.6
Change in minority interests	–290.2	
Cash flow from financing activities	**–581.6**	**–216.7**
Effects of exchange rate differences	–2.7	–2.0
Net increase / (decrease) in cash and cash equivalents	**1,564.7**	**–561.5**
Cash and cash equivalents, beginning of the year	7,187.1	7,748.5
Cash and cash equivalents as at the balance sheet date	**8,751.8**	**7,187.1**

The recognition of a lease liability and of a corresponding right-of-use asset at the lease commencement date represents a significant non-cash item. The leasing liabilities and the liability from the AT1 bond are liabilities from financing activities.

Information on the consolidated cash flow statement

CHF M	31.12.2021	31.12.2020
Cash and cash equivalents comprise at the balance sheet date		
Cash[1]	7,835.0	6,449.0
Due from banks on demand	916.8	738.0
Total	**8,751.8**	**7,187.1**

Further information

CHF M	2021	2020
Dividends received	53.5	39.1
Interest received	160.7	196.4
Interest paid	16.2	17.1

1 "Cash" comprises petty cash, giro and demand deposits at the Swiss National Bank and foreign central banks, as well as clearing credit balances at recognized clearing centers and clearing banks.

Accounting principles

1. Basis of presentation

Vontobel's consolidated financial statements comprise the accounts of Vontobel Holding AG and its subsidiaries. They have been prepared in accordance with the International Financial Reporting Standards (IFRS). The accounting principles applied are the same as in the consolidated financial statements dated December 31, 2020, with the exception of the changes referred to in section 4.

2. Estimates, assumptions and judgment

In the preparation of the consolidated financial statements, management has to make numerous estimates and assumptions that may include material uncertainties. These estimates and assumptions are based on the best available information and are adapted continuously in line with new findings and circumstances.

Estimates and assumptions are mainly contained in the following areas of the consolidated financial statements and are discussed in the corresponding notes to the consolidated financial statements: Fair value of financial instruments, expected credit losses of financial instruments, share-based payment, provisions, income taxes, pension plans, leasing, and goodwill and other intangible assets.

In the application of accounting principles, the treatment of the impact of changes in own credit risk from financial liabilities, for which the fair value option is applied – as described in note 3 of the Notes to the consolidated financial statements – involves significant judgment.

3. Summary of the most important accounting principles

3.1 Consolidation principles

Subsidiaries

All subsidiaries directly or indirectly controlled by Vontobel Holding AG are consolidated in the consolidated financial statements. Vontobel exercises control over another company if all three of the following conditions are met: Vontobel has decision-making power over the other company, is exposed to variable returns from its involvement with the other company and has the ability to use its power over that company to affect the amount of these returns.

Acquired subsidiaries are consolidated from the date on which control is transferred to Vontobel. Changes to investments in subsidiaries are recorded as transactions in shareholders' equity provided Vontobel retains control of the subsidiary. Subsidiaries that are sold are consolidated until the date on which control is lost.

The acquisition of a subsidiary is accounted for using the purchase method. The acquisition costs are measured at the fair value of the consideration at the acquisition date. Previously held equity interests in the acquiree are measured at fair value at the acquisition date and any gain or loss is recorded in the income statement. The identifiable assets acquired and liabilities and contingent liabilities assumed are recognized at fair value at the acquisition date. A minority interest in the acquiree is measured either at fair value or at its proportionate interest in the fair value of the net assets acquired; either method can be chosen on a transaction-by-transaction basis. If the aggregate of the fair value of the consideration, the fair value of the previously held equity interests and the minority interests measured according to the chosen method, as detailed above, exceeds the fair value of the net assets acquired, the positive difference between the two amounts is recorded as goodwill. If the opposite applies, the negative difference is immediately recognized in the income statement. The costs directly attributable to the acquisition (e.g. consulting and audit costs) are charged to the income statement.

Vontobel's investment funds are classed as structured entities according to IFRS 12. They are consolidated if Vontobel – as a principal – acts primarily in its own interests. If Vontobel – as an agent – acts primarily in the interests of investors, the investment funds are not consolidated. Shares of non-consolidated investment funds are treated as financial instruments, as defined in section 3.3.

The effects of intra-Group transactions are eliminated in the consolidated financial statements.

Associates

Companies over which Vontobel can exert significant influence are accounted for using the equity method. As a rule, influence is deemed significant if Vontobel holds 20 percent to 50 percent of voting rights.

According to the equity method of accounting, the interest acquired in a company is stated at cost in the balance sheet upon acquisition. After acquisition, the carrying amount of the associate is adapted to reflect the Group's share of comprehensive income and ownership-related changes to the shareholders' equity of the associate and any impairment.

3.2 Foreign currency translation

Vontobel companies prepare their financial statements in the respective functional currency. Transactions in a currency other than the functional currency are recorded by the companies at the exchange rate on the date of the transaction. Exchange rate differences arising between the date of a transaction and its subsequent settlement are recognized in the income statement. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency using the closing exchange rates, unrealized exchange rate differences are recognized in the income statement. Non-monetary items carried at historical cost in a foreign currency are translated into the functional currency at the historical exchange rate. Non-monetary items carried at fair value in a foreign currency are translated into the functional currency at the closing exchange rates. Any unrealized gains and losses resulting from the foreign currency translation are recorded in the income statement in the case of trading portfolio assets, trading portfolio liabilities, and other financial instruments at fair value and in other comprehensive income in the case of financial investments.

When drawing up the consolidated financial statements, the balance sheets of Vontobel companies that are denominated in a foreign currency are translated into Swiss francs at the closing exchange rates. Average exchange rates for the period under review are used for items in the income statement, other comprehensive income and cash flows. Currency translation adjustments that result from changes in exchange rates between the beginning and the end of the year, as well as the difference between the annual profit at average rates and at year-end rates, are recognized in other comprehensive income. If a realization event occurs (e.g. if control over a Group company is lost), the relevant currency translation adjustments are transferred from other comprehensive income to the income statement. For information on hedges of net investments in foreign operations, please refer to note 34 “Hedge accounting”.

3.3 Financial instruments

Initial recognition

Purchases and disposals of financial assets are recognized in the balance sheet at the trade date. At the time of initial recognition, all financial instruments are measured at fair value and assigned to one of the following categories in accordance with IFRS 9 criteria: “Fair value through profit or loss (FVTPL)”, “Fair value through other comprehensive income (FVOCI)” or “Amortised cost”. In the case of financial instruments in the categories “Fair value through other comprehensive income” and “Amortised cost”, this original fair value is adjusted to reflect the directly attributable transaction costs.

Measurement of fair value, fair value hierarchy and recognition of “day 1 profit”

For information on the measurement of the fair value of financial instruments, the valuation methods used, the fair value hierarchy and day 1 profit, please refer to note 29 “Fair value of financial instruments”.

Trading portfolio assets and trading portfolio liabilities (“fair value through profit or loss”)

Financial assets or financial liabilities held for trading purposes are recognized at fair value in “Trading portfolio assets” or “Trading portfolio liabilities”. All income components are recognized in “Trading income”.

Derivative financial instruments (“fair value through profit or loss”) and hedge accounting

Derivative instruments are recognized as positive or negative replacement values at fair value. Provided no hedge accounting is applied for the relevant derivatives, all income components are recognized in “Trading income”. Information on hedge accounting is provided in note 34.

Other financial assets at fair value (“fair value through profit or loss”)

This balance sheet item contains financial assets that are not held for trading purposes but fall within the category “Fair value through profit or loss” due to the criteria set out in IFRS 9. Equity instruments that Vontobel assigns to “Financial investments” upon initial recognition are an exception (see below). This balance sheet item is treated the same way in the income statement as trading portfolio assets.

Other financial liabilities at fair value (“fair value through profit or loss”)

This balance sheet item contains issued structured products and debt instruments for which the fair value option is applied. They are managed, measured and reported to the Board of Directors and the Executive Committee on a fair value basis according to a documented strategy. They are treated the same way in the income statement as trading portfolio liabilities (information on the treatment of the impact of changes in own credit risk is provided in note 3 “Trading income”). Income from issued structured products and debt instruments is therefore treated in the same way as income from the corresponding hedging positions.

Financial investments ("fair value through other comprehensive income")

This balance sheet item contains long-term equity investments (e.g. investments in infrastructure companies) on the one hand, and, on the other hand, debt instruments with a business model aimed at both selling debt instruments and collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial investments are recognized at fair value.

In the case of equity investments, dividends are recognized in "Net interest income" and all other income components are recognized in other comprehensive income. Realized income is not transferred to profit or loss.

In the case of debt instruments, changes in fair value are recognized in other comprehensive income. The change in expected credit losses is shown in "Net interest income", and the reverse entry is recognized in other comprehensive income. If a debt instrument is sold, expected credit losses and cumulative changes in fair value are transferred from other comprehensive income to the items "Net interest income" and "Other income". Interest is accrued in the period in which it is earned using the effective interest method and recognized in "Net interest income". For further information on expected credit losses, see the below section "Impairment model".

Cash, due from banks, receivables from securities financing transactions and loans ("amortised cost")

These positions are held to collect contractual cash flows, that are solely payments of principal and interest on the principal amount outstanding. The cash holdings in the balance sheet item "Cash" are recognized at nominal value and other positions are recognized at amortized cost less expected credit losses. Securities received in the context of securities financing transactions are not recognized in the balance sheet, since the risks and rewards of ownership are not transferred to Vontobel.

The change in expected credit losses is shown in "Net interest income". Interest on positions that are not past due is accrued in the period in which it is earned using the effective interest method and recognized in "Net interest income". Negative interest is shown as interest expense. For further information on expected credit losses, see the below section "Impairment model".

Due to banks, payables from securities financing transactions, due to customers and debt issued ("amortised cost")

These positions are recognized at amortized cost. Interest is accrued in the period in which it is incurred using the effective interest method and recognized in "Net interest income". Negative interest is shown as interest income. Securities that are transferred in the context of securities financing transactions are not derecognized since the risks and rewards of ownership are not transferred. Additional Tier 1 bond positions held due to market making activities are classed as repaid and are offset in the balance sheet item "Debt issued".

Impairment model

At Vontobel, it is mainly financial assets recognized at amortized cost, debt instruments in financial investments and credit risks from off-balance-sheet items that are subject to the IFRS 9 impairment model. Vontobel applies the impairment model individually for all relevant financial instruments.

At Vontobel, a financial instrument is assigned to stage 1 of the impairment model at the time of initial recognition. Vontobel has elected under IFRS 9 to continue to allocate all financial instruments with an internal or external rating of at least "investment grade" to stage 1 after initial recognition. At Vontobel, this applies to the vast majority of financial instruments. If a financial instrument displays a significantly increased credit risk (risk of default) compared to the time of initial recognition and if any (internal or external) rating no longer corresponds to at least "investment grade", it is transferred to stage 2. The main indicators of a significant increase in credit risk are: A delay in payment and a material deterioration in the rating, credit risk-related market data (e.g. increase in the risk premium) or borrower-related (idiosyncratic) factors. If a payment is more than 30 days past due, a financial instrument is, in principle, always transferred to stage 2. If there are significant indicators of impairment, the financial instrument is transferred to stage 3. Significant indicators of impairment include missed payments, substantial financial difficulties on the part of the borrower, a material reduction in the market price of a debt instrument due to borrower-specific factors, and a material reduction in the value of the collateral received.

The financial investments held by Vontobel generally consist solely of liquid debt instruments from high-quality borrowers that have been assigned an external rating in the high "investment grade" range by a recognized rating agency. The creditworthiness of the borrowers is monitored continuously based on changes in external ratings, market factors as well as internal assessments. If a debt instrument no longer meets the internal rules governing creditworthiness, it is generally sold within a very short period of time. In exceptional cases where the instrument is not sold, checks are carried out at the next balance sheet date to determine whether there has been a significant increase in the credit risk or whether there are significant indicators of impairment. Since the debt instruments are highly liquid, the market price is a reliable indicator of the financial position of a borrower. In the event of a significant decrease in market price due to company-specific factors, the debt instrument is classed as impaired.

The secured loans provided to investment clients ("lombard lending") and exposures to professional counterparties – with the exception of the financial investments described above – are generally only entered into on a secured basis, with securities serving as easily realizable collateral. Mortgage collateral consists of mortgage certificates, although the corresponding clients generally hold additional assets at Vontobel. Further information about the procedures to ensure that adequate collateral is in place as well the methods and processes used to carefully manage counterparty risks resulting from unsecured exposures is provided in chapter 5 of the notes on risk management and risk control. The management and control of counterparty risks minimizes the probability that a stage 1 exposure will have to be transferred to stages 2 or 3.

The expected credit losses in stage 1 of the impairment model correspond to the present value of expected credit losses resulting from possible default events within 12 months of the balance sheet date ("12-month losses"). The expected credit losses in stages 2 and 3 correspond to the present value of all expected credit losses over the remaining lifetime of the financial instrument ("lifetime losses"). The change in expected credit losses is recognized in "Net interest income".

The expected credit losses on financial instruments with an external or comparable internal rating are calculated by multiplying the exposure at default (EAD) with the probability of default (PD) and the loss given default (LGD). The probabilities of default are generally determined using the rating transition matrixes of rating agencies or internal ratings. The value of collateral is taken into account when calculating expected credit losses. For this reason, it is usual for only minimal expected credit losses to be reported in particular for lombard loans – which account for by far the largest proportion of the balance sheet item "Loans" – and receivables from securities financing transactions in stages 1 and 2.

The expected credit losses of financial instruments in stage 3 are calculated after taking account of collateral valued at the liquidation value using an individual assessment of the unsecured portion of the loan. Derecognition generally occurs at the point in time when a legal title confirms the conclusion of the realization proceedings.

3.4 Precious metals and cryptocurrencies
In connection with its trading and issuing business, Vontobel holds commodities positions – especially in precious metals and cryptocurrencies. They are used primarily to hedge risks arising from the structured products issued. They are measured at fair value less selling costs and are recorded in the balance sheet item "Trading portfolio assets". Gains and losses are recognized in "Trading income". In the Notes to the consolidated financial statements, these items are disclosed together with the financial instruments held for trading purposes.

3.5 Treasury shares and derivatives on own shares
Vontobel Holding AG shares held by Vontobel are deducted from shareholders' equity in the item "Treasury shares" at weighted average cost. Changes in fair value are not recorded. When treasury shares are sold, the proceeds are recorded in "Capital reserve" and the corresponding acquisition cost is transferred from the balance sheet item "Treasury shares" to "Capital reserve".

Derivatives on own shares that must be physically settled qualify as equity instruments and are stated in shareholders' equity under "Capital reserve". Changes in fair value are not recognized. The settlement of a contract is treated like a purchase or sale of treasury shares.

Derivatives on own shares that must be settled in cash or that offer a choice of settlement method are treated as derivative financial instruments.

An exception are put options written on own shares and forward contracts to purchase own shares in which physical settlement has been agreed on or offered as an alternative. In both cases, the discounted strike price or forward price upon execution of the contract is deducted from shareholders' equity as a liability. This liability is increased during the contract term up to the strike price or forward price using the effective interest rate method. Upon settlement of a contract, the liability is derecognized. If the contract is not settled, the liability is transferred to shareholders' equity.

3.6 Other accounting principles

The accounting principles on the following topics can be found in the corresponding note within the Notes to the consolidated financial statements.

- Net fee and commission income, note 2
- Own credit risk from financial liabilities for which the fair value option is applied, note 3
- Taxes, note 9
- Property, equipment and software, note 16
- Leasing, note 17
- Goodwill and other intangible assets, note 18
- Provisions, note 24
- Fair value of financial instruments, note 29
- Netting agreements, note 31
- Hedge accounting, note 34
- Collective investment instruments, note 36
- Employee benefit plans, note 37
- Other employee benefits payable in the long term, note 38
- Employee share-based benefit program and other deferred compensation, note 39
- Segment reporting, note 49

4. Changes in financial reporting

4.1 Changes in accounting principles

4.1.1 Standards and interpretations that have been implemented

Vontobel applied the following new or revised standards and interpretations for the first time in the financial year 2021:

Interest Rate Benchmark Reform (IBOR reform, phase 2)
The amendments address matters that could have an accounting impact at the time of the actual replacement of an existing reference rate (e.g. LIBOR) with an alternative reference rate. Modifications to financial instruments that are necessary as a direct result of the IBOR reform and are made on an economically equivalent basis lead to the updating of the effective interest rate as a result of the amendments. Further, the amendments entail the easing of various requirements in hedge accounting, e.g. with regard to adjustments to hedge documentation required due to the IBOR reform.

The first-time application of the changes had no impact on Vontobel's consolidated financial statements.

Further information on the IBOR reform can be found in note 32.

Other standards and interpretations that have been implemented
The following new or revised standards and interpretations did not have any significant impacts on Vontobel when applied for the first time or were not relevant for Vontobel:
– IFRS 16 – Covid-19-related Rent Concessions.

4.1.2 Other changes

Segment reporting

Effective August 1, 2021, the Platforms & Services Client Unit was divided between the Wealth Management Client Unit (advisory offering for financial intermediaries) as well as the Centers of Excellence Structured Solutions & Treasury (platforms for financial intermediaries) and Technology & Services (platforms for Transaction Banking). All of the information in the segment reporting has been adapted retrospectively to reflect the new organizational structure.

Expense components from the issuing business

Based on a detailed analysis of the issuing business, Vontobel refined the disclosure of some expense components in the second half of 2021. As a result of this refinement, the expense components concerned were reclassified from "Net fee and commission income" to "Trading income". For comparative purposes, in the income statement for the prior year, CHF 33.8 million was reclassified accordingly. This reclassification had no impact on the previous year's Group net profit or consolidated shareholders' equity.

4.2 Changes in estimates

Valuation of precious metals and cryptocurrencies

To ensure a consistent valuation of precious metals and cryptocurrencies as well as the corresponding futures, the fair values of precious metals and cryptocurrencies have been derived from the prices of the corresponding futures since October 2021. Based on this model valuation, precious metals and cryptocurrencies have since been classified as level 2 instruments (previously level 1 instruments). Within the balance sheet item "Trading portfolio assets", precious metals with a carrying amount of CHF 266.2 million and cryptocurrencies with a carrying amount of CHF 562.0 million were transferred from level 1 to level 2. This change did not have a material impact on the balance sheet or the income statement.

5. Standards and interpretations that have not yet been implemented

Various new and revised standards and interpretations have to be applied for financial years beginning on or after January 1, 2022. Vontobel has not made use of the option of applying the following standards and interpretations prior to the effective dates.

Based on initial analyses, the following new and revised standards and interpretations are not expected to have a significant impact on Vontobel's net profit, comprehensive income and shareholders' equity or are not expected to be relevant to Vontobel:
- IAS 1 – Classification of Liabilities as Current or Non-current
- IAS 1 – Disclosure of Accounting Policies
- IAS 8 – Definition of Accounting Estimates
- IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IAS 16 – Proceeds before Intended Use
- IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- IFRS 3 – Reference to the Conceptual Frameworks
- IFRS 16 – Covid-19-Related Rent Concessions beyond June 30, 2021
- IFRS 17 – Insurance Contracts
- Annual Improvements 2018–2020

Risk management and risk control

1. Risk policy

A conscious and prudent approach to risk is a prerequisite for the sustained, long-term success of Vontobel. The assumption of risk is an inherent part of its business activities. The Group-wide risk culture, which is firmly established at every level of the company and is reviewed on an ongoing basis, ensures that risks are recognized and that appropriate control and mitigation mechanisms are implemented and refined.

In its risk policy – which is part of the institution-wide Risk Management Framework – Vontobel defines the relevant risk categories (risk taxonomy), the corresponding risk appetite, as well as the powers of authorization, organizational structure, methods and processes for the management and control of risks.

The appropriateness of the risk policy is reviewed at least once annually by the Board of Directors.

The Board of Directors evaluates and monitors the Group's Internal Control System using a systematically developed risk analysis model discussed with the Executive Committee.

The Risk Management and Risk Control units ensure that all risks are managed and monitored with the utmost care.

The most important principles regarding risk management and control are:
- Clearly delegated responsibilities and powers of authorization
- Alignment of risk profile and risk capacity
- Independent control functions and adequate human and technical resources
- Adequate internal control systems
- Transparency about the risks taken is provided through comprehensive reporting of the risk profile (risks taken) and risk appetite.

Clear responsibilities and powers of authorization
Organizational aspects and powers of authorization relating to the management and control of all risks have been defined as follows:
- The Board of Directors has the ultimate responsibility for risk issues.
- The Executive Committee is responsible for the operational implementation of the risk policy and for the management and control of all risks.
- The heads of the Client Units and Centers of Excellence are responsible for managing risks in accordance with the relevant qualitative and quantitative guidelines.
- The Risk Control divisions are responsible for risk control.

Alignment of risk profile and risk capacity
Comprehensive, combined Group-wide stress tests are conducted on a regular basis. In addition to market and credit risks (i.e. position risks), these tests assess operational risks as well as risks relating to income and costs. The results of the stress tests are compared with Vontobel's risk capacity to ensure that its risk profile does not exceed the available risk capacity and that any adjustments are made promptly.

Independent control functions as well as adequate human and technical resources
The Risk Control divisions responsible for risk control report directly to the Chief Financial Officer (CFO), who works independently from the Client Units and Centers of Excellence and is a member of the Executive Committee.

The Risk Control divisions are organized into various teams, which are responsible for the subsequent independent monitoring of market, credit and counterparty risks and operational risks in general, as well as the risks that result when client assets are not invested in accordance with internal or external regulations (investment control) in particular.

In terms of operational risks in particular, an important role is also played by the Center of Excellence Legal & Compliance. The head of Legal & Compliance is the General Counsel, who also works independently from the Client Units and Centers of Excellence and is a member of the Executive Committee.

The Risk Control divisions are primarily responsible for identifying risks related to ongoing business activities, changes in the environment (markets or regulation) or the launch of new activities (new products and services or new markets). Secondly, it records the identified risks using suitable methods and quantifies them using measuring systems as far as possible. These risks are then consolidated, analyzed and monitored. Vontobel employs conventional methods and procedures to achieve this (see the following sections on the individual risk categories). Market, counterparty and credit risks are monitored on a daily basis and compared with the limits that have been set. If any limits are exceeded, this is reported immediately and the position is monitored closely until the additional exposure is reduced. The Risk Control divisions' third responsibility is to transparently present the risks that have been assumed.

Adequacy of internal control systems
The management and control of all risks is essentially performed using a holistic approach referred to as the Internal Control System (ICS). In accordance with FINMA Circular 01/17 "Corporate governance – banks", as well as the provisions governing control processes during the production of financial statements according to the Swiss Code of Obligations, existing control processes are regularly reviewed and further optimized. As well as ensuring compliance with legal and regulatory requirements, the focus is on ensuring the effectiveness, efficiency and reliability of business processes as well as of financial information and risk data.

Transparency regarding the risks taken
Vontobel's risk policy distinguishes between strategic, market, liquidity, credit, counterparty, operational and reputational risks. The latter are considered to be of particular and overriding importance. The Board of Directors, the Executive Committee and employees know that the good reputation of Vontobel and the trust which is placed in it are based on their ability to strike a balance between profit orientation, risk tolerance, and compliance with mandatory rules of conduct each day.

The transparent presentation of the risk profile in consolidated form and of the individual risks that have been assumed in detailed form is a core function of the Risk Control divisions (see above). The front office areas that are responsible for risk management are informed about market and counterparty risks on a daily basis, mainly via suitable reports. However, reports on operational risks are provided at appropriate intervals rather than on a daily basis. A Committee for Operational Risks is convened on a monthly basis.

The Executive Committee and the Board of Directors are informed in full about any changes in individual risk factors and the Group's risk profile via consolidated periodic risk reports.

2. Strategic risk

Vontobel defines strategic risk as the risk that the strategic objectives it has set, and the operational objectives derived from them, will not be realized in the course of current business operations due to a failure to adequately adapt to changing operating conditions or as a result of decisions that subsequently prove to be wrong.

Strategic risk is regularly reviewed and assessed as part of Vontobel's holistic approach to risk monitoring, with a particular focus being placed on the assessment of the environment and of the company's strategic direction. The Executive Committee is informed of the qualitative results of the analysis, which are approved by the Board of Directors. If necessary, risk mitigation measures are defined and implemented. These measures are also taken into account in strategic and operational planning.

3. Market risk

3.1 General information
Market risk refers to the risk of losses as a result of changes in market parameters such as interest rates, credit spreads, foreign exchange rates, stock prices or commodities prices and the corresponding volatilities. Market risks are relevant in various areas, both in the Structured Products division and in the Treasury division (aggregated in the Center of Excellence Structured Solutions & Treasury).

In Structured Products, the major proportion of the risk positions originates from the business with proprietary products such as warrants, certificates and structured products, as well as the hedging of these instruments. Structured Products is responsible for these positions, as well as for foreign exchange and money market trading, the management of the foreign exchange position and collateral trading (repo transactions and securities lending and borrowing transactions).

Market risks are limited and monitored using a multi-level system of limits. In addition to the Value at Risk limits and stress exposure limits prescribed at a global level and for each trading unit, this system defines a wide range of detailed sensitivity limits and volume limits in order to control and limit risks.

Positions involving market risks are also held in Treasury. Financial investments consist of broadly diversified portfolios of interest rate instruments and some long-term and non-consolidated participations (see note 14). To quantify and limit risk, the same measurement methods – i.e. Value at Risk and stress exposure – are used for these positions at a consolidated level as well as for the positions held by Structured Products. Further information on market risks at overall balance sheet level (interest rate risks and currency risks) can be found in section 3.3 "Market risks related to the balance sheet structure".

3.2 Market risks in the Structured Products and Treasury divisions

3.2.1 Value at Risk (VaR)

The management and control of market risks for all the positions in Structured Products as well as for securities holdings in Treasury are based on specific sensitivity and volume limits as well as on Value at Risk and stress exposure measurements, in line with the general market standard.

VaR is measured daily using the historical simulation method. All instruments are revalued based on historical changes to the risk factors. As a result, the historically observed volatility of the individual risk factors and the historically observed correlations between the individual risk factors are incorporated directly into the VaR calculations. The confidence level is 99 percent, the holding period is set at one day and the historical period of observation to determine the time series relevant to VaR extends over the last four years.

The following table shows the VaR for Vontobel as a whole, as well as for Structured Products. The average VaR for the year under review totaled CHF 6.4 million for Vontobel as a whole, of which CHF 5.9 million related to Structured Products (2020: average VaR of CHF 9.5 million for Vontobel and of CHF 8.4 million for Structured Products).

The table also shows the relative importance of the VaR of the individual risk factors as a proportion of total VaR. The average VaR figures indicate that in the case of Vontobel, equity and interest rate risks (including issuer-specific credit spread risks) represent the most significant risk factors. Currency and commodities risks are of secondary importance.

Value at Risk (VaR) for Vontobel overall and for Structured Products[1]

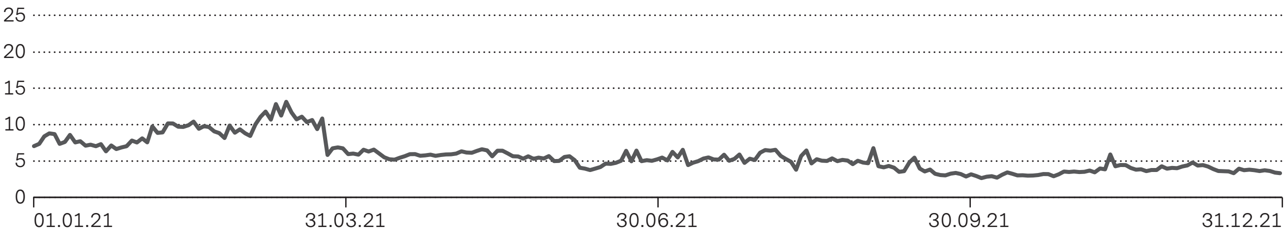
CHF M	EQUITIES[2]	INTERESTS INCL. CREDIT SPREAD	CURRENCIES[3]	COMMODITIES	DIVERSIFICATION	31.12.2021 TOTAL
Vontobel:	**2.6**	**3.4**	**2.2**	**0.2**	**–4.6**	**3.8**
Average	5.6	2.6	2.5	0.2	–4.5	6.4
Minimum	2.5	1.5	0.8	0.0	n/a[4]	2.9
Maximum	13.4	5.9	6.6	0.8	n/a[4]	13.4
of which Structured Products	*2.5*	*2.3*	*2.2*	*0.2*	*–3.7*	*3.5*
Average	*5.5*	*1.6*	*1.4*	*0.2*	*–2.8*	*5.9*
Minimum	*2.4*	*0.8*	*0.2*	*0.0*	*n/a[4]*	*2.8*
Maximum	*12.8*	*2.7*	*7.5*	*0.8*	*n/a[4]*	*13.0*

CHF M	EQUITIES[2]	INTERESTS INCL. CREDIT SPREAD	CURRENCIES[3]	COMMODITIES	DIVERSIFICATION	31.12.2020 TOTAL
Vontobel:	**7.1**	**4.6**	**1.8**	**0.1**	**–5.5**	**8.1**
Average	7.9	4.6	2.1	0.5	–5.6	9.5
Minimum	3.9	3.0	0.8	0.1	n/a[4]	6.1
Maximum	23.5	6.7	6.1	2.7	n/a[4]	23.0
of which Structured Products	*7.2*	*1.3*	*1.1*	*0.1*	*–2.3*	*7.4*
Average	*8.1*	*1.8*	*1.0*	*0.5*	*–3.0*	*8.4*
Minimum	*3.8*	*0.7*	*0.3*	*0.1*	*n/a[4]*	*3.8*
Maximum	*22.6*	*5.1*	*4.3*	*2.7*	*n/a[4]*	*23.8*

1 99% confidence level; 1-day holding period; historical observation period of the last four years. The contributions to the risk factors include both price and volatility risks.
2 Including positions in investment funds and hedge funds
3 Including precious metals
4 The maximum and minimum exposures for the total VaR and component VaR may have arisen on different days. Diversification is therefore not applicable here.

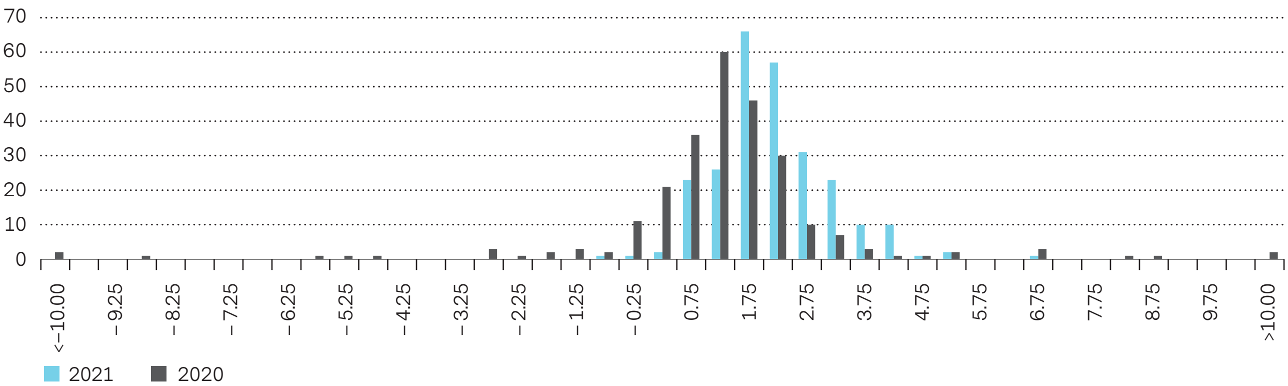
The graph below shows the development over time of 1-day VaR for the positions of Structured Products at Vontobel. There is also a graph to show the frequency distribution of daily gains and losses for the years 2021 and 2020.

Value at Risk (VaR)[1] for the positions of Structured Products
CHF MN



1 99% confidence level; 1-day holding period; last four years historical observation period

Frequency distribution of the gains and losses of the positions of Structured Products[1]
number of days



1 The reported gains and losses represent actual income incl. spreads as well as income from intraday trading (in CHF mn).

3.2.2 Stress exposure

In addition to the VaR limits based on a 99 percent confidence level, stress exposure limits have also been defined. The corresponding stress tests are conducted on a daily basis. All positions held by Structured Products and all securities positions of Treasury are re-evaluated in a variety of stress scenarios (with 1-day to 10-day holding periods) and the scenario with the largest loss is subsequently defined as the stress exposure. The calculations are based on historical and institute-specific stress scenarios. The stress scenarios are reviewed regularly and are supplemented or adapted where necessary based on changes in the market environment and risk positioning.

3.3 Market risks related to the balance sheet structure

Treasury (within the Center of Excellence Structured Products & Treasury) is responsible for managing the balance sheet structure, capital and liquid assets. Interest rate risks and currency risks are monitored and limited as part of the Group's asset and liability management (ALM) activities. Treasury is also responsible for securing refinancing and monitoring liquidity risk on a continuous basis.

3.3.1 Interest rate risk

Interest rate and foreign exchange risks arise in balance sheet management through differing fixed interest rate periods and foreign currencies on the asset and liability side of the balance sheet and for off-balance-sheet items. These risks are managed and monitored at an aggregated level. The impact of interest rate sensitivities on the market value of shareholders' equity (broken down to show Structured Products and Treasury positions) are presented below. The table shows the gains and losses by currency and maturity range, assuming a +/–100 basis point change in interest rates. Assuming additive aggregation between individual currencies, the sensitivity to a +100 basis points change corresponds to CHF –18.3 million for the current year and CHF –36.1 million for the previous year.

Interest rate risks

	INTEREST RATE SENSITIVITY AS OF 31.12.2021					
CHF M	**UP TO 1 MONTH**	**1 TO 3 MONTHS**	**3 TO 12 MONTHS**	**1 TO 5 YEARS**	**MORE THAN 5 YEARS**	**TOTAL**
Interest rate risks						
+100 basis points						
CHF: Vontobel	1.3	–0.9	9.5	4.3	–54.3	–40.1
of which Structured Products	*0.1*	*–0.9*	*–2.4*	*–0.7*	*0.8*	*–3.0*
of which Treasury	*1.2*	*0.0*	*11.9*	*5.0*	*–55.1*	*–37.0*
USD: Vontobel	0.4	–1.7	8.2	7.1	–1.8	12.2
of which Structured Products	*–0.1*	*–1.3*	*1.4*	*–0.3*	*0.5*	*0.3*
of which Treasury	*0.5*	*–0.4*	*6.8*	*7.4*	*–2.3*	*12.0*
EUR: Vontobel	0.7	–1.3	3.4	9.7	–0.4	12.1
of which Structured Products	*0.0*	*–1.0*	*–0.4*	*0.7*	*3.6*	*2.9*
of which Treasury	*0.7*	*–0.3*	*3.8*	*9.0*	*–4.0*	*9.2*
Others: Vontobel	0.1	–0.1	–0.8	–1.5	–0.2	–2.5
of which Structured Products	*0.0*	*–0.0*	*–0.1*	*–0.6*	*–0.2*	*–0.9*
of which Treasury	*0.1*	*–0.1*	*–0.7*	*–0.9*	*0.0*	*–1.6*
–100 basis points						
CHF: Vontobel	–1.3	0.8	–9.9	–4.8	58.9	43.7
of which Structured Products	*–0.1*	*0.8*	*2.3*	*0.3*	*–1.1*	*2.1*
of which Treasury	*–1.2*	*0.0*	*–12.2*	*–5.1*	*60.0*	*41.5*
USD: Vontobel	–0.4	2.0	–8.7	–8.8	1.6	–14.3
of which Structured Products	*0.1*	*1.6*	*–1.8*	*–0.5*	*–0.6*	*–1.3*
of which Treasury	*–0.5*	*0.4*	*–6.9*	*–8.3*	*2.2*	*–13.1*
EUR: Vontobel	–0.7	1.2	–3.6	–10.7	0.3	–13.5
of which Structured Products	*–0.0*	*0.9*	*0.3*	*–0.8*	*–4.0*	*–3.7*
of which Treasury	*–0.7*	*0.3*	*–3.9*	*–9.9*	*4.3*	*–9.9*
Others: Vontobel	–0.1	0.1	0.7	1.4	0.2	2.3
of which Structured Products	*–0.0*	*0.0*	*0.0*	*0.5*	*0.2*	*0.8*
of which Treasury	*–0.1*	*0.1*	*0.7*	*0.9*	*0.0*	*1.6*

Interest rate risks

INTEREST RATE SENSITIVITY AS OF 31.12.2020

CHF M	UP TO 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Interest rate risks						
+100 basis points						
CHF: Vontobel	0.1	1.0	8.4	10.0	–61.7	–42.2
of which Structured Products	*0.0*	*0.6*	*0.8*	*3.8*	*1.4*	*6.6*
of which Treasury	*0.1*	*0.4*	*7.6*	*6.2*	*–63.1*	*–48.8*
USD: Vontobel	0.0	–0.1	6.8	15.0	–6.8	14.9
of which Structured Products	*0.1*	*–0.4*	*0.8*	*–1.8*	*1.6*	*0.3*
of which Treasury	*–0.1*	*0.3*	*6.0*	*16.8*	*–8.4*	*14.6*
EUR: Vontobel	0.1	–1.2	3.8	–3.8	–2.6	–3.7
of which Structured Products	*0.1*	*–1.4*	*0.7*	*–3.8*	*1.6*	*–2.8*
of which Treasury	*0.0*	*0.2*	*3.1*	*0.0*	*–4.2*	*–0.9*
Others: Vontobel	0.0	0.1	–0.7	–4.0	–0.5	–5.1
of which Structured Products	*0.0*	*0.2*	*–0.2*	*–1.9*	*–0.2*	*–2.1*
of which Treasury	*0.0*	*–0.1*	*–0.5*	*–2.1*	*–0.3*	*–3.0*
–100 basis points						
CHF: Vontobel	–0.1	–1.0	–8.7	–10.3	67.5	47.4
of which Structured Products	*0.0*	*–0.6*	*–0.9*	*–4.2*	*–1.5*	*–7.2*
of which Treasury	*–0.1*	*–0.4*	*–7.8*	*–6.1*	*69.0*	*54.6*
USD: Vontobel	0.0	1.1	–7.0	–15.8	7.2	–14.5
of which Structured Products	*–0.1*	*1.4*	*–0.9*	*1.7*	*–1.8*	*0.3*
of which Treasury	*0.1*	*–0.3*	*–6.1*	*–17.5*	*9.0*	*–14.8*
EUR: Vontobel	–0.1	1.2	–4.1	3.4	2.9	3.3
of which Structured Products	*–0.1*	*1.4*	*–0.9*	*3.3*	*–1.7*	*2.0*
of which Treasury	*0.0*	*–0.2*	*–3.2*	*0.1*	*4.6*	*1.3*
Others: Vontobel	0.0	–0.1	0.5	4.0	0.5	4.9
of which Structured Products	*0.0*	*–0.2*	*0.0*	*1.8*	*0.2*	*1.8*
of which Treasury	*0.0*	*0.1*	*0.5*	*2.2*	*0.3*	*3.1*

In the consolidated financial statements according to IFRS, the market value effect of changes in interest rates in the Structured Products business has an impact on the income statement as well as shareholders' equity, whereas the market value effect of changes in interest rates in Treasury is only reflected in shareholders' equity.

If interest rates changed by +100 (–100) basis points, the market value effect in the Structured Products business would be CHF –0.7 million as of December 31, 2021, and CHF +2.0 million as of December 31, 2020 (December 31, 2021: CHF –2.1 million, December 31, 2020: CHF –3.1 million). The total market value effect would be CHF –18.3 million as of December 31, 2021, and CHF –36.1 million as of December 31, 2020 (December 31, 2021: CHF +18.2 million, December 31, 2020: CHF +41.1 million).

In view of the limited significance of interest income from variable interest-bearing positions and positions that expire in the course of the year, the impact of a change in interest rates on income levels has not been simulated.

3.3.2 Currency risk

As in the case of interest rate risks, currency risks resulting from to trading and the balance sheet structure are kept at a low level. This is achieved primarily through currency-congruent investments and refinancing activities. The following table shows the sensitivities to changes in foreign exchange rates of +/–5 percent according to internal reports.

Currency risks

	CURRENCY SENSITIVITY AS OF 31.12.2021					
1,000 CHF	USD	EUR	JPY	GBP	PRECIOUS METALS	OTHERS
+5%						
Vontobel	5,382.2	4,399.4	32.8	7,371.2	–2.3	1,257.9
of which Structured Products	*695.0*	*1,286.0*	*26.0*	*180.8*	*–2.3*	*362.6*
of which Treasury	*4,687.2*	*3,113.4*	*6.9*	*7,190.5*	*0.0*	*895.3*
–5%						
Vontobel	–4,822.4	–3,500.5	–206.3	–7,213.0	–297.6	–1,108.2
of which Structured Products	*–135.2*	*–387.1*	*–199.5*	*–22.5*	*–297.6*	*–212.9*
of which Treasury	*–4,687.2*	*–3,113.4*	*–6.9*	*–7,190.5*	*0.0*	*–895.3*

	CURRENCY SENSITIVITY AS OF 31.12.2020					
1,000 CHF	USD	EUR	JPY	GBP	PRECIOUS METALS	OTHERS
+5%						
Vontobel	4,852.8	2,973.2	–534.2	1,497.8	94.3	4,527.0
of which Structured Products	*215.1*	*–442.4*	*–62.5*	*148.3*	*94.3*	*206.5*
of which Treasury	*4,637.6*	*3,415.6*	*–471.8*	*1,349.5*	*0.0*	*4,320.4*
–5%						
Vontobel	–4,078.8	–2,669.9	362.0	–1,165.0	–419.4	–4,456.1
of which Structured Products	*558.9*	*745.7*	*–109.7*	*184.5*	*–419.4*	*–135.7*
of which Treasury	*–4,637.6*	*–3,415.6*	*471.8*	*–1,349.5*	*0.0*	*–4,320.4*

4. Liquidity risk and refinancing

Liquidity risk refers to the risk of being unable to cover short-term funding needs at any time (e.g. due to the impossibility of substituting or renewing deposits, outflows of funds due to drawing on lending commitments or margin calls). Liquidity risk management ensures that Vontobel always has sufficient liquidity to be able to fulfil its payment obligations, even in stress scenarios. The liquidity risk management system therefore comprises operational risk measurement and control systems to ensure its continuous ability to pay its obligations at any time. It also defines strategies and requirements for the management of liquidity risk under stress conditions as part of the defined liquidity risk tolerance. They mainly include risk mitigation measures, the holding of a liquidity buffer comprising highly liquid assets, and a contingency plan to manage any liquidity shortfalls.

The diversification of sources of refinancing and access to the repo market ensure that cash and cash equivalents are rapidly available on a secured basis if required. Liquidity is monitored and assured on a daily basis. The continuous monitoring of the volume and quality of available collateral also ensures that Vontobel always has adequate refinancing capabilities. In the event of an unexpected tightening of liquidity, the Group can also access a portfolio of positions that retain their value and can easily be liquidated.

The maturity structure of assets and liabilities is shown in note 28. Liquidity has to be provided for the daily market making required for the issuing and trading business. Consequently, the balance sheet positions “Trading portfolio assets”, “Positive replacement values”, “Other financial assets at fair value”, “Trading portfolio liabilities”, “Negative replacement values” and “Other financial liabilities at fair value” are not broken down into individual cash flows and divided into different maturity ranges but are, instead, reported at fair value in the “Demand” column. In the case of the other financial balance sheet positions, the carrying amounts values are reported in the maturity range which represents the earliest point at which payment can be demanded according to the contractual provisions. In view of the predominantly short maturities, the breakdown of these positions into individual cash flows would provide an only marginally different view.

As part of the package of reforms announced by the Basel Committee on Banking Supervision (BCBS) in December 2010, it was decided that two quantitative minimum standards for liquidity management would be introduced: (a) the liquidity coverage ratio (LCR), which took effect on 1 January 2015, and (b) the net stable funding ratio (NSFR), which was introduced on July 1, 2021.

Liquidity coverage ratio in accordance with FINMA Circular 15 / 02

AVERAGE	H2 2021	Q4 2021	Q3 2021
Total stock of high-quality liquid assets (HQLA) in CHF M	9,297.8	9,618.1	8,977.4
Total net cash outflows in CHF M	6,608.9	6,843.7	6,374.1
Liquidity coverage ratio LCR in %	140.7	140.5	140.8

In the fourth quarter of 2021, the method used to take account of non-cash collateral was adjusted. To ensure consistency, the figures for the third quarter were adapted accordingly, with certain parameters being estimated. For a more detailed analysis and explanations, please refer to our disclosure report, which will be published online on April 30, 2022 (Regulatory disclosures on www.vontobel.com).

Net Stable Funding Ratio in accordance with FINMA Circular 15 / 02

	31.12.2021
Available stable funding (ASF) in CHF M	14,003.9
Required stable funding (RSF) in CHF M	12,276.8
Net Stable Funding Ratio NSFR in %	114.1

The liquidity coverage ratio is disclosed in accordance with the requirements set out in FINMA Circular 16 / 01. The values used to calculate the liquidity coverage ratio are simple monthly averages for the relevant quarter or half-year. The average is calculated based on the values shown in the monthly liquidity status reports submitted to FINMA and the SNB. This results in three data points per quarter.

The main factors influencing Vontobel’s liquidity coverage ratio are cash holdings as high-quality liquid assets, customer cash accounts as weighted cash outflows, and reverse-repurchase agreements maturing within 30 calendar days as cash inflows.

5. Credit, counterparty and issuer risk

5.1 General information

Credit, counterparty and issuer risk concerns the risk of losses should a counterparty fail to honour its contractual obligations. In the case of Vontobel, it comprises default risks associated with:

- lending against collateral ("Lombard lending") and loans secured by real estate
- bond positions (issuer risk)
- money market investments
- securities lending and borrowing, repo transactions, collateral management and derivatives.

In principle, Vontobel does not engage in commercial lending. Mortgages and Lombard loans are offered to our clients and employees.

5.2 Lending to private and institutional investment clients

A precondition for lending, credit lines are set. An exposure must essentially be covered by the deposited collaterals. For the lombard lending business, i.e. the granting of loans subject to the provision of securities that serve as marketable collateral, the lending value of positions and portfolios is generally determined in accordance with the "comprehensive approach" prescribed in the capital adequacy requirements of the Basel Committee on Banking Supervision (Basel III). The quality of the collateral (volatility, rating, liquidity and tradability) and the diversification of the portfolio and currency risks are considered in the calculations. Exposures to clients that are covered by collateral not recognized by the regulator are only entered into in exceptional situations.

In cases where the exposures are covered by market values but not by lending values, a risk alert process is initiated with the aim of restoring coverage through the reduction of the exposures, portfolio switches or the provision of additional collateral.

As of December 31, 2021, the credit exposure to private clients and institutional clients amounted to CHF 7,481.2 million (December 31, 2020: CHF 6,787.2 million). Of this sum, CHF 1,634.8 million (December 31, 2020: CHF 1,474.4 million) was covered by real estates, CHF 5,574.7 million (December 31, 2020: CHF 5,032.0 million) by other collateral recognized by the regulator and CHF 271.7 million (December 31, 2020: CHF 280.8 million) by financial collateral not recognized by the regulator.

Credit exposure to private and institutional investment clients[1]

CHF M	COVERED BY COLLATERAL RECOGNIZED BY THE REGULATOR	COVERED BY COLLATERAL NOT RECOGNIZED BY THE REGULATOR	31.12.2021 TOTAL
Credit exposure	7,209.5	271.7	7,481.2

Credit exposure to private and institutional investment clients[1]

CHF M	COVERED BY COLLATERAL RECOGNIZED BY THE REGULATOR	COVERED BY COLLATERAL NOT RECOGNIZED BY THE REGULATOR	31.12.2020 TOTAL
Credit exposure	6,506.4	280.8	6,787.2

1 Comprises not only cash credits but also the total due from private and institutional investment clients.

5.3 Exposures to professional counterparties and issuer risk

Vontobel has both secured and unsecured exposures to professional counterparties.

Secured exposures result from securities lending and borrowing, repo transactions, the collateral management of margin obligations and margin calls, as well as the collateralization of OTC derivatives that are eligible for netting. The mitigation of credit risks using securities as easily realizable liquid collateral is of key importance for these types of transactions. The transactions are generally concluded on the basis of collateralized netting agreements with strict requirements regarding eligible collateral, appropriate contractual lending values and low contractual thresholds and minimum transfer amounts. The daily calculation and comparison of credit exposures and collateral is a core element of the management and monitoring of credit risks. During this process, conservative add-on factors are applied to the credit exposures and conservative haircuts are applied to the collateral in accordance with the new standard approach SA-CCR prescribed in the capital adequacy requirements of the Basel Committee on Banking Supervision (Basel III). The different add-ons and haircuts are determined according to the instrument, rating, term to maturity, liquidity and tradability.

Unsecured exposures mainly comprise the issuer risks in bond portfolios held in Structured Products or for the purpose of balance sheet management. They also include exposures relating to money market transactions, accounts, guarantees and contractual independent amounts (threshold values and minimum transfer amounts) that are agreed with counterparties in netting agreements for securities lending and borrowing, repurchase agreements and the collateralization of OTC derivatives.

Settlement risks are reduced through the use of the Continuous Linked Settlement (CLS) system when conducting foreign currency transactions. Vontobel is connected to the CLS system as a third party.

All exposures to professional counterparties and issuers are monitored and controlled using a differentiated system of limits – which is defined in the Credit Regulations and is reviewed annually – for the individual counterparties, rating segments, countries and regions.

Vontobel bases the management and limitation of exposures to professional counterparties on external assessments by Independent Credit View AG as well as on the ratings of external agencies recognized by FINMA. It uses the ratings of Fitch, Moody's, S&P and Fedafin (public sector bodies only). If various ratings exist for a specific position, the relevant rating is assigned according to the rules prescribed by the Basel Committee on Banking Supervision.

The requirements regarding counterparty creditworthiness are very high for unsecured credit risks as well as issuer risks. The breakdown of unsecured counterparty and issuer risks by rating category is shown in the following table and graph. This and the following tables only contain information on current unsecured exposures without potential exposures relating to collateralized positions. The figures including the application of add-ons or haircuts in accordance with capital regulations are presented in the tables in the section on capital.

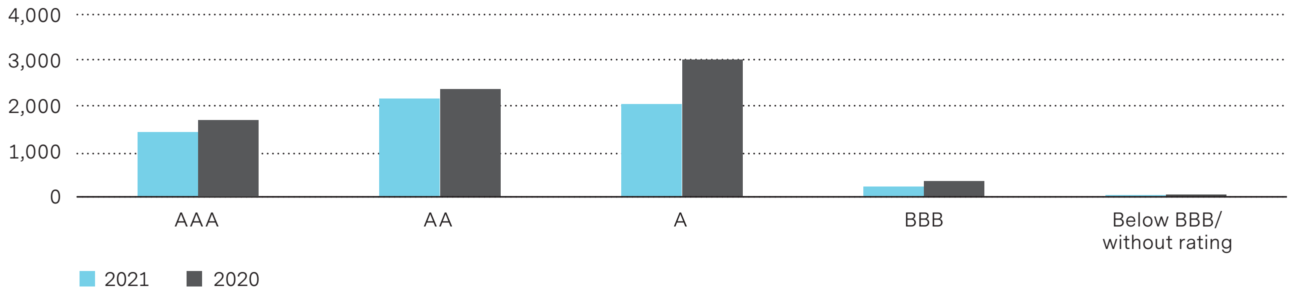
Breakdown of unsecured counterparty and issuer risks by rating[1]

CHF M	AAA	AA	A	BBB	BELOW BBB/ WITHOUT RATING	31.12.2021 TOTAL
Issuer risk from debt instruments[2]	1,411.7	2,117.1	1,902.0	240.7	0.0	5,671.5
Money market and accounts[3]	15.2	30.0	65.3	0.2	20.5	131.2
Other financial receivables[4]	12.9	9.1	93.8	3.7	9.8	129.3
Total	**1,439.8**	**2,156.2**	**2,061.1**	**244.6**	**30.3**	**5,932.0**
Share (%)	24.3	36.3	34.8	4.1	0.5	100.0

CHF M	AAA	AA	A	BBB	BELOW BBB/ WITHOUT RATING	31.12.2020 TOTAL
Issuer risk from debt instruments[2]	1,657.0	2,301.9	2,781.3	311.3	13.7	7,065.2
Money market and accounts[3]	38.2	42.9	140.1	10.4	21.7	253.3
Other financial receivables[4]	9.0	40.4	120.7	34.4	3.5	208.1
Total	**1,704.2**	**2,385.2**	**3,042.1**	**356.2**	**38.9**	**7,526.6**
Share (%)	22.6	31.7	40.4	4.7	0.5	100.0

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Includes positions in credit default swaps (synthetic bond positions) in the amount of CHF 13.6 M as of 31.12.2021 or CHF 44.6 M as of 31.12.2020
3 Excludes cash account of CHF 3,856.5 M as of 31.12.2021 or CHF 2,886.9 M as of 31.12.2020 deposited at the SNB.
4 Securities lending and borrowing, repo transactions, collateral management, derivatives, guarantees and pledged capital life insurance policies

Breakdown of unsecured credit risks by rating
CHF M



The exposures mainly relate to the rating categories "AAA" and "AA", as shown in the previous table and graph: As of December 31, 2021, 61 percent (December 31, 2020: 54 percent of the exposures comprised these categories of high creditworthiness. 95 percent of the exposures comprised a rating of "A" or above (December 31, 2020: 95 percent). The proportion of exposures with a rating of less than "BBB" or with no rating was less than 1 percent (December 31, 2020: 1 percent). The breakdown of unsecured exposures by counterparty types and by geographical region is shown in the following tables.

Breakdown of unsecured counterparty and issuer risks by counterparty type[1]

CHF M	BANKS	OTHER CORPORATIONS/ INSTITUTIONS WITHOUT BANK STATUS	GOVERNMENTS/ PUBLIC SECTOR BODIES	31.12.2021 TOTAL
Issuer risk from debt instruments[2]	2,071.3	1,002.9	2,597.3	5,671.5
Money market and accounts[3]	74.3	38.6	18.3	131.2
Other financial receivables[4]	80.0	46.8	2.5	129.3
Total	**2,225.6**	**1,088.3**	**2,618.1**	**5,932.0**

CHF M	BANKS	OTHER CORPORATIONS/ INSTITUTIONS WITHOUT BANK STATUS	GOVERNMENTS/ PUBLIC SECTOR BODIES	31.12.2020 TOTAL
Issuer risk from debt instruments[2]	3,554.8	1,129.0	2,381.5	7,065.2
Money market and accounts[3]	193.3	18.5	41.5	253.3
Other financial receivables[4]	79.7	126.2	2.1	208.1
Total	**3,827.8**	**1,273.7**	**2,425.0**	**7,526.6**

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Includes positions in credit default swaps (synthetic bond positions) in the amount of CHF 13.6 M as of 31.12.2021 or CHF 44.6 M as of 31.12.2020
3 Excludes cash account of CHF 3,856.5 M as of 31.12.2021 or CHF 2,886.9 M as of 31.12.2020 deposited at the SNB.
4 Securities lending and borrowing, repo transactions, collateral management, derivatives, guarantees and pledged capital life insurance policies

In terms of the counterparty type, a large proportion of unsecured counterparty and issuer risks relates to governments and banks, as expected. As of December 31, 2021, governments, including public sector bodies, accounted for CHF 2,618.1 million (December 31, 2020: CHF 2,425.0 million) of a total of CHF 5,932.0 million (December 31, 2020: CHF 7,526.6 million) or 44 percent (December 31, 2020: 32 percent). Banks accounted for CHF 2,225.6 million (December 31, 2020 CHF 3,827.8 million) of a total of CHF 5,932.0 million (December 31, 2020: CHF 7,526.6 million) or 38 percent (December 31, 2020: 51 percent).

When setting limits, considerable importance is assigned to the avoidance of concentration risks relating to individual counterparties, thus ensuring that exposures within counterparty categories are broadly diversified.

Breakdown of unsecured counterparty and issuer risks by region[1]

CHF M	SWITZERLAND	EUROPE EXCL. SWITZERLAND	NORTH AMERICA	ASIA	OTHERS	31.12.2021 TOTAL
Issuer risk from debt instruments[2]	508.7	2,557.1	1,226.3	1,302.6	76.8	5,671.5
Money market and accounts[3]	31.5	76.8	20.5	2.2	0.2	131.2
Other financial receivables[4]	82.8	9.0	28.3	9.2	0.0	129.3
Total	**623.0**	**2,642.9**	**1,275.1**	**1,314.0**	**77.0**	**5,932.0**

CHF M	SWITZERLAND	EUROPE EXCL. SWITZERLAND	NORTH AMERICA	ASIA	OTHERS	31.12.2020 TOTAL
Issuer risk from debt instruments[2]	826.5	2,632.3	1,658.0	1,840.3	108.2	7,065.2
Money market and accounts[3]	78.6	145.9	25.9	2.6	0.3	253.3
Other financial receivables[4]	74.4	102.1	23.9	7.7	0.0	208.1
Total	**979.5**	**2,880.2**	**1,707.8**	**1,850.7**	**108.4**	**7,526.6**

1 Unsecured credit exposure after contractual netting without the application of add-ons on derivatives and haircuts on other financial securities
2 Includes positions in credit default swaps (synthetic bond positions) in the amount of CHF 13.6 M as of 31.12.2021 or CHF 44.6 M as of 31.12.2020
3 Excludes cash account of CHF 3,856.5 M as of 31.12.2021 or CHF 2,886.9 M as of 31.12.2020 deposited at the SNB.
4 Securities lending and borrowing, repo transactions, collateral management, derivatives, guarantees and pledged capital life insurance policies

In geographical terms, the unsecured counterparty and issuer risks mainly relate to the regions of Europe, North America and Asia.

Exposures involving country risks are avoided in principle. Consequently, there are no relevant country risks to report on a consolidated basis.

6. Operational risks

6.1 General information
Operational risks represent the risk of losses resulting from the inadequacy or failure of internal processes, people and systems or from external events.

6.2 Processes and methods
All business activities entail operational risks, which are prevented, mitigated, transferred or assumed based on cost / benefit considerations. During this process, potential legal, regulatory and compliance-related risks are taken into account, as are follow-on risks in the form of reputational risks.

The Group-wide Governance, Risk, Compliance (GRC) Platform represents the basis for the management of operational risks. As part of the systematic assessments that are performed annually, the operational risks in all critical processes and process entities are identified and evaluated. Further attention is focused on core security topics such as data protection and business continuity management, which are guaranteed through the use of additional tools.

6.2.1 Qualitative assessment
The qualitative assessment of operational risks is carried out using estimates of the loss potential and probability of these risks. Once these inherent risks have been calculated, existing controls and further risk mitigation measures are taken into account to determine the residual risks. These residual risks are considered in order to determine compliance with pre-defined risk tolerances. If risk tolerances are exceeded, further risk mitigation measures are defined.

6.2.2 Quantitative assessment
In addition to qualitative assessments, quantitative methods are also used to measure and monitor operational risks. They include the monitoring of key risk indicators and the development of those indicators for all Client Units and Centers of Excellence. The risks measured in this context are also compared with the relevant pre-defined risk tolerances and if these tolerances are exceeded, further risk mitigation measures are defined.

6.2.3 Internal Control System
All measures to control operational risks form part of the Internal Control System (ICS). Consequently, the ICS encompasses all control elements that ensure the necessary framework for the achievement of strategic business

objectives and the orderly running of operations at all levels of the organization. The ICS is reviewed at least once annually and is adapted or strengthened if necessary.

6.3 Legal, regulatory and compliance-related risks
Legal and compliance-related risks are the risk of losses occurring due to non-compliance with or the infringement of applicable laws, internal or external codes of conduct and market practices, as well as contractual obligations. Issues such as these may not only lead to financial losses but can equally result in regulators imposing fines and measures on the organization or can give rise to reputational harm. Regulatory risk is essentially the risk that changes to laws and rules of conduct could impact on Vontobel's activities.

As a market participant in the financial services industry, Vontobel is subject to extensive regulations and requirements defined by government bodies, regulatory authorities and self-regulatory organizations in Switzerland and other countries in which Vontobel operates.

To prevent or mitigate legal, regulatory and compliance-related risks, Vontobel has implemented the relevant structures and processes that are designed to raise employee awareness of or to provide initial or further training for employees about this topic. In addition, Vontobel has an appropriate system of policies and effective control processes in place to ensure compliance with legal and regulatory framework conditions. The corresponding compliance standards are regularly reviewed by Vontobel and adapted to regulatory and legal developments.

6.4 Technology and cyber risks
Due to our business model, we operate in a complex technological and digitized environment. The protection of confidentiality, integrity and the availability of IT systems are therefore of critical importance for our operations.

Technology forms part of our operational risks and represents the risk that a technical failure could affect our business activities. These risks are not only inherent in our IT infrastructure but also affect the employees and processes that interact with it. It is essential that the data used to support centralized business processes and reporting is secure, complete, accurate and up to date and that it meets appropriate quality standards.

In addition, our critical IT systems must be secure and resilient and have the necessary ability, capacity and adaptability to meet our current and future business objectives, client needs, and regulatory and legal requirements and to ensure compliance with them.

Cyber risk is an integral part of technology risk and involves cases where the functioning of our systems is compromised as a result of cyber attacks, security breaches, unauthorized access, loss or destruction of data, unavailability of services, computer viruses or other security-related events.

To prevent and manage technology and cyber risks, various tools are used as part of our comprehensive technology risk management approach, both at operational level and in terms of business continuity and other crisis and emergency plans. The Technology Risk Management function is integrated within Group-wide Risk Management.

6.5 Insurance
Vontobel's insurance policy is aligned with the Group's operational risk management and financial risks.

In the first instance, Vontobel strives to prevent or mitigate risks as far as possible in accordance with the Group's risk policy. In a second step, it determines whether Vontobel can and should bear the risks itself. If this is not the case, the risks are covered by insurance policies. In particular, Vontobel insures against risks of a catastrophic nature in order to protect its capital base.

The internal Insurance unit analyses and evaluates the need for insurance measures on an ongoing basis.

Various other factors are taken into account when purchasing insurance. They mainly comprise legal requirements (compulsory insurance). However, a whole series of other business considerations lead to a wide range of risks for which insurance cover is acquired.

7. Reputational risks

A reputational risk is understood to be the risk of events occurring that could cause sustained harm to Vontobel's image. As such, reputational risks often constitute follow-on risks to the other risk categories described above.

Vontobel's ability to conduct its business depends to a significant extent on its reputation, which it has built over the bank's long history. It is therefore of key importance for Vontobel to safeguard its good name and all employees have to assign the highest priority to this matter. Consequently, appropriate measures are taken on an ongoing basis to make employees aware of the key importance of Vontobel's reputation.

Capital

The capital base serves primarily as a means of covering inherent business risks. The active management of the volume and structure of capital is therefore of key importance. The monitoring and management of capital adequacy is performed primarily on the basis of the regulations and ratios defined by the Basel Committee on Banking Supervision, as well as other criteria. Compliance with the statutory capital adequacy requirements prescribed by Switzerland and the Swiss Financial Market Supervisory Authority (FINMA) is mandatory. External capital adequacy requirements were met in the year under review and in previous years without exception.

1. Capital management

Capital management is aimed primarily at supporting growth and creating added value for shareholders while complying with regulatory capital requirements. A solid capital position and structure also enable Vontobel to demonstrate its financial strength and creditworthiness to its business partners and clients.

Capital management is performed while taking account of the economic environment and the risk profile of all business activities. Various control options are available to maintain the target level of capital and the desired capital structure or to adapt them in line with changing requirements. These options include flexible dividend payments, the repayment of capital or the procurement of various forms of regulatory capital. During the year under review, there were no significant changes to the objectives, principles of action or processes compared to the previous year.

2. Regulatory requirements

The new capital requirements (Basel III) entered into force on January 1, 2013. They are described in detail in the Swiss Capital Adequacy Ordinance (CAO) and the FINMA Circulars that it refers to.

To determine net eligible common equity tier 1 capital under Basel III, additional deductions are made from capital calculated in accordance with IFRS. Goodwill, financial investments and intangible assets are most relevant for Vontobel in this context.

Banks can use a number of different approaches to calculate their capital adequacy requirements according to Basel III. Vontobel applies the International Standardized Approach (SA-BIS) for credit risks, the standardized approach for market risks and the basic indicator approach for operational risks. As part of the reduction of credit risks (risk mitigation), the comprehensive approach with standard haircuts defined by the supervisory authorities is applied for the recognition of collateral.

As a result of the recognition of the fair value option by FINMA in accordance with section XV. of the FINMA Circular 13 / 01 (Eligible equity capital – banks), unrealized gains and losses are included in the calculation of tier 1 capital. This excludes the valuation adjustments of own liabilities recorded in accordance with IFRS rules due to a change in own creditworthiness. As a result, tier 1 capital totaled CHF 1,549.8 million and the BIS tier 1 ratio was 23.4 percent. The BIS tier 1 ratio thus substantially exceeds the minimum capital ratio.

The scope of consolidation used for the calculation of capital was the same in the year under review and the previous year as the scope of consolidation used for accounting purposes. Please refer to the tables “Major subsidiaries and participations” and “Changes in the scope of consolidation” in the Notes to the consolidated financial statements for further details. With the exception of the statutory regulations, no restrictions apply that prevent the transfer of money or capital within the Group.

Eligible and required capital

CHF M	31.12.2021	31.12.2020
Eligible capital		
Equity according to balance sheet	2,068.9	1,891.6
Paid-in capital	*56.9*	*56.9*
Disclosed reserves	*1,762.6*	*1,657.9*
Net profit for the current financial year	*373.8*	*242.7*
Deduction for treasury shares	*–124.4*	*–65.9*
Deduction for minority interests		
Deduction for dividends, as proposed by the Board of Directors	–170.6	–128.0
Deduction for goodwill	–484.8	–483.5
Deduction for intangible assets	–62.2	–73.3
Deduction for deferred tax assets	–15.8	–24.0
Deduction (addition) for gains (losses) due to changes in own credit risk	1.3	0.8
Deduction for unrealised gains related to financial investments	–85.2	–91.1
Deduction for defined benefit pension fund assets (IAS 19)	–60.2	0.0
Other adjustments	–90.5	–68.1
Net eligible BIS common equity tier 1 capital (CET1)	**1,100.7**	**1,024.4**
Additional tier 1 capital (AT1)	449.1	448.6
Net eligible BIS tier 1 capital	**1,549.8**	**1,473.0**
Supplementary capital (tier 2)		
Other deductions from total capital		
Net eligible regulatory capital (BIS tier 1 + 2)	**1,549.8**	**1,473.0**
Risk-weighted positions		
Credit risks	2,486.8	3,334.1
Receivables	*2,374.6*	*3,229.5*
Price risk relating to equity instruments in the banking book	*112.2*	*104.6*
Non-counterparty related risks	377.3	350.4
Market risks	1,343.5	1,540.2
Interest rates	*600.3*	*774.4*
Equities	*525.7*	*432.6*
Currencies	*123.7*	*169.4*
Gold	*1.3*	*18.1*
Commodities	*92.6*	*145.7*
Operational risk	2,409.7	2,222.8
Total risk-weighted positions	**6,617.3**	**7,447.5**

Capital ratios in accordance with FINMA Circular 16/01

(AS A PERCENTAGE OF RISK-WEIGHTED POSITIONS)	31.12.2021	31.12.2020
CET1 capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 4.5%)[1]	16.6	13.8
Tier 1 capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 6.0%)[2]	23.4	19.8
Total capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 8.0%)[3]	23.4	19.8
CET1 available to cover BCBS minimum capital and buffer requirements after deduction of AT1 and T2 capital requirements which are filled by CET1	12.1	9.3
CET1 available	16.6	13.8
T1 available	21.0	17.4
Eligible regulatory capital available	23.4	19.8

1 Target CET1 capital ratio according to Annex 8 CAO plus countercyclical buffer: 7.8%
2 Target tier 1 capital ratio according to Annex 8 CAO plus countercyclical buffer: 9.6%
3 Target total capital ratio according to Annex 8 CAO plus countercyclical buffer: 12.0%

The countercyclical buffer requirement (as a percentage of risk-weighted positions) is 0.0 (31.12.2020: 0.0).
All investments in the financial sector (< 10%) are risk-weighted for CAD calculations (31.12.2021: CHF 27.2 M/31.12.2020: CHF 17.8 M).

Leverage ratio in accordance with FINMA Circular 15/03

	31.12.2021	31.12.2020
Net eligible BIS tier 1 capital in CHF M	1,549.8	1,473.0
Total leverage ratio exposure in CHF M	31,935.5	31,827.8
Leverage ratio (unweighted capital ratio in accordance with Basel III) in %	4.9	4.6

Vontobel publishes further information in accordance with FINMA Circular 16/01 in a separate disclosure report on www.vontobel.com (Investor Relations).

Notes to the consolidated income statement

1 Net interest income after credit losses

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Interest income from banks and customers	57.1	57.3	–0.2	–0
Interest income from receivables from securities financing transactions	2.4	4.1	–1.7	–41
Interest income from financial liabilities	12.8	11.1	1.8	16
Total interest income from financial instruments at amortized cost	**72.3**	**72.5**	**–0.1**	**–0**
Dividend income from equity instruments in financial investments[1]	4.0	1.6	2.4	150
Interest income from debt instruments in financial investments	13.1	18.3	–5.2	–28
Total interest and dividend income from financial investments	**17.1**	**19.9**	**–2.8**	**–14**
Total interest income	**89.4**	**92.4**	**–2.9**	**–3**
Interest expense from payables from securities financing transactions	1.1	1.5	–0.5	–33
Interest expense from other financial liabilities at amortized cost	15.7	17.5	–1.8	–10
Interest expense from financial assets	4.9	2.2	2.6	118
Total interest expense from financial instruments at amortized cost	**21.7**	**21.3**	**0.4**	**2**
Credit loss (expense) / recovery on debt instruments in financial investments	0.2	0.1	0.1	100
Other credit loss (expense) / recovery	–6.6	1.8	–8.5	–472
Total credit loss (expense) / recovery	**–6.5**	**1.9**	**–8.3**	**–437**
Total	**61.3**	**73.0**	**–11.7**	**–16**

1 All income comprises positions that were still held at the end of the reporting period.

2 Net fee and commission income

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Brokerage fees	96.9	112.4	–15.5	–14
Administration and custody fees	231.5	203.0	28.5	14
Advisory and management fees	999.2	821.6	177.6	22
Issues and corporate finance	2.0	1.5	0.4	27
Other commission income from securities and investment transactions	28.0	26.7	1.3	5
Total fee and commission income from securities and investment transactions	**1,357.6**	**1,165.3**	**192.3**	**17**
Other fee and commission income	**3.7**	**4.7**	**–1.0**	**–21**
Brokerage fees	14.3	15.3	–1.0	–7
Other commission expense	372.3	285.1	87.2	31
Total fee and commission expense[1]	**386.5**	**300.4**	**86.2**	**29**
Total	**974.8**	**869.6**	**105.2**	**12**

1 2020: Reclassification of CHF 33.8 M from "Total fee and commission expense" (of which CHF 14.6 M from the item "Brokerage fees" and CHF 19.2 M from the item "Other commission expense") to "Trading income". For further details refer to section 4.1.2 of the accounting principles.

Vontobel offers its clients a broad range of services that represent its main earnings stream. Fee and commission income can be divided into two categories: Fees for services provided over time (e.g. portfolio management and investment advisory in the fund business and Wealth Management), which constitute by far the largest proportion of Vontobel's fee and commission income, and fees for services provided at a point in time (e.g. brokerage fees).

Fees for services provided over time are generally determined as a percentage of the average amount of relevant assets during the period when the service is rendered and recognized in profit or loss on a proportionate basis over the relevant period. They are invoiced to the client (e.g. private clients or investment funds) at least quarterly and charged to the relevant client assets. In the case of some services, additional performance-based fees may be incurred (e.g. performance fees). They are recognized in profit or loss when it is highly probable that they will be collected, which is generally only the case once all performance criteria have been met. The measurement period for performance fees is usually a maximum of one year.

Fees for services provided at a point in time are generally determined as a percentage of the corresponding transaction volume. They are invoiced to the client after the service has been rendered and charged to the corresponding client assets. At the same time, they are recognized in profit or loss.

Based on the nature of Vontobel's commission business, as described above, the related claims, accruals and deferrals at the balance sheet date, and the corresponding impairment expense, are generally immaterial. The deferred commission income as at the balance sheet date is invoiced to the client in the following period. Subsequent changes to income are immaterial in Vontobel's fee and commission business.

3 Trading income

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Securities	975.1	–37.7	1,012.8	
Other financial instruments at fair value	–533.6	328.0	–861.6	–263
Forex and precious metals	51.8	21.3	30.5	143
Total	**493.3**	**311.7**	**181.6**	**58**

Trading income as of 31.12.2021 included income of CHF –1.0 M (31.12.2020: CHF 11.4 M) for financial instruments in the balance sheet item "Other financial liabilities at fair value". This income is attributable to changes in fair value due to a change in own credit risk. Of the total impact, CHF –0.5 M was realized as of 31.12.2021 (31.12.2020: CHF–0.3 M), while the remaining CHF –0.5 M (31.12.2020: CHF 11.7 M) comprises unrealized income. The changes in own credit risk resulted in cumulative income of CHF 0.6 M, of which CHF 1.9 M was realized and CHF –1.3 M was unrealized. Cumulative unrealized income is shown in the balance sheet item "Other financial liabilities at fair value" and will be completely reversed over the term of the relevant instruments provided they are not redeemed or repurchased prior to their contractual maturity.

In 2020 CHF 33.8 M were reclassified from "Fee and commission expense" to "Trading income" (of which CHF 7.8 M to the item "Securities" and CHF 26.0 M to the item "Other financial instruments at fair value"). For further details refer to section 4.1.2 of the accounting principles.

To determine unrealized income due to a change in own credit risk, the first step is the calculation of the risk premium of the instrument at the balance sheet date. This is the difference between the fair value of the instrument at the balance sheet date and the value that would result without taking account of own credit risk at the balance sheet date. In a second step, the risk premium of the instrument at the time of issue is determined and reduced in relation to the period between the balance sheet date and the time of issue on the one hand, and the total lifetime of the instrument on the other hand ("adjusted risk premium at the time of issue"). In a third step, cumulative unrealized income is calculated as the difference between the risk premium at the balance sheet date and the adjusted risk premium at the time of issue. The unrealized income for the period is the result of the change in cumulative unrealized income during the corresponding period. The realized income due to the change in own credit risk is essentially calculated in the same way and is the result of the difference between the risk premium at the time of redemption of the product and the adjusted risk premium at the time of issue.

Under IFRS 9, the impact of the change in own credit risk of financial liabilities for which the fair value option is applied is generally recognized in other comprehensive income. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, the corresponding impact should be recorded in profit or loss. At Vontobel, the fair value option is applied exclusively to issued products (structured products and debt instruments). Issued products are reported in the balance sheet item "Other financial liabilities at fair value". The risks from the interest component of the structured products and debt instruments are hedged with a portfolio of bonds, interest rate swaps and credit default swaps. The risks from the option component of the structured products are hedged with a portfolio of derivatives and the corresponding underlyings. The issued products and the corresponding hedging transactions are managed at portfolio level to achieve the highest possible hedge and consequently the lowest possible fluctuations in value at portfolio level. Market risks in the form of general interest rate risks, currency risks and option risks are subject to low sensitivity and volume limits, resulting in low Value-at-Risk and stress exposure figures. In terms of fluctuations in value due to changes in credit risk premiums, there is a close economic relationship between the assets and liabilities sides in two respects. On the one hand, the Vontobel credit risk premiums included in the issued products (liabilities side) and the issuer's credit risk premiums contained in the hedging positions (assets side) are subject to general market movements (increase or decrease in credit risk premiums). On the other hand, in view of the significant importance of the issuing business for Vontobel, the credit risk premiums on hedging positions observable in the market have an impact on Vontobel's credit risk premium. As of December 31, 2021, the balance sheet item "Other financial liabilities at fair value" corresponded to 35 percent of total assets and 541 percent of shareholders' equity. To assess whether the impact of the change in own credit risk ("impact on the liabilities side") should be recognized in profit or loss or in other comprehensive income, Vontobel has, for a longer period of time, compared the income from changes in credit risk premiums on the assets side ("impact on the assets side") with the income from changes in credit risk premiums from the entire issuing business ("net impact" as the total from the impact on the assets side and the impact on the liabilities side). The (absolute) net impact over this period – particularly in times of increased volatility of the credit risk premiums – is significantly lower than the (absolute) impact on the assets side. This means that the impact on the liabilities side has a compensating effect on the impact on the assets side. In addition, the net impact is significantly less volatile than the impact on the assets side. If the impact of a change in own credit risk was recognized in other comprehensive income, net profit over this period would also have been much more volatile. For this reason, Vontobel has concluded that it is appropriate to recognize the impact of the change in own credit risk in profit or loss. As a result, income from issued products is recognized fully in profit or loss and is thus treated in the same way as the corresponding hedging positions.

4 Other income

	NOTE	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Real estate income[1]		1.6	1.5	0.1	7
Income from the sale of property and equipment		0.1	0.0	0.1	
Income from the sale of debt instruments in financial investments		1.0	6.4	–5.4	–84
Income from investments in associates	15	1.0	0.9	0.1	11
Other income		2.6	2.4	0.1	4
Total		**6.2**	**11.2**	**–5.0**	**–45**

1 Income from the subleasing of business premises

5 Personnel expense

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Salaries and bonuses	602.1	521.0	81.1	16
Pension and other employee benefit plans[1]	36.6	52.6	–16.0	–30
Other social contributions	48.2	43.3	4.9	11
Other personnel expense[2]	47.8	23.1	24.7	107
Total	**734.7**	**640.0**	**94.8**	**15**

Personnel expense includes the expense for share-based compensation of CHF 44.9 M, of which CHF 36.3 M relates to performance shares, CHF 7.9 M to the awarding of bonus shares at preferential terms and deferred compensation in shares of CHF 0.6 M (previous year: performance shares CHF 27.3 M, bonus shares CHF 6.4 M, deferred compensation (none); total CHF 33.7 M) as well as deferred compensation in cash of CHF 5.6 M (previous year: CHF 6.7 M).

1 2021: The item "Pension and other employee benefit plans" includes the impacts of changes in pension fund regulations in Switzerland in the amount of CHF 15.5 M (income due to the reduction of conversion rates).
2 2021: The item "Other personnel expense" includes an expense of CHF 24.6 M related to the full acquisition of TwentyFour Asset Management LLP.

6 General expense

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Occupancy expense	11.1	11.5	–0.4	–3
IT, telecommunications and other equipment	95.0	91.3	3.7	4
Travel and representation, public relations, marketing	29.1	21.7	7.5	35
Consulting and audit fees	46.9	32.8	14.2	43
Other general expense	43.3	42.6	0.7	2
Total	**225.4**	**199.8**	**25.6**	**13**

7 Depreciation of property, equipment (incl. software) and intangible assets

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Depreciation of property and equipment (incl. software)	86.8	85.3	1.5	2
Amortization of other intangible assets	11.1	12.5	–1.4	–11
Impairments of property and equipment (incl. software)	2.8	0.8	2.0	250
Reversal of impairments of property and equipment (incl. software)	–0.3	0.0	–0.3	
Total	**100.4**	**98.6**	**1.8**	**2**

8 Provisions and losses

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Increase in provisions	3.0	1.1	1.9	173
Release of provisions	–0.4	–0.6	0.2	
Other	5.3	5.7	–0.5	–9
Total	**7.9**	**6.2**	**1.7**	**27**

9 Taxes

Tax expense

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Statement of tax expense				
Explanation of the relationship between tax expense and net profit before taxes:				
Current income taxes	86.2	68.9	17.3	25
Deferred income taxes	–2.8	–7.3	4.5	
Total	**83.4**	**61.6**	**21.8**	**35**
Profit before taxes	467.2	321.0	146.2	46
Expected income tax rate of 20%[1] (previous year: 20%)	93.4	64.2	29.2	45
Explanations for higher (lower) tax expense:				
Applicable tax rates differing from expected rate	–5.2	1.2	–6.3	–525
Tax losses not taken into account	2.0	1.7	0.3	18
Appropriation of non-capitalized deferred taxes on loss carryforwards	–0.0	–0.2	0.2	
Newly recognized deferred tax assets	–4.1	–1.4	–2.7	
Value adjustments on deferred tax assets	–0.1	1.4	–1.5	–107
Deferred income tax as a result of a change in tax rates	0.2		0.2	
Other income with no impact on taxes	1.1	0.8	0.3	38
Income tax unrelated to accounting period	0.9	0.6	0.3	49
Participation relief granted on dividend income	–6.2	–8.1	1.9	
Other impacts	1.3	1.3	0.0	2
Total	**83.4**	**61.6**	**21.8**	**35**
Effective tax rate in %	17.9	19.2		

1 The anticipated income tax rate of 20% corresponds to the average tax rate in Switzerland.

Deferred taxes

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	CHANGE TO 31.12.2020 IN %
Value adjustments on credit risks	0.1	0.1	–0.0	0
Lease liabilities	33.9	29.3	4.6	16
Tax loss carryforwards	5.5	3.9	1.7	44
Other	10.6	20.4	–9.8	–48
Total deferred tax assets[1]	**50.1**	**53.6**	**–3.6**	**–7**
Equipment and software	35.2	30.8	4.4	14
Intangible assets	9.3	11.1	–1.8	–16
Investments in associates	0.7	0.7	–0.0	0
Other provisions	25.9	32.5	–6.6	–20
Unrealized gains on financial investments	24.3	25.4	–1.2	–5
Other	14.5	2.3	12.2	530
Total deferred tax liabilities[1]	**109.8**	**102.7**	**7.1**	**7**

1 According to IAS 12, a company may offset deferred tax assets and liabilities against each other if those assets and liabilities refer to taxes on income levied by the same tax authority. This condition is fulfilled in the case of companies belonging to Vontobel. The deferred tax assets and deferred tax liabilities shown in the balance sheet therefore represent the balance of the gross amounts of deferred tax assets and deferred tax liabilities shown here.

Changes in deferred taxes (net)

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	 IN %
Balance at the beginning of the year	49.1	54.8	–5.7	–10
Changes affecting the income statement	–6.8	–8.7	1.9	
Changes not affecting the income statement	17.3	2.8	14.5	518
Translation adjustments	0.2	0.2	0.0	
Total as at the balance sheet date	**59.8**	**49.1**	**10.7**	**22**

Expiry of unrecognized tax loss carryforwards

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	 IN %
Within 1 year				
From 1 to 5 years	3.4	2.5	0.9	36
From 5 to 10 years		0.9	–0.9	–100
After 10 years				
No expiry	30.8	48.0	–17.2	–36
Total	**34.1**	**51.4**	**–17.2**	**–33**

Vontobel Holding AG and its subsidiaries are liable for income tax in most countries. The current tax assets and current tax liabilities reported as of the balance sheet date, as well as the resulting current tax expense for the period under review, are based partly on estimates and assumptions and may therefore differ from the amounts determined by the tax authorities in the future. In certain cases where complex tax questions arise, external tax specialists are consulted or preliminary clarification is obtained from the tax authorities.

In the case of deferred taxes, the level of recognized tax assets depends on assumptions regarding available future taxable profits that are eligible for offsetting. The determination of deferred tax assets is essentially based on budget figures and mid-term planning. If a company has posted a series of financial losses in the recent past, the deferred tax assets are only recognized to the extent that the company has sufficient taxable temporary differences or has other convincing evidence that sufficient taxable profits will be available in future periods. Recognized deferred tax assets for loss carryforwards eligible for offsetting amounted to CHF 5.5 M in the current year and CHF 3.9 M in the previous year. Unrecognized loss carryforwards in the amount of CHF 34.1 M (previous year: CHF 51.4 M) are subject to tax rates of 16% to 34% (previous year: 16% to 34%). If recognized in full, the deferred tax assets for loss carryforwards eligible for offsetting would total CHF 11.7 M (previous year: CHF 16.2 M).

Current income taxes are calculated on the basis of the applicable tax laws in individual countries and recognized as an expense in the period in which the related profits are made. Assets or liabilities from current income taxes are shown in the balance sheet items “Other assets” or “Other liabilities”, respectively.

Deferred tax assets or deferred tax liabilities correspond to the tax effects arising from temporary differences between the carrying amounts of assets and liabilities in Vontobel’s balance sheet and their corresponding tax values. They are included in the balance sheet items “Other assets” or “Other liabilities”, respectively. Deferred tax assets arising from temporary differences and from loss carryforwards eligible for offsetting are capitalized if it is likely that sufficient taxable profits will be available against which those temporary differences or loss carry-forwards can be offset. Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to apply in the period in which the tax assets will be realized, or the tax liabilities settled.

Current and deferred taxes are credited or charged to other comprehensive income or shareholders’ equity if the taxes refer to items that are credited or charged to other comprehensive income or to shareholders’ equity in the same or a different period. Please refer to note 10 for information on tax effects of other comprehensive income.

If there is uncertainty over a tax treatment, Vontobel assesses the probability that the tax authority will accept the treatment applied by Vontobel. It is assumed that the tax authority will examine any amounts reported to it and will have full knowledge of all relevant information when doing so. If the entity concludes that it is not probable that a particular tax treatment will be accepted by the tax authority, the entity has to use the most likely amount or the expected value to take account of the uncertainty over the tax treatment.

10 Tax effects of other comprehensive income

CHF M	AMOUNT BEFORE TAX	TAX YIELD / TAX EXPENSE	AMOUNT NET OF TAX
			2021
Currency translation adjustments during the reporting period	8.2		8.2
Currency translation adjustments transferred to the income statement			
Income from debt instruments in financial investments during the reporting period	–16.8	3.0	–13.7
Income from debt instruments in financial investments transferred to the income statement	–6.8	1.1	–5.7
Income from cash flow hedges during the reporting period	–0.1	0.0	–0.0
Income from cash flow hedges transferred to the income statement			
Income from equity instruments in financial investments	10.2	–1.9	8.3
Income from defined benefit pension plans	98.0	–19.5	78.5
Total	**92.8**	**–17.3**	**75.5**

CHF M	AMOUNT BEFORE TAX	TAX YIELD / TAX EXPENSE	AMOUNT NET OF TAX
			2020
Currency translation adjustments during the reporting period	–13.9		–13.9
Currency translation adjustments transferred to the income statement			
Income from debt instruments in financial investments during the reporting period	10.5	–1.7	8.7
Income from debt instruments in financial investments transferred to the income statement	–1.5	0.3	–1.2
Income from cash flow hedges during the reporting period	–0.4	0.1	–0.3
Income from cash flow hedges transferred to the income statement			
Income from equity instruments in financial investments	1.8	–0.3	1.5
Income from defined benefit pension plans	4.8	–1.0	3.8
Total	**1.3**	**–2.8**	**–1.4**

11 Earnings per share

	2021	2020	CHANGE TO 2020	CHANGE TO 2020 IN %
Net profit (CHF M)[1]	373.8	242.7	131.1	54
Weighted average number of shares issued	56,875,000	56,875,000		
Less weighted average number of treasury shares	1,002,257	998,708	3,549	0
Weighted average number of shares outstanding (undiluted)	55,872,743	55,876,292	–3,549	–0
Dilution effect number of shares[2]	1,617,716	1,269,086	348,630	27
Weighted average number of shares outstanding (diluted)	57,490,459	57,145,378	345,081	1
Basic earnings per share (CHF)	6.69	4.34	2.35	54
Diluted earnings per share (CHF)	6.50	4.25	2.26	53

1 Net profit attributable to the shareholders of Vontobel Holding AG constitutes the basis for the calculation of undiluted as well as diluted earnings per share.
2 The dilution effect is primarily the result of employee share-based benefit programs. The dilution effect from shares that will have to be issued if outstanding in-the-money options are exercised is insignificant. Shares that will have to be issued if outstanding out-of-the-money options are exercised do not have any dilution effect in the financial year but could dilute future earnings per share. The potential dilution effect is insignificant.

Notes to the consolidated balance sheet

12 Financial instruments at fair value through profit or loss

Trading portfolio assets

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	CHANGE TO 31.12.2020 IN %
Debt instruments				
Listed	176.7	278.5	–101.7	–37
Unlisted	18.6	41.4	–22.8	–55
Total	**195.3**	**319.8**	**–124.5**	**–39**
Equity instruments				
Listed	3,789.9	3,021.2	768.7	25
Unlisted	0.3	0.0	0.3	
Total	**3,790.2**	**3,021.2**	**768.9**	**25**
Units in investment funds				
Listed	403.3	276.5	126.8	46
Unlisted	0.0	0.0	–0.0	
Total	**403.3**	**276.5**	**126.8**	**46**
Precious metals	**1,655.1**	**2,724.3**	**–1,069.2**	**–39**
Cryptocurrencies	**569.0**	**985.5**	**–416.5**	**–42**
Total	**6,612.8**	**7,327.4**	**–714.6**	**–10**

Trading portfolio liabilities

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	CHANGE TO 31.12.2020 IN %
Debt instruments				
Listed	81.4	71.4	10.0	14
Unlisted				
Total	**81.4**	**71.4**	**10.0**	**14**
Equity instruments				
Listed	207.3	39.6	167.7	423
Unlisted				
Total	**207.3**	**39.6**	**167.7**	**423**
Total	**288.6**	**111.0**	**177.6**	**160**

Open derivative instruments

CHF M	31.12.2021 POSITIVE REPLACEMENT VALUES	31.12.2021 NEGATIVE REPLACEMENT VALUES	31.12.2021 CONTRACT VOLUME	31.12.2020 POSITIVE REPLACEMENT VALUES	31.12.2020 NEGATIVE REPLACEMENT VALUES	31.12.2020 CONTRACT VOLUME
Debt instruments						
Forward contracts incl. FRAs						
Swaps	7.0	10.2	6,107.3	7.4	39.9	3,369.8
Futures			7.4			7.9
Options (OTC) and warrants	0.0	9.9	0.4	0.0	0.7	1.2
Options (exchange traded)	0.1	0.1	16.7	0.0	0.1	0.7
Total	**7.1**	**20.2**	**6,131.8**	**7.4**	**40.7**	**3,379.6**
Foreign currency						
Forward contracts	29.7	30.2	2,378.9	39.0	16.7	1,753.4
Swaps	57.2	89.7	9,898.0	80.6	72.9	10,253.6
Futures			2.6			3.0
Options (OTC) and warrants	8.5	11.6	732.6	7.8	12.6	1,385.6
Options (exchange traded)		0.0	0.3			
Total	**95.4**	**131.4**	**13,012.4**	**127.3**	**102.3**	**13,395.6**
Precious metals						
Forward contracts	1.7	0.8	108.5	3.3	26.2	160.4
Swaps	2.1	2.6	237.5	11.5	16.1	351.5
Futures		0.0	29.6			145.3
Options (OTC) and warrants	12.7	55.1	686.0	19.7	76.6	1,464.1
Options (exchange traded)						
Total	**16.6**	**58.5**	**1,061.5**	**34.5**	**118.9**	**2,121.4**
Equities / indices						
Forward contracts						
Swaps	8.9	39.1	333.6	8.9	84.9	585.7
Futures	0.1		324.5	0.0	0.1	304.1
Options (OTC) and warrants	10.9	460.2	3,295.7	6.4	455.9	6,092.2
Options (exchange traded)	280.4	727.1	17,918.7	180.2	353.6	12,003.0
Total	**300.3**	**1,226.3**	**21,872.5**	**195.6**	**894.4**	**18,985.1**
Credit derivatives						
Credit default swaps	5.7	1.1	250.6	7.2	1.2	363.2
Total	**5.7**	**1.1**	**250.6**	**7.2**	**1.2**	**363.2**
Other (including cryptocurrencies)						
Forward contracts						
Futures		0.2	184.7	0.0		163.2
Options (OTC) and warrants	0.2	67.2	18.1	0.0	58.1	93.3
Options (exchange traded)	1.1		82.6	0.1		0.7
Total	**1.3**	**67.4**	**285.4**	**0.2**	**58.1**	**257.2**
Total	**426.4**	**1,505.0**	**42,614.2**	**372.2**	**1,215.6**	**38,502.0**

The positive and negative replacement values relate to trading instruments with the exception of the instruments referred to in note 34 "Hedge accounting".

Other financial assets at fair value through profit or loss

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Debt instruments				
Listed	3,385.6	4,174.3	–788.7	–19
Unlisted	881.8	787.0	94.8	12
Total	**4,267.4**	**4,961.3**	**–693.9**	**–14**
Equity instruments				
Listed	0.0	0.0	0.0	
Unlisted	1.8	1.9	–0.1	–5
Total	**1.8**	**1.9**	**–0.1**	**–5**
Units in investment funds				
Listed	0.0	0.0	0.0	
Unlisted	59.6	60.0	–0.4	–1
Total	**59.6**	**60.0**	**–0.4**	**–1**
Structured products	**86.9**	**59.5**	**27.4**	**46**
Total	**4,415.6**	**5,082.7**	**–667.0**	**–13**

Other financial liabilities at fair value through profit or loss

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Structured products				
Listed	5,311.2	5,489.2	–178.0	–3
Unlisted	5,800.8	4,924.5	876.3	18
Total	**11,112.0**	**10,413.7**	**698.3**	**7**
Debt instruments				
Listed				
Unlisted	90.1	372.6	–282.5	–76
Total	**90.1**	**372.6**	**–282.5**	**–76**
Total	**11,202.1**	**10,786.3**	**415.8**	**4**

Since the redemption amount of structured products depends on changes in the market prices of the underlyings (e.g. shares, precious metals and currencies) until maturity, the difference between the redemption amount and the carrying amount cannot be determined. In the case of debt instruments, the difference between the redemption amount and the carrying amount is insignificant.

13 Loans

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Mortgages	1,636.4	1,475.7	160.7	11
Other accounts receivable	5,492.2	4,927.0	565.2	11
Less expected credit losses	–26.1	–24.1	–2.0	
Total	**7,102.5**	**6,378.6**	**723.9**	**11**

Interest of CHF 6.6 M (previous year: CHF 2.2 M) on non-performing loans that had not yet been received was capitalized.

14 Financial investments

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Debt instruments[1]				
Listed	1,485.9	2,133.4	–647.5	–30
Unlisted				
Total	**1,485.9**	**2,133.4**	**–647.5**	**–30**
Equity instruments[2]				
Listed				
Unlisted	130.5	119.9	10.5	9
Total	**130.5**	**119.9**	**10.5**	**9**
Total financial investments	**1,616.4**	**2,253.3**	**–636.9**	**–28**

1 For information on expected credit losses on debt instruments, please refer to note 30 “Credit risks and impairment model”.
2 Participation in SIX Group AG: CHF 110.4 M (previous year: CHF 99.7 M); other participations: CHF 20.1 M (previous year: CHF 20.2 M).

15 Investments in associates

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	IN %
Balance at the beginning of the year	5.6	1.0	4.5	450
Increases		4.6	–4.6	–100
Decreases	0.7		0.7	
Share of comprehensive income	0.3	0.9	–0.6	–67
Dividends paid	–1.2	–0.9	–0.3	
Translation differences	–0.0	–0.0	0.0	
Total as at the balance sheet date	**5.3**	**5.6**	**–0.3**	**–5**

Refer to page 214 for details of associates.

16 Property, equipment and software

CHF M	RIGHT-OF-USE ASSETS	LEASEHOLD IMPROVE-MENTS	HARDWARE	OTHER FIXED ASSETS	SOFTWARE[1]	TOTAL
Acquisition cost						
Balance as of 01.01.2020	204.3	82.2	24.9	12.0	164.5	488.0
Additions	19.3	8.5	8.2	1.2	48.4	85.6
Disposals	–2.1	–2.4	–5.4	–0.8	–24.7	–35.4
Change in scope of consolidation						
Reclassification		0.1	3.6	–3.6		
Translation differences	–1.6	–0.5	–0.4	–0.2	–0.0	–2.7
Balance as of 31.12.2020	219.8	87.9	30.9	8.7	188.1	535.5
Additions	55.5	2.8	5.2	0.6	53.4	117.5
Disposals	–3.4	–4.0	–9.8	–2.2	–25.4	–44.8
Change in scope of consolidation						
Reclassification						
Translation differences	–0.2	0.1	0.2	–0.1	–0.1	–0.1
Balance as of 31.12.2021	**271.9**	**86.8**	**26.5**	**6.9**	**215.9**	**608.1**
Cumulative depreciation						
Balance as of 01.01.2020	–30.9	–37.0	–17.7	–5.3	–42.8	–133.5
Depreciation	–30.4	–10.1	–6.5	–0.7	–37.6	–85.3
Impairment losses	–0.3				–0.4	–0.8
Reversals						
Disposals	0.4	2.0	5.4	0.6	24.7	33.1
Change in scope of consolidation						
Reclassification						
Translation differences	0.5	0.4	0.4	0.2	0.0	1.5
Balance as of 31.12.2020	–60.8	–44.8	–18.3	–5.2	–56.1	–185.0
Depreciation	–30.6	–10.6	–6.4	–0.6	–38.6	–86.8
Impairment losses	–0.3	–0.3		–0.0	–2.2	–2.8
Reversals	0.3					0.3
Disposals	2.7	4.0	9.8	1.7	25.4	43.6
Change in scope of consolidation						
Reclassification						
Translation differences	0.1	–0.1	–0.2	–0.0	0.1	–0.1
Balance as of 31.12.2021	**–88.6**	**–51.8**	**–15.1**	**–4.0**	**–71.3**	**–230.8**
Net carrying values 31.12.2020	159.1	43.0	12.6	3.4	132.2	350.4
Net carrying values 31.12.2021	**183.2**	**35.0**	**11.4**	**2.9**	**144.8**	**377.3**

1 In the year under review and in the previous year, this relates exclusively to purchased software.

Property, equipment and software include right-of-use assets (see note 17 “Leasing”), leasehold improvements, hardware, other fixed assets (e.g. bank buildings and furniture) and software. The acquisition or production costs of property, equipment and software are capitalized if Vontobel will obtain future economic benefits from them and the costs can be both identified and reliably determined. From the date on which they become available, these assets are depreciated on a straight-line basis over their estimated useful life or rental lease term, as follows:

IN YEARS	
Right-of-use assets	Lease term
Leasehold improvements	Lease term, max. 10
Hardware	3
Bank buildings	max. 40
Other fixed assets	3–5
Software	max. 10

Property, equipment and software are tested for impairment if events or circumstances indicate that the carrying amount may be impaired. If the carrying amount exceeds the recoverable amount, an impairment loss is recorded. Any reversals of impairments at a later date are recognized in the income statement.

17 Leasing

Vontobel as a lessee
Vontobel mainly acts as a lessee in the context of the leasing of business premises (including parking spaces). At the lease commencement date, a lease liability corresponding to the present value of lease payments over the lease term is recognized. The lease payments are usually index linked and, under certain conditions, are adjusted to the respective index level automatically, or periodically at the initiative of a contracting party. Apart from this indexation, there are no variable lease payments. The lease term basically corresponds to the non-cancellable period during which Vontobel has the right to use the business premises but it also takes account of the period covered by an option to extend the lease if Vontobel is reasonably certain to exercise that option, and the period covered by an option to terminate the lease if Vontobel is reasonably certain not to exercise that option. Vontobel’s incremental borrowing rate is applied when calculating the present value of lease payments. It corresponds to the interest rate that Vontobel would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset. At the same time as the lease liability is recognized, a right to use the underlying asset, which corresponds to the lease liability plus prepaid lease payments, directly attributable costs and any reinstatement obligations, is capitalised.

After initial recognition, the interest component on the lease liability is accrued in the period in which it is incurred using the effective interest method and is recognized in “Net interest income”. Negative interest is shown as interest income. The lease liability is adjusted to reflect interest recognized and lease payments made. The right-of-use asset is depreciated on a straight-line basis over the lease term. The depreciation charge and any impairment charge are recognized in the income statement in “Depreciation of property, equipment (incl. software) and intangible assets”.

If there is any change to the lease term or if lease payments are adjusted to an index, the lease liability is remeasured. In the first case, the current incremental borrowing rate is used to calculate the present value; in the second case, the original incremental borrowing rate is used. The amount of the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset.

Right-of-use assets (leased office space) are recognized in the balance sheet item “Property, equipment and software”. The carrying amount of the right-of-use assets and changes in that value are shown in note 16.

Lease liabilities related to leased office space are recognized in the balance sheet item “Other liabilities”. The carrying amount of the lease liabilities and changes in that value can be seen from the following table:

Lease liabilities

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	 IN %
Balance at the beginning of the year	157.6	173.2	–15.5	–9
Additions	55.3	19.1	36.2	190
Disposals	–0.7	–1.8	1.1	
Interest expense (+) / interest income (-)	–0.4	–0.2	–0.2	
Lease payments	–32.1	–31.5	–0.6	
Translation adjustments	0.1	–1.2	1.3	
Total as at the balance sheet date	**179.9**	**157.6**	**22.3**	**14**

The lease payments included in the above lease liabilities have the following terms:

Due dates of lease payments

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	 IN %
Due within 1 year	28.9	30.5	–1.6	–5
Due within 1 to 2 years	28.0	25.6	2.4	9
Due within 2 to 3 years	23.5	24.1	–0.6	–2
Due within 3 to 4 years	21.7	20.5	1.2	6
Due within 4 to 5 years	20.9	18.5	2.3	12
Due within 5 to 7 years	25.7	28.3	–2.6	–9
Due in more than 7 years	28.6	9.4	19.3	205
Total as at the balance sheet date	**177.3**	**157.0**	**20.3**	**13**

Vontobel applies the recognition exemption for short-term leases and leases of low-value assets. Neither a lease liability nor a right-of-use asset is recognized for these leases. In the year under review, general expense included a charge of CHF 1.6 million (previous year: CHF 1.7 million) for short-term leases and of CHF 0.4 million (previous year: CHF 0.6 million) for leases of low-value assets.

Vontobel as a lessor

Vontobel currently acts as a lessor exclusively in the context of operating leases. The corresponding income is recognized in the income statement positions “Net fee and commission income” (leasing of safety deposit boxes) and “Other income” (subleasing of office space and parking spaces) in the period in which it is generated. Vontobel, as lessor, generated income of CHF 1.9 million in the year under review (previous year: CHF 1.9 million).

18 Goodwill and other intangible assets

Goodwill and other intangible assets

CHF M	GOODWILL	CLIENT RELATIONS-SHIPS	BRANDS & COOPERATION AGREEMENT	TOTAL
Acquisition cost				
Balance as of 01.01.2020	487.4	96.8	29.5	613.6
Additions				
Disposals		–17.0	–0.5	–17.5
Change in scope of consolidation				
Reclassification				
Translation differences	–3.9	–1.0	–0.0	–4.9
Balance as of 31.12.2020	483.5	78.9	28.9	591.2
Additions				
Disposals		–4.5		–4.5
Change in scope of consolidation				
Reclassification				
Translation differences	1.3			1.3
Balance as of 31.12.2021	**484.8**	**74.3**	**28.9**	**588.0**
Cumulative depreciation				
Balance as of 01.01.2020		–32.4	–7.9	–40.3
Amortization		–9.5	–3.0	–12.5
Impairment losses				
Reversals				
Disposals		17.0	0.5	17.5
Change in scope of consolidation				
Reclassification				
Translation differences		0.9	0.0	0.9
Balance as of 31.12.2020		–24.1	–10.3	–34.4
Amortization		–8.2	–2.9	–11.1
Impairment losses				
Reversals				
Disposals		4.5		4.5
Change in scope of consolidation				
Reclassification				
Translation differences				
Balance as of 31.12.2021		**–27.8**	**–13.2**	**–41.0**
Net carrying values 31.12.2020	483.5	54.7	18.5	556.8
Net carrying values 31.12.2021	**484.8**	**46.5**	**15.7**	**547.0**

Goodwill

The goodwill resulting from a business combination is recognized as an asset in the balance sheet and assigned to one or more cash-generating units. The following organizational units represent the lowest level at which the goodwill allocated to them is monitored for internal management purposes:

Goodwill positions of each organizational unit

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Client Unit Wealth Management	308.0	308.0		
Southern & Western Switzerland, Italy and Middle East business unit	21.8	21.8		
Client Unit Asset Management	63.0	62.9	0.1	0
Fixed Income business unit	56.9	55.7	1.2	2
Multi Asset business unit	35.0	35.0		
Total	**484.8**	**483.5**	**1.4**	**0**

The above goodwill positions are subject to an annual impairment test, which is conducted in the third quarter of each year. If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently to determine whether the carrying amount of the relevant organizational unit exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the carrying amount of the organizational unit exceeds the recoverable amount, a goodwill impairment is recorded. Reversals of impairments are not recorded.

When conducting an impairment test, Vontobel begins by comparing the carrying amount of the organizational unit with its fair value less costs to sell. Assets under management are a key factor that is considered in the case of all the organizational units that are assessed because it has a significant impact on their future earnings potential. The implicit multiplier for assets under management is calculated on the basis of the market capitalization of companies engaging in similar business activities, less tangible shareholders' equity. Tangible equity corresponds to reported shareholders' equity less intangible assets (mainly goodwill and client relationships), including deferred taxes. The implicit multiplier for assets under management is adjusted to take account of the difference between the gross margins of the organizational unit under review and the peer group as well as other factors that are relevant for the impairment test. If the carrying amount of the organizational unit exceeds the fair value calculated using the adjusted multiplier less costs to sell, the carrying amount is subsequently compared with the value in use of the organizational unit.

Multiplier

IN %	2021	2020
Client Unit Wealth Management	2.2	1.7
Southern & Western Switzerland, Italy and Middle East business unit	2.8	2.1
Client Unit Asset Management	1.2	1.0
Fixed Income business unit	1.0	0.9
Multi Asset business unit	0.6	0.6

The fair value calculated using these multipliers less costs to sell exceeded the carrying amount of all organizational units both in the year under review and in the previous year. Management determined that no reasonably possible change in the assumptions would have resulted in the carrying amount of an organizational unit significantly exceeding its recoverable amount. Fair value less costs to sell is a level 3 position in the fair value hierarchy defined in IFRS 13.

Other intangible assets

Other intangible assets comprise client relationships and brands acquired in the course of business combinations, as well as the cooperation agreement with Raiffeisen. They are depreciated on a straight-line basis over their useful life of five to ten years. The other intangible assets are tested for impairment if events or circumstances indicate that the carrying amount may be impaired. If the carrying amount exceeds the recoverable amount, an impairment loss is recorded. Any reversals of impairments at a later date are recognized in the income statement. No other intangible assets with an indefinite useful life are capitalized in Vontobel's balance sheet.

19 Other assets

	NOTE	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	CHANGE TO 31.12.2020 IN %
Accrued income and prepaid expenses		173.6	172.7	0.9	1
Current tax assets		15.5	16.8	–1.4	–8
Deferred tax assets	9	15.8	23.9	–8.0	–33
Value-added tax and other tax receivables		100.9	66.9	33.9	51
Defined benefit pension asset	37	60.2	0.0	60.2	
Settlement and clearing accounts		3.3	1.0	2.4	240
Open settlement positions		285.1	317.6	–32.5	–10
Other		40.5	53.7	–13.2	–25
Total		**695.0**	**652.7**	**42.3**	**6**

20 Securities financing transactions

CHF M	31.12.2021 CASH COLLATERAL FOR SECURITIES BORROWING AGREEMENTS	31.12.2021 CASH COLLATERAL FOR REVERSE-REPURCHASE AGREEMENTS	31.12.2020 CASH COLLATERAL FOR SECURITIES BORROWING AGREEMENTS	31.12.2020 CASH COLLATERAL FOR REVERSE-REPURCHASE AGREEMENTS
Securities financing transactions due from banks	18.8	1,001.1	16.5	1,238.9
Securities financing transactions due from customers		827.8		
Total receivables from securities financing transactions	**18.8**	**1,828.9**	**16.5**	**1,238.9**

CHF M	31.12.2021 CASH COLLATERAL FROM SECURITIES LENDING AGREEMENTS	31.12.2021 CASH COLLATERAL FROM REPURCHASE AGREEMENTS	31.12.2020 CASH COLLATERAL FROM SECURITIES LENDING AGREEMENTS	31.12.2020 CASH COLLATERAL FROM REPURCHASE AGREEMENTS
Securities financing transactions due to banks	2.4	10.4	46.0	256.6
Securities financing transactions due to customers				
Total payables from securities financing transactions	**2.4**	**10.4**	**46.0**	**256.6**

21 Transferred and pledged assets

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Securities financing transactions[1]	325.8	365.7	–39.9	–11
Trading portfolio assets	*287.1*	*209.2*	*77.8*	*37*
Other financial assets at fair value	*38.0*	*58.9*	*–20.9*	*–35*
Financial investments	*0.7*	*97.6*	*–96.8*	*–99*
Other transactions	239.2	26.9	212.3	789
Total transferred assets	**565.0**	**392.7**	**172.3**	**44**
Trading portfolio assets	496.1	227.9	268.2	118
Debt instruments	*15.3*	*27.7*	*–12.4*	*–45*
Equity instruments	*480.8*	*200.2*	*280.6*	*140*
Other				
Other financial assets at fair value	38.0	67.1	–29.1	–43
Debt instruments	*22.0*	*29.2*	*–7.2*	*–25*
Equity instruments	*14.8*	*31.7*	*–16.9*	*–53*
Other	*1.2*	*6.3*	*–5.1*	*–81*
Financial investments	30.9	97.6	–66.7	–68
Other assets				
Total transferred assets	**565.0**	**392.7**	**172.3**	**44**
of which those where the right to sell or repledge the assets has been assigned without restriction	*565.0*	*392.7*	*172.3*	*44*
Pledged assets	1,205.7	621.9	583.8	94
Total pledged assets	**1,205.7**	**621.9**	**583.8**	**94**

Transferred or pledged assets mainly serve the contracting partners as collateral against Vontobel liabilities arising from securities borrowing, securities lending and repurchase transactions, or as collateral for settlement limits and margin accounts with central banks, clearing centers and stock exchanges, as well as for OTC contracts, collateral secured instruments (COSI) and due to customers. These assets remain on Vontobel's balance sheet because Vontobel retains the associated risks and rewards.

1 Including securities transferred as collateral in the context of securities borrowing transactions

22 Saleable or pledgeable securities not recorded in the balance sheet

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Securities financing transactions[1]	2,227.0	1,462.8	764.1	52
Other transactions	60.6	102.6	–42.0	–41
Total fair value of securities received that can be sold or repledged	**2,287.6**	**1,565.4**	**722.2**	**46**
of which securities sold or repledged	741.5	1,078.5	–337.0	–31

The table shows the fair value of securities received, where the counterparty has assigned Vontobel the unrestricted right to sell or repledge them, and the fair value of those securities for which Vontobel has made use of this right.

1 Including securities received as collateral in the context of securities lending transactions

23 Debt issued

	INTEREST RATE IN %	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Vontobel Holding AG					
Additional Tier 1 (AT1) Bond	2.625	449.1	448.6	0.5	0
Total		**449.1**	**448.6**	**0.5**	**0**

In connection with the acquisition of Notenstein La Roche Privatbank AG, Vontobel Holding AG issued an Additional Tier 1 bond (AT1 bond) with a nominal value of CHF 450 million in June 2018. The AT1 bond is unsecured, subordinated and paid in full. It does not grant any voting rights and, in principle, has a perpetual term but it may be redeemed by Vontobel Holding AG for the first time on October 31, 2023, and thereafter annually on October 31. The AT1 bond has an annual coupon of 2.625% until the first possible redemption date. If Vontobel Holding AG does not redeem the bond on October 31, 2023, the annual coupon for the next five years will be reset as the total of the CHF Compounded SARON Mid-Market Swap Rate +0.0741% for five years that is applicable at the time (but at least 0%) and a margin of 2.6050%. Interest payments cannot be made if the Swiss Financial Market Supervisory Authority (FINMA) issues an instruction to this effect or if Vontobel Holding AG does not have the necessary profit distribution reserves to fund the interest payments for the AT1 bond and to make distributions that were already planned for the previous financial year. Cancelled interest payments will not be paid at a later point in time (non-cumulative). If interest payments are cancelled, the Board of Directors is not permitted to propose the distribution of dividends to the General Meeting of Shareholders of Vontobel Holding AG until interest payments on the AT1 bond resume.

If a viability event occurs – i.e. if there is an imminent risk of insolvency as defined by Art. 29 of the Swiss Capital Adequacy Ordinance (CAO) issued by FINMA – an automatic debt waiver will take effect and the AT1 bond will be written down to zero. If the Vontobel Group's common equity tier 1 (CET1) ratio falls below the threshold of 7 percent, the AT1 bond will be written down to the extent required in order for the threshold of 7 percent to be reached again or exceeded. After a partial or complete writedown of the AT1 bond, a future reversal of the writedown is neither planned nor permitted.

24 Provisions

CHF M	PROVISIONS FOR LITIGATION RISKS	PROVISIONS FOR REINSTATMENT OBLIGATIONS	OTHER	2021 TOTAL	2020 TOTAL
Balance at the beginning of the year	14.0	3.0	1.1	18.2	19.4
Utilization in conformity with designated purpose	–4.5	–0.0	–0.1	–4.6	–1.8
Increase in provisions recognized in the income statement	2.0		1.0	3.0	1.1
Release of provisions recognized in the income statement	–0.3	–0.0	–0.0	–0.4	–0.7
Increase in provisions not recognized in the income statement		0.1		0.1	0.2
Recoveries					
Change in scope of consolidation					
Translation differences	–0.0	–0.0	–0.0	–0.0	0.0
Provisions as at the balance sheet date	**11.2**	**3.1**	**2.1**	**16.3**	**18.2**

Other provisions consist of provisions for expected credit losses of off-balance positions and other liabilities.

A provision is recognized if, as a result of a past event, Vontobel has a current liability at the balance sheet date that will probably lead to an outflow of funds, the level of which can be reliably estimated. In principle, the recognition and release of provisions is recorded in the item “Provisions and losses”. Expected credit losses on off-balance-sheet positions are recorded in “Net interest income”, reinstatement obligations are recorded in “Property, equipment and software”. If an outflow of funds is unlikely to occur or the amount of the liability cannot be reliably estimated, a contingent liability is shown. If, as a result of a past event, there is a possible liability as of the balance sheet date whose existence depends on future developments that are not fully under Vontobel’s control, a contingent liability is likewise shown.

Vontobel is involved in various legal proceedings in the course of its normal business operations. A provision is recorded in respect of current and potential legal proceedings if the above recognition criteria are met. In certain cases, external counsel is consulted to determine whether this is the case.

25 Other liabilities

				CHANGE TO 31.12.2020	
	NOTE	31.12.2021 CHF M	31.12.2020 CHF M	CHF M	IN %
Accrued expenses and deferred income		425.9	359.6	66.3	18
Current tax liabilities		53.7	37.8	15.9	42
Deferred tax liabilities	9	75.6	73.0	2.5	3
Defined benefit pension liabilities	37		43.0	–43.0	–100
Value-added tax and other tax liabilities		17.3	12.5	4.8	38
Settlement and clearing accounts		98.2	2.6	95.6	
Open settlement positions		183.6	394.8	–211.2	–53
Liability to purchase minority interests			163.6	–163.6	–100
Lease liabilities	17	179.9	157.6	22.3	14
Others		44.9	41.7	3.2	8
Total		**1,079.1**	**1,286.3**	**–207.2**	**–16**

26 Share capital

Share capital

	SHARE CAPITAL		AUTHORIZED CAPITAL		
	NUMBER OF SHARES	PAR VALUE CHF M	NUMBER OF SHARES	PAR VALUE CHF M	NUMBER OF OUTSTANDING SHARES[1]
Balance as of 01.01.2019	56,875,000	56.9			55,284,456
Balance as of 31.12.2019	56,875,000	56.9			55,433,353
Balance as of 31.12.2020	56,875,000	56.9			55,752,302
Balance as of 31.12.2021	**56,875,000**	**56.9**			**55,235,116**

The share capital is fully paid in.

1 Share capital excluding treasury shares

Treasury shares

	NUMBER	CHF M
Balance as of 01.01.2020	1,441,647	84.2
Purchases	956,806	55.9
Decreases	–1,275,755	–74.2
Balance as of 31.12.2020	1,122,698	65.9
Purchases	1,780,886	137.6
Decreases	–1,263,700	–79.1
Balance as of 31.12.2021	**1,639,884**	**124.4**

As of 31.12.2021 Vontobel held 7,460 (previous year: 4,449) treasury shares to secure options and structured products.
Own shares were offset against shareholders' equity in accordance with IAS 32.

Authorized capital

In the financial years 2021 and 2020, the Board of Directors did not apply for the creation of authorized capital.

Contingent share capital

There is no contingent share capital.

27 Unrealized gains and losses on financial investments

		31.12.2021		31.12.2020
CHF M	UNREALIZED GAINS	UNREALIZED LOSSES	UNREALIZED GAINS	UNREALIZED LOSSES
Debt instruments[1]	6.6	–7.6	23.7	–1.2
Equity instruments[2]	98.3	–0.3	88.1	–0.3
Total before taxes	**104.9**	**–7.9**	**111.8**	**–1.5**
Taxes	–19.6	1.4	–20.6	0.2
Total net of tax[3]	**85.2**	**–6.5**	**91.1**	**–1.2**

1 Unrealized gains and losses are included in the balance sheet item "Other components of shareholders' equity".
2 Unrealized gains and losses are included in the balance sheet item "Retained earnings".
3 The total amount net of tax includes exchange rate differences in the amount of CHF -0.4 M (previous year: CHF –0.4 M).

Risk related to balance sheet positions

28 Liquidity risk

CHF M	DEMAND	DUE WITHIN 3 MONTHS	DUE WITHIN 3 TO 12 MONTHS	DUE WITHIN 1 TO 5 YEARS	DUE AFTER 5 YEARS	31.12.2021 TOTAL
Maturity structure of assets and liabilities						
Assets						
Cash	7,835.0					7,835.0
Due from banks	916.8		0.0			916.8
Receivables from securities financing transactions	18.8	1,828.9				1,847.7
Trading portfolio assets	6,612.8					6,612.8
Positive replacement values	426.4					426.4
Other financial assets at fair value	4,415.6					4,415.6
Loans	105.6	3,100.1	1,298.1	1,614.0	984.6	7,102.5
Financial investments	130.5	223.5	270.7	907.9	83.8	1,616.4
Investments in associates[1]					5.3	5.3
Property, equipment and software[1]					377.3	377.3
Goodwill and other intangible assets[1]					547.0	547.0
Other assets	695.0					695.0
Total assets	**21,156.5**	**5,152.5**	**1,568.9**	**2,521.9**	**1,998.1**	**32,397.9**
Liabilities						
Due to banks	982.7	0.0				982.7
Payables from securities financing transactions	2.4	10.4				12.7
Trading portfolio liabilities	288.6					288.6
Negative replacement values	1,505.0					1,505.0
Other financial liabilities at fair value	11,202.1					11,202.1
Due to customers	14,763.3	30.0				14,793.3
Debt issued				449.1		449.1
Provisions		0.1	0.2	13.7	2.3	16.3
Other liabilities	899.2	7.8	21.8	95.6	54.6	1,079.1
Total liabilities	**29,643.3**	**48.2**	**22.1**	**558.5**	**56.9**	**30,329.0**
Off-balance sheet						
Contingent liabilities and irrevocable commitments	476.4		0.0	0.1	0.2	476.8

1 Immobilized

Further information on liquidity risks can be found in section 4 of the notes on risk management and risk control.

CHF M	DEMAND	DUE WITHIN 3 MONTHS	DUE WITHIN 3 TO 12 MONTHS	DUE WITHIN 1 TO 5 YEARS	DUE AFTER 5 YEARS	31.12.2020 TOTAL
Maturity structure of assets and liabilities						
Assets						
Cash	6,449.0					6,449.0
Due from banks	738.0	0.0	0.0		0.2	738.2
Receivables from securities financing transactions		1,255.4				1,255.4
Trading portfolio assets	7,327.4					7,327.4
Positive replacement values	372.2					372.2
Other financial assets at fair value	5,082.7					5,082.7
Loans	66.3	2,891.8	1,107.7	1,404.5	908.3	6,378.6
Financial investments	119.9	75.6	385.1	1,413.4	259.4	2,253.3
Investments in associates [1]					5.6	5.6
Property, equipment and software [1]					350.4	350.4
Goodwill and other intangible assets [1]					556.8	556.8
Other assets	652.7					652.7
Total assets	**20,808.3**	**4,222.8**	**1,492.8**	**2,817.8**	**2,080.6**	**31,422.4**
Liabilities						
Due to banks	654.3	61.5				715.8
Payables from securities financing transactions		302.5				302.5
Trading portfolio liabilities	111.0					111.0
Negative replacement values	1,215.6					1,215.6
Other financial liabilities at fair value	10,786.3					10,786.3
Due to customers	14,646.5					14,646.5
Debt issued				448.6		448.6
Provisions			0.6	15.3	2.4	18.2
Other liabilities	965.1	7.6	23.6	252.6	37.4	1,286.3
Total liabilities	**28,378.7**	**371.6**	**24.2**	**716.5**	**39.8**	**29,530.8**
Off-balance sheet						
Contingent liabilities and irrevocable commitments	343.9	59.8		0.0	0.2	404.0

1 Immobilized

29 Fair value of financial instruments

a) Financial instruments measured at fair value
The following table shows the assignment to the fair value hierarchy of those financial instruments that are measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments measured at fair value

CHF M	LEVEL 1	LEVEL 2	LEVEL 3	31.12.2021 TOTAL
Assets				
Trading portfolio assets	4,340.4	2,272.1	0.3	6,612.8
Debt instruments	*147.2*	*48.1*		*195.3*
Equity instruments	*3,789.9*		*0.3*	*3,790.2*
Units in investment funds	*403.3*		*0.0*	*403.3*
Precious metals		*1,655.1*		*1,655.1*
Cryptocurrencies		*569.0*		*569.0*
Positive replacement values		426.4		426.4
Other financial assets at fair value	3,268.7	1,142.1	4.8	4,415.6
Debt instruments [1]	*3,212.1*	*1,055.3*		*4,267.4*
Equity instruments	*0.0*		*1.8*	*1.8*
Units in investment funds	*56.6*		*3.0*	*59.6*
Structured products		*86.9*		*86.9*
Financial investments	1,466.9	19.0	130.5	1,616.4
Debt instruments	*1,466.9*	*19.0*		*1,485.9*
Equity instruments			*130.5*	*130.5*
Total financial assets at fair value	**9,076.1**	**3,859.6**	**135.5**	**13,071.2**
Liabilities				
Trading portfolio liabilities	277.7	11.0		288.6
Debt instruments	*70.4*	*11.0*		*81.4*
Equity instruments	*207.3*			*207.3*
Negative replacement values		1,505.0		1,505.0
Other financial liabilities at fair value [2]		11,202.1		11,202.1
Structured products		*11,112.0*		*11,112.0*
Debt instruments		*90.1*		*90.1*
Other liabilities			1.2	1.2
Total financial liabilities at fair value	**277.7**	**12,718.0**	**1.2**	**12,996.9**

1 In the case of debt instruments measured at fair value through profit and loss, the difference between the carrying amount (fair value) and the contractually agreed redemption amount at maturity was CHF 17.8 M.
2 Level 2 of the balance sheet item “Other financial liabilities at fair value” comprises listed issued products with a fair value of CHF 5,311.2 M.

CHF M	LEVEL 1	LEVEL 2	LEVEL 3	31.12.2020 TOTAL
Assets				
Trading portfolio assets	7,235.1	92.2	0.0	7,327.4
Debt instruments	*227.6*	*92.2*		*319.8*
Equity instruments	*3,021.2*		*0.0*	*3,021.2*
Units in investment funds	*276.5*		*0.0*	*276.5*
Precious metals	*2,724.3*			*2,724.3*
Cryptocurrencies	*985.5*			*985.5*
Positive replacement values		372.2		372.2
Other financial assets at fair value	3,992.2	1,085.3	5.2	5,082.8
Debt instruments [1]	*3,935.4*	*1,025.8*		*4,961.3*
Equity instruments	*0.0*		*1.9*	*1.9*
Units in investment funds	*56.7*	*0.0*	*3.3*	*60.0*
Structured products		*59.5*		*59.5*
Financial investments	2,078.3	55.0	119.9	2,253.3
Debt instruments	*2,078.3*	*55.0*		*2,133.4*
Equity instruments			*119.9*	*119.9*
Total financial assets at fair value	**13,305.6**	**1,604.8**	**125.2**	**15,035.6**
Liabilities				
Trading portfolio liabilities	103.7	7.3		111.0
Debt instruments	*64.1*	*7.3*		*71.4*
Equity instruments	*39.6*			*39.6*
Negative replacement values		1,215.6		1,215.6
Other financial liabilities at fair value [2]		10,786.3		10,786.3
Structured products		*10,413.7*		*10,413.7*
Debt instruments		*372.6*		*372.6*
Other liabilities			165.6	165.6
Total financial liabilities at fair value	**103.7**	**12,009.1**	**165.6**	**12,278.5**

1 In the case of debt instruments measured at fair value through profit and loss, the difference between the carrying amount (fair value) and the contractually agreed redemption amount at maturity was CHF 68.2 M.
2 Level 2 of the balance sheet item “Other financial liabilities at fair value” comprises listed issued products with a fair value of CHF 5,489.2 M.

Level 1 instruments

In the fair value hierarchy defined in IFRS 13, level 1 instruments are those financial instruments whose fair value is based on quoted prices in active markets. This category essentially comprises almost all equity instruments and government bonds, liquid debt instruments issued by public sector entities and companies, as well as investment funds for which a binding net asset value is published at least daily.

Mid-market prices are used for the valuation of debt instruments in the trading book, provided the market price risks from these positions are offset fully or to a significant extent by other positions in the trading book. For the valuation of other debt instruments, bid prices are used in the case of long positions and ask prices in the case of short positions. For equity instruments and listed investment funds, the closing prices of the relevant markets are used. Published net asset values are used in the case of unlisted investment funds. For foreign currencies, generally accepted prices are applied.

No valuation adjustments are made in the case of level 1 instruments.

Level 2 instruments

Level 2 instruments are financial instruments whose fair value is based on quoted prices in markets that are not active or on a valuation method where significant input parameters can be observed directly or indirectly. This mainly includes derivatives, products issued by Vontobel and debt instruments issued by public sector entities and companies with reduced market liquidity, investment funds for which a binding net asset value is published at least quarterly, precious metals and cryptocurrencies.

Generally accepted valuation models and quoted prices in markets that are not active are used to determine the fair value of derivatives, including option components of structured products. The present value method is used to determine the fair value of the interest rate components of issued products. To measure the fair value of debt instruments where quoted prices are available but the low trading volume means there is no active market, the same rules apply to the use of mid-market prices and bid or ask prices as for the corresponding level 1 instruments. The valuation of debt instruments for which no quoted prices are available is carried out using generally accepted methods. Published net asset values are used in the case of investment funds. For precious metals and cryptocurrencies, the fair value is derived from the prices of the corresponding futures.

The valuation models take account of the relevant parameters such as contract specifications, the market prices of the underlying assets, foreign exchange rates, market interest rates or funding rates, default risks, volatilities and correlations. Vontobel's credit risk is only taken into account when determining the fair value of financial liabilities if market participants would consider it when calculating prices. OTC derivatives are traded only on a collateralized basis, which is why own credit risk (as well as third-party credit risk in the case of receivables) is not included in the valuation.

Level 3 instruments

Level 3 instruments are financial instruments whose fair value is based on a valuation method that uses at least one significant input parameter that cannot be observed directly or indirectly in the market. They primarily include several unlisted equity instruments in financial investments.

The fair value of these equity instruments is based on the proportionate share of the net asset value, taking account of any further valuation-relevant factors.

The liability to acquire minority interests of 40 percent in TwentyFour Asset Management LLP was derecognized following the full acquisition of the subsidiary on June 30, 2021. See note 43 for further information.

The following table shows the change in level 3 financial instruments in Vontobel's balance sheet and the income on the positions as of the balance sheet date.

Level 3 financial instruments

CHF M	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL INVESTMENTS	2021 TOTAL FINANCIAL ASSETS	OTHER LIABILITIES[1]	2021 TOTAL FINANCIAL LIABILITIES
Balance sheet					
Holdings at the beginning of the year	5.2	119.9	125.2	–165.6	–165.6
Additions in scope of consolidation					
Disposals from scope of consolidation					
Investments	0.0	0.3	0.3		
Disposals	–0.1		–0.1		
Redemptions	–0.1		–0.1	291.1	291.1
Net gains / (losses) recognized in the income statement	–0.3		–0.3	–24.6	–24.6
Net gains / (losses) recognized in other comprehensive income		10.2	10.2		
Change recognized in shareholders' equity				–102.1	–102.1
Reclassifications to level 3	0.3		0.3		
Reclassifications from level 3					
Translation differences					
Total book value at balance sheet date	**5.1**	**130.5**	**135.5**	**–1.2**	**–1.2**
Income in the financial year on holdings on balance sheet date					
Net gains / (losses) recognized in the income statement	–0.0		–0.0		
Net gains / (losses) recognized in other comprehensive income		10.2	10.2		

1 This item contains the liability to acquire minority interests in TwentyFour Asset Management LLP (31.12.2021: n/a; 31.12.2020: CHF 163.6 M) and the liability from an earn-out-agreement relating to the acquisition of the US-based private clients portfolio of Lombard Odier (31.12.2021: CHF 1.2 M; 31.12.2020: CHF 2.0 M).

CHF M	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL INVESTMENTS	2020 TOTAL FINANCIAL ASSETS	OTHER LIABILITIES[1]	2020 TOTAL FINANCIAL LIABILITIES
Balance sheet					
Holdings at the beginning of the year	5.6	118.1	123.7	–117.2	–117.2
Additions in scope of consolidation					
Disposals from scope of consolidation					
Investments	0.0		0.0		
Disposals					
Redemptions	–0.1		–0.1	0.9	0.9
Net gains / (losses) recognized in the income statement	–0.2		–0.2	–0.8	–0.8
Net gains / (losses) recognized in other comprehensive income		1.8	1.8		
Change recognized in shareholders' equity				–55.3	–55.3
Reclassifications to level 3	0.0		0.0		
Reclassifications from level 3					
Translation differences				6.6	6.6
Total book value at balance sheet date	**5.2**	**119.9**	**125.2**	**–165.6**	**–165.6**
Income in the financial year on holdings on balance sheet date					
Net gains / (losses) recognized in the income statement	–0.2		–0.2	–0.8	–0.8
Net gains / (losses) recognized in other comprehensive income		1.8	1.8		

1 This item contains the liability to acquire minority interests in TwentyFour Asset Management LLP (31.12.2020: CHF 163.6 M; 31.12.2019: CHF 114.2 M) and the liability from an earn-out-agreement relating to the acquisition of the US-based private clients portfolio of Lombard Odier (31.12.2020: CHF 2.0 M; 31.12.2019: CHF 3.0 M).

Valuation adjustments

The fair value of level 2 and level 3 instruments is always an estimate or an approximation of a value that cannot be determined with absolute certainty. In addition, the valuation methods used do not always reflect all the factors that are relevant when determining fair value. To ensure appropriate valuations in the case of products issued by Vontobel and OTC contracts, further factors such as model uncertainties and liquidity risks are taken into account where this is deemed necessary. Adjustments made due to model uncertainties reflect the limits of the valuation model used. Adjustments made due to liquidity risks take account of pricing risks related to hedging positions. Management believes it is necessary and appropriate to take these factors into account in order to correctly determine fair value.

The appropriateness of the valuation of financial instruments that are not traded in an active market is ensured through the application of clearly defined methods and processes as well as independent controls. The control processes comprise the analysis and approval of new instruments, the regular analysis of risks as well as gains and losses, the verification of prices and the examination of the models on which the estimates of the fair value of financial instruments are based. These controls are conducted by units that possess the relevant specialist knowledge and operate independently from the trading and investment functions.

Sensitivity of fair values of level 3 instruments

A change in the net asset value of unlisted equity instruments leads to a proportional change in fair value. A reasonably realistic change in input parameters has no significant impact on Vontobel's consolidated financial statements.

Day 1 profit

For level 1 and level 2 instruments, any difference between the transaction price and fair value – referred to as "day 1 profit" – is recorded in "Trading income" in the case of trading portfolio assets and liabilities, other financial instruments at fair value and derivative financial instruments. It is recorded in "Other comprehensive income" in the case of financial investments.

For level 3 instruments, "day 1 profit" is deferred and only recognized through profit or loss at a later point in time. During the financial year and the previous year, no level 3 instruments with deferred "day 1 profit" were recorded.

Reclassifications within the fair value hierarchy

In 2021 (previous year), positions with a fair value of CHF 162.0 million (CHF 291.7 million) were reclassified from level 1 to level 2 and positions with a fair value of CHF 127.7 million (CHF 170.4 million) were reclassified from level 2 to level 1. In the event of changes in the availability of market prices (market liquidity) or of binding net asset values of investment funds, reclassifications are made at the end of the period under review. Refer to section 4.2 of the accounting principles for information on the reclassification of precious metals and cryptocurrencies.

b) Financial instruments measured at amortized cost
The following table shows the carrying amount, estimated fair value and assignment to the fair value hierarchy of those financial instruments that are measured at amortized cost.

Financial instruments measured at amortized cost

					31.12.2021		31.12.2020
CHF M	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE TOTAL	BOOK VALUE TOTAL	FAIR VALUE TOTAL	BOOK VALUE TOTAL
Assets							
Cash	7,835.0			7,835.0	7,835.0	6,449.0	6,449.0
Due from banks		916.8		916.8	916.8	738.2	738.2
Receivables from securities financing transactions		1,847.7		1,847.7	1,847.7	1,255.4	1,255.4
Loans		7,248.8		7,248.8	7,102.5	6,565.9	6,378.6
Other assets[1]	26.0	476.6		502.6	502.6	545.0	545.0
Total	**7,861.0**	**10,489.8**		**18,350.9**	**18,204.6**	**15,553.7**	**15,366.3**
Liabilities							
Due to banks		982.7		982.7	982.7	715.8	715.8
Payables from securities financing transactions		12.7		12.7	12.7	302.5	302.5
Due to customers		14,793.3		14,793.3	14,793.3	14,646.5	14,646.5
Debt issued	456.1			456.1	449.1	456.8	448.6
Other liabilities[1]	0.2	751.2		751.4	751.4	796.7	796.7
Total	**456.3**	**16,540.0**		**16,996.2**	**16,989.3**	**16,918.2**	**16,910.1**

1 The item mainly includes the accrued interest as well as open settlement positions.

Short-term financial instruments at amortized cost or par value
This includes due from/to banks, loans and due to customers, as well as receivables/payables from securities financing transactions that have a maturity or a refinancing profile of a maximum of one year, the balance sheet item "cash", as well as financial instruments included in other assets/liabilities. In the case of short-term financial instruments, it is assumed that the carrying amount corresponds closely enough to the fair value.

Long-term financial instruments at amortized cost
This includes due from/to banks, loans and due to customers as well as receivables/payables from securities financing transactions that have a maturity or a refinancing profile of over one year, as well as debt issued. Fair value is determined using the present value method. For the valuation of the AT1 bond, the ask price is used.

30 Credit risks and impairment model

General information on the risk policy and credit risks

Please refer to sections 1 and 5 of the information about risk management and risk control.

Maximum credit risk before and after credit risk mitigation

The following table shows the maximum credit risk from all balance sheet and off-balance sheet positions and the available credit risk mitigation methods.

CHF M	CREDIT RISK BEFORE CREDIT RISK MITIGATION	CREDIT RISK MITIGATION[1]	31.12.2021 CREDIT RISK AFTER CREDIT RISK MITIGATION
Positions with credit risks			
Cash[2]	7,835.0		7,835.0
Due from banks	916.8	389.9	526.9
Receivables from securities financing transactions	1,847.7	1,847.2	0.5
Trading portfolio assets (debt instruments)	195.3		195.3
Positive replacement values	426.4	412.9	13.5
Other financial assets at fair value (debt instruments)	4,267.4		4,267.4
Loans	7,102.5	6,676.7	425.8
Financial investments (debt instruments)	1,485.9		1,485.9
Other assets	502.6	285.1	217.5
Exposure from credit default swaps[3]	170.9		170.9
Off-balance-sheet positions	437.2	403.3	33.8
Total	**25,187.7**	**10,015.2**	**15,172.5**

CHF M	CREDIT RISK BEFORE CREDIT RISK MITIGATION	CREDIT RISK MITIGATION[1]	31.12.2020 CREDIT RISK AFTER CREDIT RISK MITIGATION
Positions with credit risks			
Cash[2]	6,449.0		6,449.0
Due from banks	738.2	398.3	339.9
Receivables from securities financing transactions	1,255.4	1,253.1	2.3
Trading portfolio assets (debt instruments)	319.8		319.8
Positive replacement values	372.2	363.1	9.1
Other financial assets at fair value (debt instruments)	4,961.3		4,961.3
Loans	6,378.6	5,971.0	407.6
Financial investments (debt instruments)	2,133.4		2,133.4
Other assets	545.0	317.6	227.3
Exposure from credit default swaps[3]	262.8		262.8
Off-balance-sheet positions	365.6	329.6	36.0
Total	**23,781.4**	**8,632.8**	**15,148.6**

1 Credit risk mitigation is presented on the basis of Basel III regulations and encompasses netting agreements, securities collateral, cash collateral and mortgage collateral.
2 Bank notes and coins are included in the disclosure.
3 Default risks relating to the reference entities of credit default swaps where Vontobel acts as the protection seller. Any credit risk vis-à-vis the counterparty of the credit default swap is included in the balance sheet item “Positive replacement values”.

Impairment model

From the credit risks shown in the above table, those that fall within the scope of the IFRS 9 impairment model at Vontobel mainly comprise financial assets recognized at amortized cost, debt instruments in financial investments, and credit risks from off-balance sheet positions.

a) Credit risks by region

The following table shows the credit risks that fall within the scope of the impairment model, broken down by region. The domicile of the counterparty or issuer generally serves as the basis for the geographical assignment of risks.

CHF M	SWITZERLAND	EUROPE EXCL. SWITZERLAND	NORTH AMERICA	ASIA	OTHERS	31.12.2021 TOTAL
Cash	7,523.6	311.4				7,835.0
Due from banks	798.3	48.6	55.2	0.3	14.4	916.8
Receivables from securities financing transactions	1,828.9	18.8				1,847.7
Loans	2,934.3	2,069.0	255.6	426.1	1,417.5	7,102.5
Financial investments (debt instruments)	133.3	669.9	321.3	341.3	20.1	1,485.9
Other assets	426.5	64.0	6.5	4.7	0.9	502.6
Off-balance sheet	219.9	156.7	4.8	24.1	31.7	437.2
Total	**13,864.8**	**3,338.4**	**643.4**	**796.5**	**1,484.6**	**20,127.7**

CHF M	SWITZERLAND	EUROPE EXCL. SWITZERLAND	NORTH AMERICA	ASIA	OTHERS	31.12.2020 TOTAL
Cash	6,081.0	367.4	0.7			6,449.0
Due from banks	567.7	92.3	61.1	10.9	6.3	738.2
Receivables from securities financing transactions	9.0	400.5	845.9			1,255.4
Loans	3,095.3	1,445.3	560.4	262.2	1,015.5	6,378.6
Financial investments (debt instruments)	464.3	670.8	535.7	306.0	156.5	2,133.4
Other assets	492.7	38.1	9.7	1.7	2.7	545.0
Off-balance sheet	183.5	123.4	11.5	11.9	35.2	365.6
Total	**10,893.6**	**3,137.7**	**2,025.0**	**592.7**	**1,216.3**	**17,865.3**

b) Credit risks by counterparty type or industry

The following table shows the credit risks that fall within the scope of the impairment model, broken down by counterparty type or industry.

CHF M	GOVERNMENTS AND CENTRAL BANKS	BANKS	PUBLIC BODIES	PRIVATE AND INSTITUTIONAL COUNTER-PARTIES	OTHERS	31.12.2021 TOTAL
Cash	7,835.0					7,835.0
Due from banks		916.8				916.8
Receivables from securities financing transactions		1,847.7				1,847.7
Loans				7,102.5		7,102.5
Financial investments (debt instruments)	254.9	542.7	425.6		262.7	1,485.9
Other assets		25.6		114.9	362.1	502.6
Off-balance sheet		34.5		402.7	0.0	437.2
Total	**8,089.9**	**3,367.3**	**425.6**	**7,620.1**	**624.8**	**20,127.7**

CHF M	GOVERNMENTS AND CENTRAL BANKS	BANKS	PUBLIC BODIES	PRIVATE AND INSTITUTIONAL COUNTER-PARTIES	OTHERS	31.12.2020 TOTAL
Cash	6,449.0					6,449.0
Due from banks		738.2				738.2
Receivables from securities financing transactions		1,255.4				1,255.4
Loans				6,378.6		6,378.6
Financial investments (debt instruments)	178.4	599.8	502.2		852.9	2,133.4
Other assets		27.8		124.6	392.5	545.0
Off-balance sheet		77.9	34.7	163.2	89.8	365.6
Total	**6,627.5**	**2,699.3**	**537.0**	**6,666.4**	**1,335.1**	**17,865.3**

c) Expected credit losses

The following table shows the expected credit losses for those credit risks that fall within the scope of the impairment model.

CHF M	12-MONTH LOSSES	LIFETIME LOSSES	31.12.2021 TOTAL	12-MONTH LOSSES	LIFETIME LOSSES	31.12.2020 TOTAL
Cash[1]						
Due from banks[1]	0.3		0.3	0.1	0.0	0.2
Receivables from securities financing transactions[1]						
Loans[1]	0.2	25.9	26.1	0.3	23.9	24.1
Financial investments (debt instruments)[2]	0.3	0.0	0.3	0.5	0.0	0.5
Other assets[1]		5.1	5.1		5.1	5.1
Off-balance sheet[3]	0.0		0.0	0.0		0.0
Total	**0.8**	**31.0**	**31.8**	**0.9**	**29.0**	**29.9**

1 Expected losses were deducted from the balance sheet item.
2 Expected losses were recognized in other comprehensive income.
3 Expected losses were recognized as a provision.

Due to the very good creditworthiness of the counterparties, the daily monitoring of credit positions (exception: mortgages), the short maturity of many debt instruments and the prudent lending rates of the collateral received, expected credit losses in stages 1 and 2 are very low.

Financial instruments in stage 3 of the impairment model represent impaired loans. In the year under review and the previous year, they were contained in the balance sheet positions “Loans” and “Other assets”. The following table shows the development of expected credit losses from impaired loans and the stage of impaired loans before and after collateral is considered.

EXPECTED CREDIT LOSSES FROM IMPAIRED LOANS	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Balance at the beginning of the year	28.4	26.1	2.3	9
Utilization in conformity with designated purpose	–11.2	–0.0	–11.2	
Doubtful interest income	0.3	1.7	–1.4	–82
Recoveries				
Increase / (decrease) recognized in the income statement, net	6.5	0.6	5.9	983
Change in scope of consolidation				
Reclassification				
Currency translation adjustments				
Allowances as at the balance sheet date	**24.1**	**28.4**	**–4.3**	**–15**

IMPAIRED LOANS	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020	CHANGE TO 31.12.2020 IN %
Impaired loans	36.6	32.9	3.7	11
Estimated proceeds of liquidating collateral	4.5	4.5	0.0	
Impaired loans, net	**32.1**	**28.4**	**3.7**	**13**

Depending on the specific case, receivables with evidence of impairment (or the collateral received) are sold or held until the insolvency or legal proceedings have been concluded and then derecognized.

d) Credit risks by rating classes

The following tables show credit risks that fall within the scope of the impairment model, broken down by rating classes to the extent that the internal or external rating of the borrower or of any guarantor represents a relevant criterion at the time of lending or when the purchase decision was made. For remaining credit risks, the collateral received is the primary or sole factor considered when granting the loan or reaching a purchase decision (especially receivables from securities financing transactions and lombard loans), which is why they are not included in the following tables. For “Due from banks”, only the carrying amounts of unsecured exposures are shown. For loans, the carrying amounts of mortgages and of receivables guaranteed by a third party with an external rating are shown.

Due from banks (unsecured exposures)

CHF M	STAGE 1	STAGE 2 & 3	31.12.2021 TOTAL	STAGE 1	STAGE 2 & 3	31.12.2020 TOTAL
AAA-AA	3.3		3.3	45.9		45.9
A	523.6		523.6	289.2		289.2
BBB-BB				1.9	1.7	3.6
B						
CCC-CC						
C						
D						
without rating					1.3	1.3
Total	**526.9**		**526.9**	**336.9**	**3.0**	**339.9**

Loans (mortgages)

CHF M	STAGE 1	STAGE 2 & 3	31.12.2021 TOTAL	STAGE 1	STAGE 2 & 3	31.12.2020 TOTAL
Internal rating 1–2	1,315.9		1,315.9	1,187.1		1,187.1
Internal rating 3–4	300.2		300.2	263.6		263.6
Internal rating 5–6	14.2		14.2	18.2		18.2
Internal rating 7–8		6.1	6.1		6.8	6.8
Total	**1,630.3**	**6.1**	**1,636.4**	**1,468.9**	**6.8**	**1,475.7**

Loans (rating of third-party guarantor)

			31.12.2021			31.12.2020
CHF M	STAGE 1	STAGE 2 & 3	TOTAL	STAGE 1	STAGE 2 & 3	TOTAL
AAA-AA	2.2		2.2	22.8		22.8
A	52.0		52.0	82.2		82.2
BBB-BB	0.5		0.5	32.9		32.9
B						
CCC-CC						
C						
D						
without rating		7.6	7.6			
Total	**54.7**	**7.6**	**62.3**	**137.9**		**137.9**

Financial investments (debt instruments)

			31.12.2021			31.12.2020
CHF M	STAGE 1	STAGE 2 & 3	TOTAL	STAGE 1	STAGE 2 & 3	TOTAL
AAA-AA	1,132.2		1,132.2	1,440.3		1,440.3
A	340.5		340.5	673.5		673.5
BBB-BB	13.2		13.2	19.4		19.4
B						
CCC-CC						
C						
D						
without rating					0.2	0.2
Total	**1,485.9**		**1,485.9**	**2,133.2**	**0.2**	**2,133.4**

31 Netting agreements

To reduce credit risks related to derivative contracts and securities financing transactions, Vontobel enters into master netting agreements or similar netting arrangements with its counterparties. These netting agreements include ISDA Master Netting Agreements, Global Master Securities Lending Agreements (GMSLA), Global Master Repo Agreements (GMRA) and derivatives market rules.

These netting agreements enable Vontobel to protect itself against loss in the event of a possible insolvency or other circumstances that result in a counterparty being unable to meet its obligations. In such cases, the netting agreements provide for the immediate net settlement of all financial instruments covered by the agreement. The right of offset essentially only becomes enforceable following a default event or other circumstances not expected to arise in the normal course of business. Consequently, financial instruments covered by a netting agreement do not meet the requirements for balance sheet offsetting, which is why the carrying amounts of the corresponding financial instruments are not offset on the balance sheet.

Financial assets

CHF M	AMOUNT BEFORE BALANCE SHEET OFFSETTING	BALANCE SHEET OFFSETTING	BOOK VALUE	FINANCIAL INSTRUMENTS NOT OFFSET	COLLATERAL RECEIVED	UNSECURED AMOUNT
Positive replacement values	426.4		426.4	82.2	330.7	13.5
Receivables from securities financing transactions	1,847.7		1,847.7		1,847.2	0.5
Total 31.12.2021	**2,274.1**		**2,274.1**	**82.2**	**2,177.9**	**14.0**

Financial liabilities

CHF M	AMOUNT BEFORE BALANCE SHEET OFFSETTING	BALANCE SHEET OFFSETTING	BOOK VALUE	FINANCIAL INSTRUMENTS NOT OFFSET	COLLATERAL PROVIDED	UNSECURED AMOUNT
Negative replacement values [1]	937.4		937.4	82.2	826.8	28.4
Payables from securities financing transactions	12.7		12.7		12.7	
Total 31.12.2021	**950.2**		**950.2**	**82.2**	**839.5**	**28.4**

1 Negative replacement values in the amount of CHF 567.6 M are not included in the table because the corresponding derivatives are not covered by a netting agreement.

Financial assets

CHF M	AMOUNT BEFORE BALANCE SHEET OFFSETTING	BALANCE SHEET OFFSETTING	BOOK VALUE	FINANCIAL INSTRUMENTS NOT OFFSET	COLLATERAL RECEIVED	UNSECURED AMOUNT
Positive replacement values	372.2		372.2	102.9	260.2	9.1
Receivables from securities financing transactions	1,255.4		1,255.4		1,253.1	2.3
Total 31.12.2020	**1,627.6**		**1,627.6**	**102.9**	**1,513.3**	**11.4**

Financial liabilities

CHF M	AMOUNT BEFORE BALANCE SHEET OFFSETTING	BALANCE SHEET OFFSETTING	BOOK VALUE	FINANCIAL INSTRUMENTS NOT OFFSET	COLLATERAL PROVIDED	UNSECURED AMOUNT
Negative replacement values [1]	677.6		677.6	102.9	550.3	24.4
Payables from securities financing transactions	302.5		302.5		302.1	0.4
Total 31.12.2020	**980.1**		**980.1**	**102.9**	**852.4**	**24.8**

1 Negative replacement values in the amount of CHF 538.0 M are not included in the table because the corresponding derivatives are not covered by a netting agreement.

32 IBOR reform

Background

As part of the IBOR reform, existing reference rates (IBOR rates) will be replaced by overnight alternative reference rates. In March 2021, the UK's Financial Conduct Authority (FCA) announced that it intends to cease publication of all London Interbank Offered Rate (LIBOR) settings for the currencies CHF, EUR, GBP and JPY, as well as the 1 week and 2 month USD LIBOR settings, after December 31, 2021. For the other USD LIBOR settings, publication will cease immediately after June 30, 2023.

In the case of IBOR-based financial instruments that will mature before IBOR cessation, there is basically no need for action to be taken. However, IBOR-based financial instruments with maturities extending beyond IBOR cessation must be changed to an alternative reference rate. Particular attention must be paid to IBOR-based financial instruments without legally or operationally robust fallback clauses or written agreements concerning an alternative reference rate ("tough legacy"). Vontobel did not hold any tough legacy positions as of December 31, 2021.

Implementation of the IBOR reform by Vontobel

A Group-wide project team will ensure the timely implementation of the IBOR reform across all areas of Vontobel. The status of the implementation process is shown below:

– CHF, EUR, GBP, JPY: As of December 31, 2021, Vontobel had adjusted all LIBOR-based positions in these currencies.
  In the case of the Additional Tier 1 bond in CHF, the reset margin for the coupon for the next five years (applicable for the first time from October 31, 2023) will be left unchanged at 2.6050% in accordance with market practice and the ISDA 2020 IBOR Fallbacks Protocol, and the CHF Compounded SARON Mid-Market Swap Rate +0.0741% will now be used as the reference rate.
– OTC derivatives: Most OTC derivatives are based on master agreements issued by the International Swaps and Derivatives Association (ISDA). Due to the IBOR reform, the ISDA published the IBOR Fallbacks Protocol for existing LIBOR-based contracts and the IBOR Fallbacks Supplement for new LIBOR-based contracts in October 2020. The amendments to the ISDA master agreement enter into effect for all contracts operating under ISDA between two counterparties provided both parties have signed the new ISDA fallback documents. Vontobel signed the relevant documents in November 2020. The Swiss Bankers Association has adapted the Swiss master agreement for OTC derivatives accordingly. As of December 31, 2021, Vontobel still held total return swaps and interest rate swaps based on USD LIBOR.
– Issued products: As of December 31, 2021, credit-linked notes based on USD LIBOR were still outstanding.
– Floating rate notes (FRNs): As of December 31, 2021, Vontobel still held FRNs from third-party issuers based on the USD LIBOR. The issuer is, in principle, responsible for switching these FRNs to an alternative reference rate. Vontobel is monitoring the situation and will, if necessary, dispose of the FRNs before June 30, 2023.

As of December 31, 2021, total return swaps and interest rate swaps with a positive replacement value of CHF 1.4 million or a negative replacement value of CHF 6.2 million and a nominal value totaling CHF 201.5 million, as well as credit-linked notes and floating rate notes totaling CHF 0.5 million and CHF 53.8 million, were recognized that are based on USD LIBOR and have to be migrated to an alternative interest rate before expiration.

Based on the status of implementation work and the steps that have additionally been initiated or are planned, Vontobel will – where required – be able to transition the remaining IBOR-based financial instruments to an alternative reference rate within the prescribed timeframe.

Risks

The IBOR reform entails economic, legal, operational and other risks. In connection with the implementation of the IBOR reform, the project team is identifying, managing and monitoring the corresponding risks. The IBOR reform did not lead to any changes in Vontobel's risk management strategy.

Off-balance sheet business and other information

33 Off-balance sheet business

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Contingent liabilities				
Credit guarantees[1]	322.7	238.8	83.9	35
Performance guarantees	1.0	2.7	–1.7	–63
Other contingent liabilities[2]	41.0	40.2	0.8	2
Total	**364.7**	**281.6**	**83.1**	**30**
Irrevocable commitments				
Undrawn irrevocable credit facilities[3]	112.2	122.4	–10.2	–8
of which payment obligations to client deposit protections	*31.3*	*34.2*	*–2.8*	*–8*

1 This item consists primarily of guarantee obligations issued in connection with client relationships.
2 This item consists primarily of contingent liabilities related to litigation.
3 This item consists primarily of irrevocable lending commitments and loan repayment commitments as well as the payment obligations to client deposit protections.

The allocation of components to contingent liabilities and irrevocable commitments was refined and the prior year was amended accordingly. Of the aggregate sum of CHF 476.8 M (previous year: CHF 404.0 M) comprising contingent liabilities and irrevocable commitments, a total of CHF 403.3 M (previous year: CHF 329.7 M) is secured by recognized collateral and CHF 73.5 M (previous year: CHF 74.3 M) is unsecured.

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Commitments for capital increases and capital contributions				
Commitments for capital increases and capital contributions	0.2	0.2	–0.0	
Total	**0.2**	**0.2**	**–0.0**	
Fiduciary transactions				
Fiduciary placements	1,268.6	1,476.8	–208.2	–14
Total	**1,268.6**	**1,476.8**	**–208.2**	**–14**

Litigation

In connection with the fraud committed by Bernard Madoff, the liquidators of investment vehicles that invested directly or indirectly in Madoff funds have filed lawsuits with various courts against more than 100 banks and custodians. The litigation is targeted at investors who redeemed their investments in these vehicles between 2004 and 2008. The liquidators are demanding that the investors repay the sums involved because they consider them to have been obtained unjustly as a result of the redemptions. Since the liquidators often only know the names of the investors' custodian banks, they have filed the lawsuits against them. Several legal entities of Vontobel are or may be affected directly or indirectly by the litigation in their capacity as a bank or custodian. The claims filed against Vontobel since 2010 concern the redemption of investments. The litigation amounts total around USD 44.1 million. However, based on the information currently available to it, Vontobel believes the probability of a lawsuit resulting in an outflow of funds is low and it has therefore decided not to set aside any provisions for such a lawsuit, but rather to disclose the amount under contingent liabilities.

34 Hedge accounting

Cash flow hedges
Vontobel is exposed to volatility in future interest income (or cash flows) on secured loans (lombard loans), the majority of which bear short-term interest and are likely to be reinvested. In the past, Vontobel hedged part of this interest income using multi-year receiver interest rate swaps. The final hedge expired in January 2021. Refer to the Annual Report 2020, page 184, for information on the treatment of these cash flow hedges.

Fair value hedges
Vontobel hedges part of the long-term mortgages against general interest rate risks using payer interest rate swaps with maturities that match the terms of the hedged mortgages as far as possible. The client-related risk premium is therefore not part of the hedge. The effectiveness of the hedge is tested prospectively using various interest rate scenarios. Hedge ineffectiveness can arise primarily due to any differences between the term of the hedged mortgages and the maturities of the hedging instruments on the one hand, and changes in the fair value of the variable side of the interest rates swaps on the other. Interest rate swaps are only entered into on a collateralized basis, which is why changes in the creditworthiness of the counterparty do not, in principle, have any impact on the valuation of the hedging instruments.

The change in the fair value of interest rate swaps is recognized in trading income. The change in the fair value of hedged mortgages that is attributable to the hedged risk leads to an adjustment of the carrying amount of the corresponding mortgages and is also recognized in trading income. In the case of early termination of the hedge, the cumulative adjustment of the carrying amount of the corresponding mortgages is recognized in net interest income over their remaining term.

Hedges of net investments in foreign operations
Vontobel hedges part of the foreign currency risks related to its net investments in foreign operations. The spot components of foreign currency forwards with short maturities and the foreign currency components of due to customers on demand in the corresponding currency serve as hedging instruments in this context. In principle, there is no ineffectiveness since, on the one hand, the foreign exchange rate used for the currency translation of the net investments and for the valuation of hedging instruments is identical and, on the other hand, the foreign currency forwards are only entered into on a collateralized basis, which is why changes in the creditworthiness of the counterparty do not, in principle, have any impact on the valuation of the hedging instruments.

The change in fair value of the effective portion of the forwards and of the foreign currency components of financial liabilities is recognized in other comprehensive income and is shown in the statement of equity in the column “Currency translation adjustments”, while the change in fair value of the ineffective and / or non-designated portion (interest component) of the forwards is recognized in trading income. If a realization event occurs (e.g. when control over a Group company is lost), the related income from hedges is transferred from shareholders’ equity to the item “Other income” in the income statement.

Information on hedging instruments

CHF M	31.12.2021	31.12.2020
Cash flow hedges		
Positive replacement values of interest rate swaps		0.0
Negative replacement values of interest rate swaps		
Nominal value of interest rate swaps		17.7
Nominal value-weighted residual term of interest rate swaps (in years)		0.1
Fair value hedges		
Positive replacement values of interest rate swaps	2.4	
Negative replacement values of interest rate swaps		7.2
Nominal value of interest rate swaps	238.3	173.3
Nominal value-weighted residual term of interest rate swaps (in years)	9.0	9.2
Hedges of net investments in foreign operations		
Positive replacement values of forwards	0.3	
Negative replacement values of forwards		0.3
Nominal value of forwards	72.5	75.7
Due to customers		39.9

Effect of hedge accounting on the components of shareholders' equity "Cash flow hedges" and "Currency translation adjustments" (before taxes)[1]

	CASH FLOW HEDGES		CURRENCY TRANSLATION ADJUSTMENTS	
CHF M	2021	2020	2021	2020
Balance at the beginning of the year	0.0	0.4	7.5	4.8
Income during the reporting period	–0.0	–0.4	–5.5	2.6
Gains and losses transferred to the income statement				
As at the balance sheet date		**0.0**	**2.0**	**7.5**

1 The two components of shareholders' equity are reported in the balance sheet item "Other components of shareholders' equity".

Effect of fair value hedge accounting on the carrying amount of mortgages

CHF M	31.12.2021	31.12.2020
Cumulative adjustments	–3.0	6.3

Ineffectiveness

CHF M	2021	2020
Cash flow hedges		0.0
Fair value hedges	0.3	0.0
Hedges of net investments in foreign operations		

35 Client assets

Client assets is a broader term than assets under management and comprises all bankable assets that are managed by or deposited with Vontobel, including assets that are held solely for transaction or custody purposes and for which further services are provided. It also comprises investment products offered by Financial Products to give private and institutional clients access to all asset classes and markets.

Client assets

	31.12.2021 CHF B	31.12.2020 CHF B	CHANGE TO 31.12.2020 CHF B	IN %
Assets under management	243.7	219.6	24.1	11
Other advised client assets	16.3	20.4	–4.1	–20
Structured products and debt instruments outstanding	8.1	8.2	–0.2	–2
Total advised client assets	**268.1**	**248.2**	**19.9**	**8**
Custody assets	28.6	64.0	–35.4	–55
Total client assets	**296.8**	**312.2**	**–15.4**	**–5**

Assets under management

	31.12.2021 CHF B	31.12.2020 CHF B	CHANGE TO 31.12.2020 CHF B	IN %
Assets in self-managed collective investment instruments	65.8	60.6	5.2	9
Assets with management mandate	94.8	86.7	8.1	9
Other assets under management	83.1	72.4	10.7	15
Total assets under management	**243.7**	**219.6**	**24.1**	**11**
of which double counts	*6.9*	*6.7*	*0.2*	*3*

Calculation in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority (FINMA) concerning accounting standards for financial institutions and Vontobel internal guidelines

Development of assets under management

CHF B	2021	2020
Total assets under management (incl. double counts) at the beginning of the period	219.6	198.9
Change attributable to net new money	8.1	14.8
Change attributable to market value	16.0	4.0
Change attributable to other effects[1]		2.0
Total assets under management (incl. double counts) at the balance sheet date	**243.7**	**219.6**

1 2020: Reclassification of strategic certificates with a discretionary or predefined set of rules for the management of the underlying index or portfolio (underlying asset) as assets under management as of 01.07.2020 (value as of 31.12.2020: CHF 2.6 B).

Assets under management and net inflows / outflows of new money

Assets under management are calculated and reported in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority (FINMA) concerning accounting rules for financial institutions (FINMA Circular 20 / 01). Assets under management comprise all of the assets managed or held for investment purposes of private, corporate and institutional clients. This includes all amounts due to customers in the form of savings and deposit accounts, fixed-term and fiduciary deposits and assets placed with us for investment purposes. Assets under management that are deposited with third parties are included to the extent that they are managed by a Vontobel company. Assets under management only include those assets on which Vontobel generates considerably higher income than on assets that are held solely for custody purposes or the execution of transactions. These types of custody assets are reported separately. Assets that are counted more than once, i.e. in several categories of assets under management that are to be disclosed, are shown under double counts. They primarily include shares in self-managed collective investment instruments as well as strategic certificates (actively managed certificates, tracker certificates) in client portfolios.

Net inflows or outflows of assets under management during the reporting period consist of the acquisition of new clients, the departure of clients as well as inflows and outflows of assets from existing clients. This also includes the borrowing and the repayment of loans, as well as the distribution of collective capital investments. The calculation of the net inflow or outflow of new money is performed at the level "Total assets under management". If there is a change in the service provided, resulting in the reclassification of assets under management as assets held for custody purposes or vice versa, this is recorded as an outflow of new money or an inflow of new money, respectively. Securities-related and currency-related changes in market value, interest and dividends, fee charges, loan interest paid and the impacts of acquisitions and disposals in Vontobel's subsidiaries or businesses do not constitute inflows or outflows of assets.

In the case of assets under discretionary management, the client delegates portfolio investment activities to a Vontobel company. Assets under discretionary management comprise client assets where Vontobel decides how the funds are to be invested based on a prior structured analysis of the client's risk appetite and risk capacity. The information relates to assets deposited with Group companies as well as with third parties for which Vontobel exercises a management mandate.

With assets under non-discretionary management with account and portfolio management, it is assumed that the client himself follows developments in the international capital markets and takes investment decisions. The client requires an account for the settlement of transactions and a custody account for the safekeeping of securities. The client is not actively offered advice.

Other advised client assets

Other advised client assets include the assets of clients with special relationships that cannot be reported either as assets under management or custody assets. In addition, assets in self-managed collective investment vehicles without discretionary portfolio management or without individual sales are also classed as other client assets.

36 Collective investment instruments

As an active asset manager, Vontobel manages a wide range of collective investment instruments. Vontobel's investment funds are classed as structured entities according to IFRS 12. Since Vontobel – as agent – acts primarily in the interests of investors, the investment funds are not consolidated. Shares of its proprietary investment funds are treated as financial instruments. There are no contractual or constructive obligations to provide financial or other forms of support for the investment funds.

Under the terms of the relevant investment regulations, Vontobel manages the fund assets on behalf of the investors who invested capital in the respective investment funds. Vontobel also performs various administrative functions for the investment funds. Vontobel receives fees for providing these services; the level of fees is in line with normal market rates. As of December 31, 2021, the volume of assets in Vontobel investment funds totaled CHF 71.9 billion (previous year: CHF 65.2 billion). In the financial year 2021, Vontobel generated gross income of CHF 603.2 million (previous year: CHF 473.3 million) from the provision of services to these investment funds.

The following table shows the carrying amount of the shares of these investment funds held by Vontobel. The carrying amount corresponds to the maximum potential loss.

CHF M	TRADING PORTFOLIO ASSETS	OTHER FINANCIAL ASSETS AT FAIR VALUE	TOTAL
Carrying amount as of 31.12.2020	3.7	25.1	28.8
Carrying amount as of 31.12.2021	**4.2**	**27.7**	**31.9**

37 Employee benefit plans

In Switzerland, Vontobel insures its employees against the financial consequences of old age, disability and death primarily through two autonomous occupational pension funds (basic fund and supplementary fund). It also operates an employee welfare fund.

The Board of Trustees is the most senior governing body of the pension funds and is composed of employee and employer representatives. Pension benefits are funded through employer and employee contributions, which amount to between 3.0 percent and 18.5 percent, or between 1.5 percent and 16.0 percent of the insured salary, depending on the age group. Upon reaching the ordinary retirement age of 64 years for women or 65 years for men, the pension funds give the insured the choice between receiving a lifelong pension and drawing part or all of their pension benefits in the form of a lump-sum payment. The annual pension is calculated on the basis of the pension assets available at the retirement date, multiplied by the applicable conversion rate. Depending on the year in which the insured was born and on the pension fund, the conversion rate at the ordinary retirement age is between 5.5 percent and 6.1 percent (from 2022: 5.2 percent and 6.0 percent). The insured can take early retirement from the age of 58. Disability pensions and pensions for surviving spouses are defined as a percentage of the insured salary. The benefits and contributions are set out in the pension fund regulations, with the minimum benefits being prescribed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). In the event of a funding deficit according to the BVG, the employer can be required to pay contributions towards the restructuring of the pension fund. At the end of 2021, both pension funds had a funded status – as defined by the BVG – of over 100 percent.

The Board of Trustees of each pension fund is responsible for investing its assets. The investment strategy is defined in such a way as to enable pension benefits to be paid when they fall due.

The Swiss pension funds were set up according to the Swiss method of defined contributions but are classed as defined benefit plans under IAS 19 because both the actuarial risks and the investment risks are borne not only by the insured but also by the company.

In the case of defined benefit plans, the pension obligations and expenses are determined by actuarial appraisals prepared by outside experts according to the projected unit credit method. The appropriate calculations are performed on an annual basis. The net amount recognized in the balance sheet corresponds to the funding surplus or funding deficit of the defined benefit pension plans, taking account of any possible restrictions on the amount of a surplus that can be recognized as an asset (asset ceiling). Net interest based on the net liability or net asset of the defined benefit pension plans, the current and (due to plan amendments or plan curtailments) past service costs, the administration costs (excluding asset management costs) and the gains and losses arising from plan settlements are recorded in personnel expense. Actuarial gains and losses on pension liabilities as well as the return on plan assets and changes due to the asset ceiling (following the deduction of the sums recorded in net interest) are recognized in other comprehensive income.

The most recent actuarial calculation according to IAS 19 was carried out for these pension plans by independent experts as of May 1, 2021. Past service costs in the year under review include the impact of changes to the regulations of pension funds in Switzerland (income of CHF 15.5 million due to a reduction in conversion rates, effective January 1, 2022). There were no plan amendments in the previous year. There were no plan settlements and plan curtailments in the year under review or in the previous year.

Vontobel has foreign pension plans in Australia, Dubai, France, Hong Kong, Italy, Luxembourg, Singapore, Spain, UK and the US that are classed as defined contribution plans under IAS 19. Vontobel has individual pension commitments in Germany, for which the corresponding provisions have been recognized.

No actuarial calculations are required in order to record defined contribution plans in the balance sheet. The contributions to these types of pension plans are recorded in the income statement when the employees render the corresponding services, which is generally in the year in which the contributions are paid.

Defined benefit pension plans in Switzerland

CHF M	PENSION OBLIGATIONS	PLAN ASSETS	ASSET CEILING	TOTAL
Total at 01.01.2021	**–1,430.7**	**1,387.7**		**–43.0**
Current service cost	–46.7			–46.7
Past service cost	15.5			15.5
Gain / losses on settlement				
Interest income / (interest expense)	0.1	–0.1		0.0
Administration cost	–0.7			–0.7
Others				
Total cost recognized in personnel expense	**–31.8**	**–0.1**		**–31.9**
Actuarial gains / losses on obligations				
of which changes in financial assumptions	–20.0			–20.0
of which changes in demographic assumptions	–7.2			–7.2
of which experience adjustments	–11.6			–11.6
Return on plan assets excluding interest income		136.5		136.5
Change in effect of asset ceiling excluding interest				
Total cost recognized in other comprehensive income	**–38.9**	**136.5**		**97.7**
Employee contributions	–27.2	27.2		
Employer contributions		37.5		37.5
Benefits paid resp. deposited	34.2	–34.2		
Business combination				
Others				
Total at 31.12.2021	**–1,494.4**	**1,554.6**		**60.2**
of which active members	*–1,094.3*			
of which pensioners	*–400.1*			
of which reported in Other assets				*60.2*
of which reported in Other liabilities				

The component of personnel expense comprising pension and other employee benefit plans totaled CHF 36.6 M, consisting of CHF 31.9 M for defined benefit pension plans and CHF 4.7 M for defined contribution pension plans. Pension obligations and costs are presented as negative amounts.

CHF M	PENSION OBLIGATIONS	PLAN ASSETS	ASSET CEILING	TOTAL
Total at 01.01.2020	**–1,375.5**	**1,339.8**		**–35.8**
Current service cost	–47.3			–47.3
Past service cost				
Gain / losses on settlement				
Interest income / (interest expense)				
Administration cost	–0.7			–0.7
Others				
Total cost recognized in personnel expense	**–48.0**			**–48.0**
Actuarial gains / losses on obligations				
of which changes in financial assumptions	–24.2			–24.2
of which changes in demographic assumptions	48.1			48.1
of which experience adjustments	–25.4			–25.4
Return on plan assets excluding interest income		6.5		6.5
Change in effect of asset ceiling excluding interest				
Total cost recognized in other comprehensive income	**–1.4**	**6.5**		**5.1**
Employee contributions	–25.5	25.5		
Employer contributions		35.5		35.5
Benefits paid resp. deposited	19.5	–19.5		
Business combination				
Others				
Total at 31.12.2020	**–1,430.7**	**1,387.7**		**–43.0**
of which active members	*–1,043.1*			
of which pensioners	*–387.7*			
of which reported in Other assets				
of which reported in Other liabilities				*–43.0*

The component of personnel expense comprising pension and other employee benefit plans totaled CHF 52.6 M, consisting of CHF 48.0 M for defined benefit pension plans and CHF 4.6 M for defined contribution pension plans. Pension obligations and costs are presented as negative amounts.

Composition of plan assets

CHF M	31.12.2021	31.12.2020
Quoted market price		
Cash and cash equivalents	71.4	43.5
Equity instruments	663.0	587.6
Debt instruments	461.7	471.9
Real estate	155.0	142.8
Derivatives	10.7	–0.7
Commodities	110.2	66.9
Others	0.3	
Total fair value	**1,472.2**	**1,312.2**
Non-quoted market price		
Debt instruments	8.6	9.8
Real estate	62.2	55.4
Others	11.6	10.4
Total fair value	**82.4**	**75.5**
Total plan assets at fair value	**1,554.6**	**1,387.7**
of which registered shares of Vontobel Holding AG		
of which debt instruments of Vontobel		
of which credit balances with Vontobel companies	*67.5*	*40.0*
of which securities lent to Vontobel		

Maturity profile of defined benefit obligation

IN YEARS	31.12.2021	31.12.2020
Weighted average duration of defined benefit obligation	10.7	11.0

Actuarial assumptions
Demographic assumptions (e.g. probability of death, disability or termination) are based on the BVG 2020 actuarial tables (cohort life tables), which draw on observations of large insurance portfolios in Switzerland over a period of several years, and are adapted to reflect conditions specific to Vontobel or empirical values where necessary. The increase in mortality is calculated using the CMI Model. A long-term rate of change (LTR) of 1.25 percent is assumed in this context.

The discount rate is used to determine the present value of pension obligations and is based on the yields on high-quality corporate bonds in Swiss francs. A yield curve is calculated using the yields on this type of corporate bond. The individual pension obligations are discounted using the interest rate on the yield curve that applies to their duration.

In the following table, the item “Discount rate” shows the constant interest rate that would result in the same present value of pension obligations as if a discount were applied using the interest rates on the yield curve.

Actuarial assumptions

IN %	31.12.2021	31.12.2020
Discount rate	0.3	0.2
Rate of interest credit on retirement savings	0.4	0.1
Expected rate of salary increases	1.0	1.0
Expected rate of pension increases		

Estimated contributions to defined benefit pension plans in the following year

CHF M	2021	2020
Employer contributions	37.3	35.5
Employee contributions	27.0	25.3

Plan-specific sensitivities

The following overview shows the impacts of an isolated change in the main actuarial assumptions on the present value of pension obligations as of December 31, 2021, and December 31, 2020. The discount rate and the rate of interest credit on retirement savings were reduced/increased by 0.25 percentage points and the expected rate of salary increases was reduced/increased by 0.5 percentage points. The sensitivity relating to mortality was calculated using a method where mortality was reduced or increased by a set factor so that life expectancy for most age categories was increased or reduced by approximately one year. The sensitivity analyses were produced in the same way as in the previous year.

Plan-specific sensitivities

CHF M	DEFINED BENEFIT OBLIGATION 31.12.2021	DEFINED BENEFIT OBLIGATION 31.12.2020
Current actuarial assumptions	1,494.4	1,430.7
Discount rate		
Reduction of 25 basis points	1,536.7	1,472.2
Increase of 25 basis points	1,454.9	1,392.0
Rate of interest credit on retirement savings		
Reduction of 25 basis points	1,481.3	1,423.8
Increase of 25 basis points	1,507.8	1,444.3
Salary increases		
Reduction of 50 basis points	1,485.5	1,421.3
Increase of 50 basis points	1,503.1	1,440.0
Life expectancy		
Reduction in longevity by one year	1,462.9	1,400.1
Increase in longevity by one additional year	1,525.7	1,461.1

38 Other employee benefits payable in the long term

Other employee benefits payable in the long term exist in the form of long service awards and sabbatical leave. As in the case of defined benefit pension plans, actuarial calculations have been performed and an accrued expense recognized for these benefits.

CHF M	31.12.2021	31.12.2020
Accrued expense for long service awards and sabbatical leaves	2.1	2.0

39 Employee share-based benefit program and other deferred compensation

Under the current share participation plan, which was introduced in spring 2004, employees can opt to receive 25 percent of their bonus in the form of bonus shares of Vontobel Holding AG at preferential terms. For bonus amounts exceeding CHF 100,000, it is mandatory for employees to take 25 percent of the bonus in the form of shares. Employees who exercise roles that are defined by the Board of Directors as special positions are required to take 33 percent of their bonus in the form of shares. In the case of members of the Executive Committee, this mandatory portion increases to 50 percent of their total bonus. These shares are awarded at a price corresponding to 80 percent of the relevant market price. The relevant market price is the average of the closing prices in the month of December of the year for which the bonus is paid. The bonus shares are blocked for three years and cannot be disposed of during that period. The fair value of bonus shares at grant date is charged as personnel expense. Employees who receive bonus shares automatically participate in the performance shares program. The right to receive performance shares depends on the performance of the business over the last three years, hence the name “performance shares”, as well as on the number of bonus shares received. The company’s average return on equity (ROE) and the average risk profile (BIS total capital ratio) are taken into account when determining its performance. A third requirement when receiving performance shares is that they are only paid to employees who remain in an employment relationship on which notice has not been served three years after they received the bonus shares. On the balance sheet date, the expense relating to the performance share program is estimated for the entire vesting period and charged to personnel expense on a pro rata temporis basis. When determining the expense, the estimates for the return on equity, the BIS total capital ratio and the probability that employees will leave the company are updated, while the relevant share price is fixed at the time when the rights to receive performance shares are granted and is not adjusted during the vesting period. It corresponds to the fair value of the Vontobel Holding AG share at this time, less the present value of the dividends expected during the vesting period.

Blocked shares

	EMPLOYEES		MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE	
NUMBER	2021	2020	2021	2020
Holdings of blocked shares at the beginning of the year	1,088,230	1,077,396	413,196	488,094
Allocated shares and transfers (addition)	550,894	414,496	72,331	137,275
Shares for which the blocking period has lapsed	–312,853	–307,182	–129,810	–164,653
Shares of employees / members who have left the Group and transfers (reduction)	–125,971	–96,480	–128,362	–47,520
Holdings of blocked shares as at the balance sheet date	**1,200,300**	**1,088,230**	**227,355**	**413,196**
Charged as personnel expense in the year under review (CHF M)	2.1	–1.0	0.3	–0.2
Charged as personnel expense in the preceding year (CHF M)	37.9	27.5	5.0	9.3
Average price of shares upon allocation (CHF)	72.55	64.00	73.31	66.10
Fair value of blocked shares as at the balance sheet date (CHF M)	95.9	76.4	18.2	29.0

Deferred compensation outstanding

Right to receive performance shares

Vontobel’s compensation concept focuses on the achievement of sustained success. The awarding of performance shares is a long-term component of this compensation system. The number of shares allocated in the year under review is calculated on the basis of the number of bonus shares received for the financial year 2017 as well as the performance of the business in the years 2018 to 2020, measured in terms of the average return on equity (ROE) and the average risk profile (BIS total capital ratio). The cost per allocated share recorded as share-based compensation was CHF 54.50 The market price was CHF 72.55 on the allocation date in March 2021 and was CHF 79.90 as at the balance sheet date.

In view of expectations regarding the performance of the business (ROE and BIS total capital ratio), the calculation of the number of rights is based on the assumption that between 128 percent and 161 percent (previous year: between 113 percent and 132 percent) of the original number of bonus shares will be allocated as performance shares to eligible employees in connection with the individual programs.

If the ROE in 2022 and 2023 is 3 percentage points higher (lower) than expected due to an improvement (deterioration) in the performance of the business, between 128 percent and 181 percent (128 percent and 161 percent) of the original number of bonus shares will be granted as performance shares to eligible employees in connection with the individual programs. If the BIS total capital ratio in 2022 and 2023 is 2 percentage points higher (lower) than expected, these factors would be between 128 percent and 161 percent (128 percent and 161 percent). Further information is available at: www.vontobel.com/compensation-report. As a result, a reasonably possible deviation from the expected values would not have a significant impact on Vontobel's future personnel expense.

Performance shares and other deferred compensation

		EMPLOYEES		MEMBERS OF THE EXECUTIVE COMMITTEE
NUMBER	2021	2020	2021	2020
Holdings of rights at the beginning of the year	1,305,748	1,217,349	369,349	428,593
Allocated rights and transfers (addition)	591,981	414,496	40,888	105,633
Recorded performance shares	–388,029	–357,333	–109,131	–141,893
Forfeited rights and transfers (reduction)	–133,339	–102,515	–180,609	–53,698
Change of rights due to modified parameters	417,201	133,751	67,001	30,714
Holdings of rights as at the balance sheet date	**1,793,561**	**1,305,748**	**187,498**	**369,349**
CHF M				
Personnel expense recorded over the vesting period for recorded performance shares	21.1	17.4	5.9	6.9
Market value of recorded performance shares on the allocation date	28.2	21.6	7.9	8.6
Charged as personnel expense in the year under review	34.3	22.0	2.1	5.3
Cumulative charge to personnel expense for outstanding rights to performance shares as at the balance sheet date	50.6	36.3	5.5	10.6
Estimated personnel expense for the remaining vesting periods including future terminations	40.8	26.6	3.9	6.8
Estimated personnel expense for the remaining vesting periods excluding future terminations	47.1	30.5	4.5	7.8
Other deferred compensation as at the balance sheet date				
In cash	11.9	11.1		
Share-based compensation benefits	29.8			

40 Compensation of governing bodies

The governing bodies of Vontobel comprise the members of the Board of Directors of Vontobel Holding AG and the members of the Executive Committee. Additional information about the current members of governing bodies can be found in the Corporate Governance section of this Annual Report. The compensation paid to this group of people is listed below. Further information can be found in the Vontobel Compensation Report commencing on page 53.

Compensation is recognized in the financial year in which it is accrued. It is thus reported according to the accrual principle, irrespective of cash flows. This does not include expense related to performance shares and other deferred compensation, which is recorded during the vesting period. However, once the vesting conditions have been met, the allocation of shares is shown at the point in time when the performance shares are transferred to employees.

Compensation of the members of the Board of Directors of Vontobel Holding AG and Bank Vontobel AG for the financial year

	2021 CHF M	2020 CHF M	CHF M	CHANGE TO 2020 IN %
Short-term employee benefits	2.6	2.6	0.0	
Post-employment benefits				
Other long-term benefits				
Termination benefits				
Equity compensation benefits [1]	1.8	1.7	0.1	6
Total mandate-related compensation for the financial year [2]	**4.4**	**4.3**	**0.1**	**2**
Compensation for additional services				
Total compensation for the financial year	**4.4**	**4.3**	**0.1**	**2**

1 The members of the Board of Directors received a total of 28,353 (previous year: 31,443) shares of Vontobel Holding AG as part of their compensation for the year under review. None of those shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.
2 Excluding flat-rate compensation for expenses and employer contributions to AHV / IV / ALV

Compensation of the members of the Executive Committee for the financial year

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	CHANGE TO 2020 IN %
Base salary	3.0	5.3	–2.3	–43
Other short-term employee benefits[1]	1.2	1.6	–0.4	–25
Cash component of bonus[2]	4.0	6.4	–2.4	–38
Post-employment benefits	0.5	1.0	–0.5	–50
Other long-term benefits			0.0	
Termination benefits			0.0	
Equity compensation benefits bonus shares[2,3]	3.0	3.1	–0.1	–3
Total contract-related compensation for the financial year[4]	**11.7**	**17.4**	**–5.7**	**–33**
Compensation for additional services			0.0	
Total compensation for the financial year[5]	**11.7**	**17.4**	**–5.7**	**–33**
Number of persons receiving compensation	5	8	–3	–38

1 Other short-term employee benefits comprise claim payments, family allowance payments, preferential interest rates for mortgages and a lump-sum death benefit to a former member of the Executive Committee.
2 Financial year 2021: Subject to the approval of the General Meeting of Shareholders 2022.
3 A total of 47,111 (previous year: 56,335) Vontobel Holding AG shares were allocated to members of the Executive Committee. These bonus shares entail a conditional right to receive performance shares following the expiry of a three-year vesting period.
4 Excluding flat-rate compensation for expenses and employer contributions to AHV / IV / ALV.
5 The expense relating to performance shares is not included in “Total compensation for the financial year”. The allocation of performance shares is shown separately in the table “Allocation of shares from the long-term employee share-based benefit program” included below.

Allocation of shares from the long-term employee share-based benefit program

	2021 CHF M OR NUMBER	2020 CHF M OR NUMBER	CHANGE TO 2020 CHF M OR NUMBER	CHANGE TO 2020 IN %
Market value of performance shares at the date on which they were allocated in CHF M[1]	3.3	7.5	–4.2	–56
Number of performance shares allocated	45,178	116,783	–71,605	–61
Total number of persons receiving compensation	**2**	**5**	**–3**	**–60**
Market value of performance shares to former members of the Executive Committee at the date on which they were allocated in CHF M	*6.2*	*1.7*	*4.5*	*265*
Number of performance shares allocated to former members of the Executive Committee	*85,856*	*26,391*	*59,465*	*225*
Total number of persons receiving compensation (former members of the Executive Committee)	*5*	*1*	*4*	*400*

The allocated performance shares are a long-term component of the compensation system and, as such, are not included in the previous table “Compensation for the financial year”. Instead, they are shown separately in this table.
1 In accordance with the relevant IFRS rules the cost recorded as equity compensation benefits was CHF 2.5 M (previous year: CHF 5.7 M) and was included on a pro rata basis over the vesting period.

41 Loans to members of governing bodies, major shareholders and related parties

Loans to members of Vontobel's governing bodies and to significant shareholders and the persons and companies related to them may only be granted in accordance with the generally recognized principles of the banking industry. Governing body members are generally treated like employees, particularly with regard to terms and conditions for loans. Loans to members of governing bodies must be approved by the Board of Directors in addition to the bodies responsible for the authorization of loans to employees.

As of December 31, 2021, margin calls fully secured against collateral, guarantees, loans and credits to – and payment undertakings in favor of – members of Vontobel's governing bodies or related parties and significant shareholders totaling CHF 0.5 million (previous year: CHF 2.7 million) were outstanding. No loans to former members of the Board of Directors or members of the Executive Committee were outstanding that were not granted according to standard terms and conditions.

Vontobel has granted mortgage loans to members of its governing bodies and to employees since 1 October 2016. It provides mortgage loans to them at a preferential interest rate of up to 1 percent below the usual interest rate for a maximum loan amount of CHF 1 million per borrower. In addition, as part of a transitional arrangement, Vontobel provides the same terms and conditions in the case of existing mortgage loans to members of its governing bodies and employees from selected third-party banks until maturity. Vontobel does not assume any credit risks or other obligations in this context.

The members of the Board of Directors and the Executive Committee conduct routine banking transactions with Vontobel at the same terms and conditions as employees.

42 Transactions with related parties

Companies and persons are deemed to be related parties if one side is able to control the other or exert a substantial influence on the other's financial or operational decisions.

Transactions with related companies and persons

	31.12.2021	31.12.2020	CHANGE TO 31.12.2020	
	CHF M	CHF M	CHF M	IN %
Receivables	0.5	2.7	–2.2	–81
Liabilities	160.0	129.9	30.1	23

Reported liabilities consist of current account balances of related companies / persons as well as liabilities from financial hedging transactions. Transactions with related persons are essentially carried out according to standard terms and conditions.

Vontobel Foundation and other members of the shareholder pool
The Vontobel Foundation conducts business with Bank Vontobel AG at preferential terms and conditions.

Pension funds of Vontobel
The assets of these pension funds are managed by Vontobel Asset Management AG.

43 Full acquisition of TwentyFour Asset Management LLP

In 2015, Vontobel acquired a majority stake of 60 percent in TwentyFour Asset Management LLP (24AM). The contractual agreements with the Partners of 24AM stated that Vontobel would acquire minority interests totaling 40 percent held by the Partners in two half tranches at fair market value in 2021 and 2023, whereby Vontobel had the right to already acquire the second tranche in 2021.

Vontobel recognized a liability in the amount of the estimated purchase price for the acquisition of the minority interests. Changes in the liability – with the exception of personnel expenses from share-based compensation benefiting the Partners – were charged to equity (firstly to minority interests and secondly to capital reserves). In the income statement and the statement of comprehensive income, a share of profit or loss continued to be allocated to minority interests.

On June 30, 2021, Vontobel acquired all of the remaining minority interests of 40 percent for a purchase price of GBP 226.8 million (CHF 290.2 million). The purchase was treated as an equity transaction. Upon payment of the purchase price, the liability to acquire minority interests was derecognized.

The share-based compensation introduced when the majority stake was acquired was adjusted at the same time as the minority interests were acquired. The adjustment led, among other things, to an extension of the vesting period and a change from cash to equity settlement. The share-based compensation (including adjustments to it) resulted in a charge to personnel expenses of CHF 24.6 million in the first half of 2021.

The full acquisition of 24AM had the following impacts on shareholders' equity (in CHF million):

CHF M	
Liability to acquire minority interests as of 31.12.2020	163.6
Cash payment	–290.2
Change in shareholders' equity in the first half of 2021	**–126.6**
of which capital reserves	*–94.6*
of which retained earnings	*–24.6*
of which other components of shareholders' equity (currency translation adjustments)[1]	*–1.6*
of which minority interests[2]	*–5.9*

1 Transfer of cumulative currency translation adjustments of minority interests to the currency translation adjustments of shareholders' equity attributable to Vontobel shareholders.
2 Corresponds to the net impact in the first half of 2021 from the comprehensive income of minority interests of CHF 10.3 M and the dividend payment to minority interests of CHF 4.4 M.

See the statement of changes in equity and the table "Level 3 financial instruments" in note 29 for further information on the impacts of the full acquisition of 24AM.

44 Acquisition of UBS Swiss Financial Advisers AG

Vontobel signed an agreement to purchase UBS Swiss Financial Advisers AG (SFA), a subsidiary of UBS AG, based in Zurich. Vontobel will combine SFA and Vontobel Swiss Wealth Advisors (VSWA), its existing business serving North American Wealth Management clients. Preparations for this will start after the closing of the transaction, which is expected for the third quarter of 2022. Together with SFA's CHF 7.2 billion in assets under management as of September 30, 2021, Vontobel, through its SEC licensed entities, is expected to become the largest Swiss-domiciled wealth manager for US clients seeking an account in Switzerland for diversification purposes. The combined pro forma assets under management will more than double to over CHF 10 billion.

45 Significant foreign currency rates

The following rates were used for significant currencies:

	YEAR END RATES		AVERAGE RATES	
	31.12.2021	31.12.2020	2021	2020
1 EUR	1.03616	1.08156	1.07949	1.07175
1 GBP	1.23411	1.20832	1.25398	1.21197
1 USD	0.91115	0.88395	0.91240	0.93665

46 Events after the balance sheet date

No events have occurred since the balance sheet date that affect the relevance of the information provided in the year 2021 financial statements and would therefore need to be disclosed.

47 Dividend payment

The Board of Directors will propose the payment of a dividend of CHF 3.00 per registered share with a par value of CHF 1.00 to the General Meeting of Shareholders of Vontobel Holding AG on April 6, 2022. This corresponds to a total distribution of CHF 167.7 million.[1]

1 Shares entitled to a dividend as of December 31, 2021.

48 Authorization of the consolidated accounts

The Board of Directors discussed and approved the present Annual Report at its meeting on February 3, 2022. The Annual Report will be submitted for approval at the General Meeting of Shareholders on April 6, 2022.

Segment reporting

49 Segment reporting principles

Segment reporting reflects the organizational structure of Vontobel as well as internal reporting to the Executive Committee – Vontobel's chief operating decision maker – which is advised and supported by the Global Executive Board. This reporting forms the basis for the assessment of the financial performance of the segments and the allocation of resources to the segments.

Vontobel comprises three Client Units and seven Centers of Excellence.

The Client Units serve the following client groups and client needs:
- The Asset Management Client Unit focuses primarily on institutional clients such as pension funds, insurance companies and sovereign wealth funds, as well as third-party banks in the wholesale fund business.
- The Wealth Management Client Unit serves wealthy private clients (including UHNWIs), financial intermediaries, entrepreneurs and decision makers from the SME segment.
- The Digital Investing Client Unit bundles investment solutions for private investors, either directly or via ecosystems, and it also concentrates on the end-clients business with structured products.

All activities that are not directly related to client contact are bundled within the following Centers of Excellence: Investments, Structured Solutions & Treasury, Technology & Services, Marketing & Analytics, Finance & Risk, Human Resources and Legal & Compliance.

Direct costs are allocated to the Client Units and Centers of Excellence. Services provided between the individual units are not subject to charges. Income taxes are managed at Group level and are therefore not assigned to the Client Units and Centers of Excellence.

The Client Units represent the operating and reportable segments according to IFRS 8. Centers of Excellence and reclassifications are shown in the column "Centers of Excellence / Reconciliation". Segment reporting is basically subject to the same accounting principles as the consolidated financial statements.

Please refer to section 4.1.2 of the accounting principles for information about changes to segment reporting.

Segment reporting

CHF M	ASSET MANAGEMENT	WEALTH MANAGEMENT	DIGITAL INVESTING	CENTERS OF EXCELLENCE/ RECONCILIA-TION	2021 TOTAL
Net interest income after credit losses	–0.3	50.9	0.5	10.2	61.3
Net fee and commission income	592.6	432.1	–11.5	–38.4	974.8
Trading income and other operating income	1.8	150.7	326.9	20.0	499.5
Total operating income	**594.1**	**633.7**	**315.9**	**–8.1**	**1,535.6**
Personnel expense [1]	82.3	202.7	10.9	438.8	734.7
General expense	12.4	16.3	1.6	195.0	225.4
Depreciation of property, equipment (incl. software) and intangible assets	3.9	8.0	0.0	88.5	100.4
Provisions and losses	0.0	5.2	0.0	2.6	7.9
Total operating expense	**98.7**	**232.3**	**12.5**	**725.0**	**1,068.4**
Profit before taxes	**495.4**	**401.5**	**303.4**	**–733.1**	**467.2**
Taxes					83.4
Group net profit					**383.8**
of which minority interests					*10.0*
Additional information					
Client assets (CHF B)	158.7	96.3	0.8	41.0	296.8
Net new money (CHF B)	1.9	5.6	0.1	0.6	8.1
Employees (full-time equivalents)	180.8	609.1	34.2	1,285.2	2,109.3

1 Personnel expense includes income of CHF 15.5 M from changes in pension fund regulations in Switzerland, which was allocated to the individual Client Units and Centers of Excellence in proportion to their headcount. In connection with the full acquisition of TwentyFour Asset Management LLP, an expense of CHF 24.6 M is included in personnel expense in the column “Centers of Excellence/Reconciliation”.

Information on regions [1]

CHF M	SWITZERLAND	EUROPE EXCL. SWITZERLAND	AMERICAS	OTHER COUNTRIES [2]	CONSOLIDA-TION	2021 TOTAL
Operating income related to external customers	892.0	374.2	105.4	164.0		1,535.6
Assets	23,412.2	3,352.6	122.4	10,182.1	–4,671.4	32,397.9
Property, equipment and intangible assets	837.6	80.5	4.3	2.0		924.4
Additions to property, equipment (incl. software) and intangible assets [3]	111.2	4.1	0.6	1.6		117.5

1 Reporting is based on operating locations.
2 Mainly U.A.E.
3 Including additions due to changes in the scope of consolidation

Segment reporting

CHF M	ASSET MANAGEMENT	WEALTH MANAGEMENT	DIGITAL INVESTING	CENTERS OF EXCELLENCE/ RECONCILIA-TION	2020 TOTAL
Net interest income after credit losses	1.2	67.6	–0.8	5.0	73.0
Net fee and commission income[1]	511.9	403.2	27.2	–72.8	869.6
Trading income and other operating income[1]	1.6	78.8	157.1	85.5	323.0
Total operating income	**514.6**	**549.7**	**183.5**	**17.7**	**1,265.5**
Personnel expense	78.7	188.5	5.1	367.7	640.0
General expense	16.6	15.2	1.9	166.1	199.8
Depreciation of property, equipment (incl. software) and intangible assets	4.1	7.7	0.0	86.8	98.6
Provisions and losses	0.1	1.4	0.0	4.7	6.2
Total operating expense	**99.4**	**212.8**	**7.0**	**625.3**	**944.5**
Profit before taxes	**415.2**	**336.9**	**176.5**	**–607.6**	**321.0**
Taxes					61.6
Group net profit					**259.4**
of which minority interests					*16.8*
Additional information					
Client assets (CHF B)	154.4	83.1	0.8	73.9	312.2
Net new money (CHF B)	9.5	4.9	0.1	0.3	14.8
Employees (full-time equivalents)	175.8	601.2	18.0	1,220.1	2,015.1

1 Reclassification of CHF 33.8 M from “Fee and commission expense” to “Trading income”. For further details refer to section 4.1.2 of the accounting principles.

Information on regions[1]

CHF M	SWITZERLAND	EUROPE EXCL. SWITZERLAND	AMERICAS	OTHER COUNTRIES[2]	CONSOLIDA-TION	2020 TOTAL
Operating income related to external customers	736.3	322.2	100.1	106.9		1,265.5
Assets	22,454.6	3,437.7	114.5	9,543.7	–4,128.1	31,422.4
Property, equipment and intangible assets	817.6	81.1	5.8	2.7		907.2
Additions to property, equipment (incl. software) and intangible assets[3]	79.8	5.5	0.1	0.2		85.6

1 Reporting is based on operating locations.
2 Mainly U.A.E.
3 Including additions due to changes in the scope of consolidation

Subsidiaries and associated companies

Major subsidiaries

	REGISTERED OFFICE	BUSINESS ACTIVITY	CURRENCY	PAID-UP SHARE CAPITAL M	SHARE OF VOTES AND CAPITAL IN %
Vontobel Holding AG	Zurich	Holding	CHF	56.9	Parent company
Vontobel Beteiligungen AG	Zurich	Holding	CHF	10.0	100
Bank Vontobel AG	Zurich	Bank	CHF	149.0	100
Bank Vontobel Europe AG	Munich	Bank	EUR	40.5	100
Vontobel Swiss Wealth Advisors AG	Zurich	Wealth management	CHF	0.5	100
Vontobel Wealth Management (Hong Kong) Ltd.	Hong Kong	Wealth management	HKD	280.0	100
Vontobel Wealth Management Società di Intermediazione Mobiliare S.p.A.	Milan	Wealth management	EUR	5.0	100
Vontobel Fonds Services AG	Zurich	Fund management	CHF	4.0	100
Vontobel Asset Management AG	Zurich	Portfolio management	CHF	20.0	100
Vontobel Asset Management S.A.	Luxembourg	Fund & Portfolio management	EUR	2.6	100
Vontobel Asset Management UK Holdings Ltd.	London	Holding	GBP	26.0	100
TwentyFour Asset Management LLP	London	Portfolio management	GBP	4.4	100
Vontobel Asset Management, Inc.	New York	Portfolio management	USD	6.8	100
Vontobel Asset Management Asia Pacific Limited	Hong Kong	Financial Advisor	HKD	7.0	100
Vontobel Asset Management Pte. Ltd.	Singapore	Holding	SGD	0.3	100
Vontobel Asset Management Australia Pty. Ltd.	Sydney	Portfolio management	AUD	1.0	100
Vontobel Securities AG	Zurich	Brokerage	CHF	2.0	100
Vontobel Financial Products GmbH	Frankfurt	Issues	EUR	0.05	100
Vontobel Financial Products Ltd.	Dubai	Issues	USD	2.0	100
Vontobel Pte. Ltd.	Singapore	Services for EAMs / Distribution deritrade® / Financial Advisor	SGD	0.3	100
Vontobel Limited	Hong Kong	Brokerage	HKD	25.0	100

The share of voting rights held corresponds to the equity interest held.
Only the shares of Vontobel Holding AG are listed on the Swiss Exchange (SIX). Please see pages 10 and 245 for more detailed information.
In the case of regulated subsidiaries, part of the capital is not available for dividends or transfers due to regulatory requirements (e.g. Basel III). These restrictions do not have any material impact on Vontobel's activities.

Associated companies

	REGISTERED OFFICE	BUSINESS ACTIVITY	CURRENCY	PAID-UP SHARE CAPITAL M	SHARE OF VOTES IN %	CAPITAL IN %
Deutsche Börse Commodities GmbH	Frankfurt	Issues	EUR	1.0	14.5	16.2
Yapeal AG	Zurich	Digital financial service provider	CHF	0.5	2.4	18.0

Changes in the scope of consolidation

New subidiaries
None.

Changes within the scope of consolidation
On June 30, 2021 Vontobel aquired all of the remaining minority interests of 40 percent in TwentyFour Asset Management LLP.

Main differences between IFRS and Swiss GAAP

Vontobel's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The main differences between IFRS and Swiss GAAP (Banking Ordinance, FINMA Accounting Ordinance and FINMA Circular 20/01) that are of relevance to Vontobel are as follows:

Financial investments
The financial instruments included in financial investments are carried at fair value under IFRS. In the case of equity instruments, dividends are recognized in the income statement and all other income components are recognized in other comprehensive income. Realized gains are not transferred to the income statement. In the case of debt instruments, changes in fair value are recognized in other comprehensive income. The change in expected credit losses is shown in the income statement, with the offsetting entry made in other comprehensive income. If a debt instrument is sold, the expected credit losses and cumulative changes in fair value are transferred from other comprehensive income to the income statement. Interest is accrued in the period in which it is earned using the effective interest method and recognized in the income statement. Under Swiss GAAP, equity instruments are classed as participations and are recognized at cost less economically necessary valuation adjustments. Debt instruments are valued according to the lower of cost or market principle. Interest income and dividend income, changes in the carrying amount and realized gains and losses are recognized through profit or loss.

Other financial liabilities measured at fair value through profit and loss (fair value option)
Under IFRS, Vontobel applies the fair value option for issued products. They are carried at fair value in the balance sheet, and income is recognized in the income statement on an ongoing basis. The impact of the change in own credit risk of financial liabilities, for which the fair value option is applied, is generally recorded in other comprehensive income. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, the corresponding impact is recorded in profit or loss. This is the case at Vontobel. Under Swiss GAAP, the fair value option can also be applied for these positions. Under Swiss GAAP, changes in fair value due to a change in own credit risk are not recorded in the income statement.

Goodwill
IFRS stipulates that goodwill cannot be amortized and must, instead, be tested for impairment at least once annually. Under Swiss GAAP, goodwill is amortized on a straight-line basis over five years. In justified cases, the amortization period can be a maximum of 10 years.

Fair value hedges
Vontobel uses interest rate swaps to hedge the fair value of mortgages (see note 34). Under IFRS, the change in fair value of interest rate swaps is recognized in the income statement. The change in the fair value of hedged mortgages due to the hedged risk leads to an adjustment in the carrying amount of the corresponding mortgages and is also recognized in the income statement. Under Swiss GAAP, the change in fair value of the effective portion of interest rate swaps is recognized in the compensation account. The carrying amount of the hedged mortgages is not adjusted.

Leases
Under IFRS, at the lease commencement date, Vontobel, as lessee, recognizes a lease liability corresponding to the present value of lease payments over the lease term. At the same time, a right to use the underlying asset, which corresponds to the lease liability plus prepaid lease payments, directly attributable costs and costs for any reinstatement obligations, is capitalized.

After initial recognition, the interest component on the lease liability is accrued in the period in which it is incurred using the effective interest method. The lease liability is adjusted to reflect interest recognized and lease payments made. The right-of-use asset is depreciated on a straight-line basis over the lease term.

Under Swiss GAAP, operating lease expenses are charged to the income statement in the period in which they are incurred.

Pension funds
Under IFRS, pension obligations and pension expenses are determined based on the projected unit credit method (see note 37).

Under Swiss GAAP, pension obligations and pension expenses are determined based on the financial statements of the pension plan in accordance with Swiss GAAP FER 26. A pension asset is recorded if a statutory overfunding of a pension plan leads to a future economic benefit. A pension obligation is recorded if a statutory underfunding of a pension plan leads to a future economic obligation. Employer contributions as well as changes in the value of the pension assets or obligations are recognized as pension expenses.

Extraordinary profit
Under IFRS, all items of income and expense are allocated to ordinary operating activities. Under Swiss GAAP, items of income and expense are classified as extraordinary if they are not recurring and are not related to operating activities.

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 8 February 2022

Statutory auditor’s report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Vontobel Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021 and the consolidated income statement, consolidated statement of comprehensive income, statement of equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements (pages 130 to 217), including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 122 to 217) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the *International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond

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to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Fair value of financial instruments

Area of focus	Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values can be based on quoted prices in active markets (level 1) or on a valuation model where significant input parameters can be observed directly or indirectly in the market (level 2), or on a valuation model where significant input parameters cannot be observed in the market (level 3). Valuations based on models are influenced to a significant extent by the assumptions applied, including interest rates, forward rates and swap rates, spread curves, volatility and estimates of future cash flows. The determination of these assumptions involves the exercise of significant judgment. In its consolidated balance sheet as of 31 December 2021, Vontobel Holding AG reports total financial assets at fair value of CHF 13.1 bn and financial liabilities at fair value of CHF 13.0 bn. In view of the inherent exercise of judgment involved in the determination of these assumptions and the significance of these balance sheet items in the consolidated financial statements of Vontobel Holding AG, their valuation is of particular importance from an audit perspective. The corresponding accounting principles applied are explained by Vontobel Holding AG on pages 131 to 132 and 178 to 183 of the annual report. Please also refer to notes 12, 14 and 29 of the notes to the consolidated financial statements.
Our audit response	Our audit procedures included an evaluation of the design and the operational effectiveness of relevant key controls over the calculation of fair value. In particular, they comprised the approval processes for products and valuation models, as well as the independent price verification. Using comparisons with third-party sources, we tested the fair values that were directly available in an active market. Furthermore, we performed procedures to evaluate the assumptions used and tested the valuation of financial instruments using independent valuation models. Based on a sample we reperformed the valuation of financial instruments. Our audit procedures did not lead to any reservations concerning the fair value measurement of financial instruments.

Goodwill and other intangible assets

Area of focus	Vontobel Holding AG accounts for business combinations using the acquisition method, whereby the net assets of the acquired business are measured at the fair value of the consideration at the acquisition date. If the fair value of the consideration exceeds the fair value of the net assets acquired, goodwill is recognized and assigned to one or more cash-generating units. Goodwill is tested annually for impairment or more frequently if indicators of impairment are present. The valuation of net assets acquired that is carried out in connection with the acquisition of a subsidiary, the allocation of goodwill acquired to cash-generating units, and the recoverable value that is determined as part of the impairment test, are influenced to a significant extent by the assumptions that are used, the determination of which involves the exercise of significant judgment. The client relationships and brands acquired during business combinations are recognized as other intangible assets and depreciated over their estimated useful life. If events or circumstances indicate that the carrying amount may be impaired, an impairment test is carried out. The fair values of these intangible assets are determined on the basis of valuation methods that use various input parameters that cannot be observed. The determination of these input parameters and the estimation of useful life involve the exercise of significant judgment. In its consolidated balance sheet as of 31 December 2021, Vontobel Holding AG reports goodwill totaling CHF 484.8 mn and other intangible assets totaling CHF 62.2 mn. Due to the judgment that goes into the identification and the valuation of goodwill and other intangible assets this is an area of particular importance from an audit perspective. The corresponding accounting principles applied are explained by Vontobel Holding AG on pages 130, 131 and 134 of the annual report. Please also refer to note 18 of the notes to the consolidated financial statements.
Our audit response	During the course of our audit, we examined the valuation model used for the goodwill impairment test as well as significant assumptions. In particular, they comprised valuation multipliers related to assets under management. We assessed these assumptions on the basis of current market conditions. Our audit procedures did not lead to any reservations concerning the recognition and measurement of goodwill and other intangible assets.

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Other information in the annual report
The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor’s report.

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Report on other legal and regulatory requirements
In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Andreas Blumer (Qualified Signature)	Philipp Müller (Qualified Signature)
Prof. Dr. Andreas Blumer	Philipp Müller
Licensed audit expert (Auditor in charge)	Licensed audit expert

Vontobel Holding AG

Additional information

Review of business activities

Vontobel Holding AG, which is headquartered in Zurich, generated a net profit of CHF 168.4 million in the financial year 2021, compared to CHF 146.7 million in the previous year. This 15 percent increase was partly attributable to higher dividend income from participations, which rose by 16 percent from CHF 157.7 million in 2020 to CHF 182.3 million. The holding company's income mainly stems from prior-year profits, i.e. dividends distributed by its operational subsidiaries in Switzerland and abroad. Income from securities, commission and trading rose by 50 percent to CHF 46.8 million in the year under review. Operating income subsequently increased by 23 percent to CHF 231.6 million in 2021.

Unlike in the previous year, no significant reversal of impairments at subsidiaries was booked. However, impairments on participations in the amount of CHF 8.2 million were recorded, compared to CHF 3.4 million in 2020.

Financial expense was almost stable at CHF 13.5 million (2020: CHF 13.0 million). This includes the interest payment from the CHF 450 million Additional Tier 1 bond with a coupon of 2.625 percent issued by Vontobel Holding AG in June 2018 to partially finance the acquisition of Notenstein La Roche Privatbank AG.

Vontobel Holding AG reported shareholders' equity of CHF 1,101.6 million as of December 31, 2021 (December 31, 2020: CHF 1,114.0 million). The company's share capital was unchanged at CHF 56.875 million, consisting of 56,875,000 registered shares with a par value of CHF 1.00 each. Of this total, 55,888,300 shares were entitled to a dividend as of the balance sheet date.

The Board of Directors of Vontobel Holding AG will propose the distribution of a dividend of CHF 3.00 per registered share, up 33 percent compared to the previous year, to the General Meeting of Shareholders of April 6, 2022.

Key figures

Key figures

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	IN %
Net profit	168.4	146.7	21.7	15
Net profit per registered share in CHF[1]	3.01	2.60	0.41	16
Dividend in percent of share capital[2]	300	225	75	33
Dividend per registered share in CHF[2]	3.00	2.25	0.75	33
Shareholders' equity (before distribution of profits) at balance sheet date	1,101.6	1,114.0	–12.4	–1
Shareholders' equity per registered share in CHF at balance sheet date[1]	19.71	19.71	0.00	
Average return on equity in %	16.1	14.2		
Operating income	231.6	188.9	42.7	23
Dividend income from participations	182.3	157.7	24.6	16
Personnel and general expense	46.1	37.6	8.5	23
Depreciation and valuation adjustments	8.0	–10.1	18.1	
Financial expense	13.5	13.0	0.4	3
Operating income before taxes	171.0	148.7	22.3	15

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Total assets	2,099.5	1,841.9	257.6	14
Share capital	56.9	56.9		
Debt issued	450.0	450.0		
Participations	1,731.1	1,741.3	–10.2	–1

1 Basis: dividend-bearing shares at end of year
2 Financial year 2021: As per the proposal submitted to the General Meeting of Shareholders

Income statement

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	 IN %
Dividend income from participations	182.3	157.7	24.6	16
Securities income, fee and commission income and trading income	46.8	31.1	15.7	50
Other ordinary income	0.1		0.1	
Gains on the sale of financial investments	2.4	0.1	2.3	
Operating income	**231.6**	**188.9**	**42.7**	**23**
Securities and fee and commission expense	0.3	0.2	0.1	50
Other ordinary expense	0.0	0.9	–0.9	–100
Operating expense	**0.3**	**1.1**	**–0.8**	**–73**
Net operating income	**231.2**	**187.8**	**43.4**	**23**
Personnel costs	6.6	7.4	–0.8	–11
Employee benefits and pension fund	0.6	0.7	–0.1	–14
Personnel expense	**7.3**	**8.1**	**–0.8**	**–10**
Occupancy expense, furniture and equipment	0.3	0.3	–0.0	
PR, marketing, annual report, consulting and audit fees	36.9	27.6	9.3	34
Other business and office expenses	1.6	1.6	0.0	
General expense	**38.8**	**29.5**	**9.3**	**32**
Operating income before financial income, taxes, depreciation and valuation adjustments	**185.2**	**150.2**	**35.0**	**23**
Depreciation of property and equipment	0.6	0.6	0.0	
Impairments on participations	8.2	3.4	4.8	141
Reversal of impairments on participations	0.8	14.1	–13.3	–94
Depreciation and valuation adjustments	**8.0**	**–10.1**	**18.1**	
Operating income before financial income and taxes	**177.2**	**160.3**	**16.9**	**11**

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	 IN %
Operating income before financial income and taxes	**177.2**	**160.3**	**16.9**	**11**
Interest income	4.2	1.3	2.9	223
Interest income, Group companies	*4.2*	*1.3*	*2.9*	*223*
Interest income, other	*0.0*		*0.0*	
Foreign exchange income	3.0	0.1	2.9	
Financial income	**7.2**	**1.4**	**5.8**	**414**
Interest expense	13.5	13.0	0.4	3
Interest expense, Group companies	*1.6*	*1.2*	*0.4*	*33*
Interest expense, debt issued	*11.8*	*11.8*		
Financial expense	**13.5**	**13.0**	**0.4**	**3**
Operating income before taxes	**171.0**	**148.7**	**22.3**	**15**
Non-operating income	0.0		0.0	
Ordinary income before taxes	**170.9**	**148.7**	**22.3**	**15**
Extraordinary / one-off income or income unrelated to the reporting period	0.4		0.4	
Extraordinary / one-off expense or expense unrelated to the reporting period	0.0	0.2	–0.2	–100
Extraordinary / one-off income and income unrelated to the reporting period	**0.4**	**–0.2**	**0.6**	
Net profit for the year before taxes	**171.3**	**148.5**	**22.8**	**15**
Direct taxes	**2.9**	**1.8**	**1.1**	**61**
Net profit for the year	**168.4**	**146.7**	**21.7**	**15**

Balance sheet

Assets

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Current assets				
Total cash and short-term holdings of assets with a market price	1.8	0.5	1.3	260
Current accounts banks, Group companies	*1.8*	*0.5*	*1.3*	*260*
Other short-term receivables	127.4	49.7	77.7	156
Due from Group companies, other	*40.7*		*40.7*	
Other short-term receivables	*86.7*	*49.7*	*37.0*	*74*
Accrued income and prepaid expenses	2.0	2.3	–0.3	–13
Total current assets	**131.3**	**52.5**	**78.8**	**150**
Non-current assets				
Financial assets, Group companies	236.5	46.9	189.6	404
Participations	1,731.1	1,741.3	–10.2	–1
Total fixed assets	0.6	1.2	–0.6	–50
Total intangible assets	0.0	0.0	0.0	
Total non-current assets	**1,968.3**	**1,789.4**	**178.9**	**10**
Total assets	**2,099.5**	**1,841.9**	**257.6**	**14**
of which subordinated assets due from Group companies	*4.0*	*4.0*		

Liabilities and Shareholders' equity

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Liabilities				
Current liabilities				
Short-term interest-bearing liabilities	515.8	244.9	270.9	111
Due to banks, Group companies	*515.8*	*244.9*	*270.9*	*111*
Other short-term liabilities	4.7	4.6	0.1	2
Accrued expenses and deferred income	2.5	3.4	–0.9	–26
Total current liabilities	**523.0**	**252.9**	**270.1**	**107**
Long-term liabilities				
Long-term interest-bearing liabilities	450.0	450.0		
Debt issued	*450.0*	*450.0*		
Provisions	25.0	25.0		
Total long-term liabilities	**475.0**	**475.0**		
Total liabilities	**998.0**	**727.9**	**270.1**	**37**
Shareholders' equity				
Share capital	56.9	56.9		
Statutory capital reserve	0.8	0.8		
Reserves from capital contributions	*0.8*	*0.8*		
Statutory retained earnings	80.4	74.8	5.6	7
General statutory retained earnings	*32.2*	*32.2*		
Reserves for treasury shares	*48.2*	*42.6*	*5.6*	*13*
Voluntary retained earnings	1,040.0	1,005.1	34.9	3
Retained earnings approved by resolution	*1.8*	*7.4*	*–5.6*	*–76*
Retained earnings brought forward	*869.9*	*851.0*	*18.9*	*2*
Net profit for the year	*168.4*	*146.7*	*21.7*	*15*
Own shares of capital	–76.5	–23.6	–52.9	
Total shareholders' equity	**1,101.6**	**1,114.0**	**–12.4**	**–1**
Total liabilities and shareholders' equity	**2,099.5**	**1,841.9**	**257.6**	**14**

Notes to the financial statements

Name, legal form and domicile of the company
Vontobel Holding AG, Zurich

The nominal capital amounts to CHF 56.875 million, consisting of 56.875 million registered shares with a par value of CHF 1.00 each (previous year: nominal capital of CHF 56.875 million, 56.875 million registered shares).

Easing of requirements for the notes to the separate financial statements of Vontobel Holding AG
Vontobel prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), which are published by the International Accounting Standards Board (IASB). Consequently, Vontobel Holding AG is exempt from numerous disclosure requirements in the statutory separate financial statements.

Applied accounting principles

General principles
The accounting principles are based on the requirements set out in the Swiss Code of Obligations.

Transactions concluded as of the balance sheet date are recorded on a daily basis. Spot transactions concluded but not yet settled as of the balance sheet date are recognized according to the trade date principle. To ensure that the principle of substance over form is applied, all expenses and income are recognized on an accrual basis up to the balance sheet date.

In valuations, the more prudent of two available values is always taken into account. Valuations are performed based on the assumption that the company will continue to operate as a going concern.

In principle, the offsetting of assets and liabilities or of expense and income is not carried out (except in the case of transactions of the same type with the same counterparty, the same maturity and the same currency that cannot lead to a counterparty risk).

Foreign currency transactions during the year are converted at the applicable exchange rate on the transaction date. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated at the closing exchange rates, and unrealized exchange rate differences are recognized in the income statement. Non-monetary items carried at historical cost in a foreign currency are translated at the historical exchange rate.

Other principles
Securities in current assets are valued at the current market value.

The item “Other short-term receivables” includes all receivables from Vontobel companies and third parties. It is valued at nominal value less any valuation adjustments for identified risks.

The item “Non-current assets” includes all participations, property and equipment, and intangible assets, as well as financial assets with a residual term of over one year. Property and equipment as well as intangible assets are valued at acquisition costs less any depreciation. They are depreciated on a straight-line basis over their estimated useful life. Financial assets are valued at nominal value less any valuation adjustments for identified risks. Participations are valued according to the individual valuation principle. The value of participations is determined based in particular on calculations of the net asset value and income value, while also taking account of fluctuations in exchange rates. If the calculated value is lower than the previously stated value, an impairment is recognized through profit or loss. A reversal of the impairment up to the acquisition cost is also recognized through profit or loss.

The item “Short-term liabilities” includes all liabilities on demand and fixed-term liabilities at Swiss and foreign banks and non-banks. The items “Accrued income and deferred expenses” and “Accrued expenses and deferred income” include all assets and liabilities resulting from the accrual of interest and other income and expenses. Amounts not due for payment until the following year, such as taxes, performance-based compensation components or audit fees, are charged to the year in which they originated in accordance with the accrual principle.

“Long-term liabilities” includes liabilities with a residual term of over one year, debt instruments issued and provisions. Debt instruments issued are recognized at nominal value. Any premiums / discounts are recorded in “Other liabilities” / “Other assets” and are released through profit or loss by the final maturity or the first possible redemption date.

The company’s nominal share capital is recognized in “Share capital”. The item “Statutory capital reserves” comprises capital paid in by shareholders, such as agio. The item “Statutory retained earnings” includes capital generated by the company and that is increased annually in accordance with legislative and statutory requirements. The item “Reserves for treasury shares” corresponds to the registered shares of Vontobel Holding AG held by subsidiaries, which are valued at the acquisition price. In the item “Own shares of capital”, registered shares held by Vontobel Holding AG as treasury shares are deducted from shareholders’ equity at the acquisition price. Income from the sale of treasury shares is recognized in the income statement.

The expense for shares of Vontobel Holding AG that are allocated to employees as part of the annual bonus (bonus shares) are charged to personnel expense in the year in which the relevant performance was delivered. The expense for shares of Vontobel Holding AG that are allocated to employees as part of the long-term share participation plan (performance shares) are charged to personnel expense on a pro rata temporis basis over the vesting period. Liabilities arising from shares that have not yet been allocated are recognized at market value in the item “Other short-term liabilities”. Refer to the Compensation Report, page 53ff. for further information regarding the share participation plan.

Net release of hidden reserves and replacement reserves

No significant amount of hidden reserves was released. There are no replacement reserves.

Due from and to governing bodies

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Due from governing bodies				
Due to governing bodies	2.4	2.5	–0.1	–4

For information on compensation awarded to members of the Board of Directors and the Executive Committee as well as their shareholdings, refer to the Compensation Report, page 53ff.
For information on loans to governing bodies, refer to the consolidated financial statements, note 41.

Direct taxes

	2021 CHF M	2020 CHF M	CHANGE TO 2020 CHF M	IN %
Income tax	2.7	1.6	1.1	69
Tax on capital	0.3	0.2	0.1	50
Total	**2.9**	**1.8**	**1.1**	**61**
Status of tax assessment	2018	2018		

Debt issued

Please also refer to note 23 of the Notes to the consolidated financial statements.

Collateral provided for liabilities of third parties and contingent liabilities

	31.12.2021 CHF M	31.12.2020 CHF M	CHANGE TO 31.12.2020 CHF M	IN %
Guarantees				
Pledges				
Collateral assignments				
Guarantee commitments	10,042.9	9,084.5	958.4	11
Total	**10,042.9**	**9,084.5**	**958.4**	**11**
of which guarantee commitments for Group companies	*9,979.2*	*9,015.9*	*963.3*	*11*

Guarantee commitments mainly encompass guarantees for certificates issued as well as letters of comfort and a capital support agreement in favour of Group companies.
The company forms part of Vontobel's Swiss value added tax (VAT) group and has a joint liability to the tax authorities for the VAT liabilities of the entire group.

Assets used as collateral for own liabilities and assets for which title has been reserved
As of December 31, 2021, assets totaling CHF 2.6 million (December 31, 2020: CHF 0.5 million) were used as collateral to secure own liabilities to subsidiaries.

Liabilities under employee benefit schemes
Insurance contributions that have not yet been settled totaled CHF 0.0 million as of December 31, 2021 (December 31, 2020: CHF 0.0 million).

Vontobel Holding AG did not draw any loans from employee benefit schemes.

Participations
For information on principal participations, refer to the consolidated financial statements on page 214.

Major shareholders and participations held by governing bodies
For information on shareholders pursuant to Art. 663c of the Swiss Code of Obligations, refer to Corporate Governance on page 31 and the Compensation Report, page 53ff.

Participation rights and options
For information on allocated participation rights from the share participation plan, refer to the Compensation Report, page 53ff. and page 204ff. of the consolidated financial statements.

Full-time equivalents
In the year under review, the annual average number of full-time positions was 9.8 FTEs (full-time equivalents). In the previous year, the figure was 11.6 FTEs. For further information, refer to the Sustainability Report, page 85ff.

Acquisition, sale and holdings of treasury shares
For information on the acquisition, sale and holdings of treasury shares, including transactions and holdings in the case of subsidiaries, refer to note 26 of the consolidated financial statements.

No repurchase agreements for registered shares of Vontobel Holding AG were in place as of the balance sheet date (previous year: 0 registered shares).

Amount of the authorized or conditional capital increase
Refer to note 26 of the consolidated financial statements.

Further details
See the consolidated financial statements, pages 121 to 217.

Events after the balance sheet date
No events have occurred since the balance sheet date that affect the relevance of the information provided in the financial statements for 2021 and would therefore need to be disclosed.

Proposal of the Board of Directors

The Board of Directors proposes that the following amount available to the General Meeting of Shareholders be appropriated as follows:

CHF M	
Net profit for the year	168.4
Retained earnings prior year	869.9
Retained earnings	**1,038.2**
Retained earnings approved by resolution	1.8
Reserves from capital contributions	0.8
General statutory reserves [1]	20.8
Distributable statutory reserves	**21.6**
Own shares of capital [2]	–76.5
At the disposal of the General Meeting of Shareholders	**985.1**
Total dividend [3]	**167.7**
Allocation to general statutory retained earnings	
Allocation to retained earnings by resolution	30.0
Carried forward to the new accounting period	787.5
At the disposal of the General Meeting of Shareholders	**985.1**

1 Eligible general statutory reserves that exceed the statutory minimum requirement (Art. 671 para. 3 and para. 4 of the Swiss Code of Obligations)
2 Restriction on the distribution of dividends equivalent to the cost of acquiring own shares (Art. 959a Abs. 2 Ziff. 3 lit. e of the Swiss Code of Obligations)
3 Depends on the number of dividend-entitled shares, max. 56.875 M, as of December 31, 2021. The treasury shares held by Vontobel Holding AG at the time of distribution of the dividend are not entitled to a dividend.

Dividend payment

If the proposal is approved, the dividend will be distributed as follows:

DIVIDEND PER REGISTERED SHARE WITH A PAR VALUE OF CHF 1.00 (IN CHF)	3.00
Coupon no.	22
Ex-dividend date	08.04.2022
Record date	11.04.2022
Payment date	12.04.2022

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To the General Meeting of
Vontobel Holding AG, Zurich

Zurich, 8 February 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Vontobel Holding AG, which comprise the balance sheet, income statement and notes (pages 31, 69, 77, 173, 175, 204, 205, 214 and 232 to 234), for the year ended 31 December 2021.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of participations

Area of focus	Vontobel Holding AG values participations individually at the lower of historical cost or at its impaired value. In subsequent valuations, impairments are recognized for any loss in value. Vontobel Holding AG identifies impairment by comparing the carrying amount of the participation with the recoverable amount, which is calculated based on the net asset value or income value. This calculation is based on assumptions (e.g. future income streams, discount rates), the determination of which involves the exercise of significant judgment. In its financial statements as of 31 December 2021, Vontobel Holding AG reports the carrying amount of participations of CHF 1.7 bn, corresponding to 82.5% of total assets. In view of the inherent judgment involved in the determination of these assumptions and the significance of the balance sheet item in the financial statements of Vontobel Holding AG, the valuation of participations is of particular importance from an audit perspective. The accounting principles applied are explained by Vontobel Holding AG on page 232 of the annual report.
Our audit response	We assessed the valuation methods used and analyzed the calculations made by management. We did so with a focus on the assumptions made by the company in the context of the valuations and thus evaluated management's assessment of impairment. Furthermore, we assessed the presentation and disclosures in the financial statements as of 31 December 2021. Our audit procedures did not lead to any reservations concerning the valuation of participations.

Building a better working world

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Andreas Blumer (Qualified Signature)	Philipp Müller (Qualified Signature)
Prof. Dr. Andreas Blumer Licensed audit expert (Auditor in charge)	Philipp Müller Licensed audit expert

Vontobel Advisory Council: Sparring partners and ambassadors for Vontobel

The Vontobel Advisory Council is a group of individuals with a business or political background from Switzerland and Vontobel's focus markets who are selected to act as sparring partners to the Executive Committee and as ambassadors for Vontobel. Their external expertise and experience is to be put to targeted use to identify trends and to discuss Vontobel's further development.

The Vontobel Advisory Council, which meets twice annually, currently has the following members:

Felix Happel
Chairman of the Board of Directors of Porterhouse Group AG, Lucerne, a European holding company that combines innovative firms with unique selling propositions. Porterhouse uses its own funds to acquire majority stakes in small and medium-sized companies and supports their long-term development.

Nicolas Oltramare
was a member of the Board of Directors of the Vontobel Holding and Bank Vontobel AG from 2013 to 2018. He was also a member of the Nomination & Compensation Comittee from 2013 to 2015 and a member of the Risk & Audit Comittee from 2015 to 2018. Nicolas Oltramare is a Swiss entrepreneur with broad experience in private equity in Europe and Asia, with a broad network in these regions. In addition, Nicolas Oltramare provides advice to a large number of family offices and is a member of various Swiss charitable foundations.

The Rt Hon. **Lord Patten** of Barnes CH
whose long career includes posts as European Commissioner and as the last Governor of Hong Kong, who transferred sovereignty over the former British crown colony to the People's Republic of China in 1997. Following his active political life, Lord Patten served as Chancellor of Newcastle University, among other roles, and has been Chancellor of the University of Oxford since 2003.

Carlo Pesenti
who has served as Chief Operating Officer of Italmobiliare SpA since 2014. Italmobiliare, a leading Italian holding company with a history spanning more than 150 years manages holdings in a large number of industrial, media and private equity firms. Carlo Pesenti is a member of the governing bodies of numerous companies and has a seat on the Board of the Italian newspaper Il Sole 24 Ore.

Vittorio Volpi
who has more than 50 years of experience in management positions across a wide variety of businesses within the international finance industry, including serving as President of UBS in Italy and as Chairman of UBS Japan for many years. Today, Vittorio Volpi is Chairman of a range of companies and consultancies in Europe.

Glossary of non-IFRS performance measures and abbreviations

The Executive Committee of Vontobel believes that the alternative performance indicators (non-IFRS performance indicators) contained in this document provide readers of the financial statements with valuable and more detailed information about elements of performance that the managers of these businesses can influence most directly or that are relevant when assessing Vontobel's performance. They also reflect an important aspect of the definition of operational targets and are monitored by Vontobel's management. Nevertheless, the alternative performance indicators in this document are no substitute for IFRS key figures and readers should also take account of IFRS key figures.

KEY FIGURES / ABBREVIATION	DEFINITION / REFERENCE
Adjusted profit before taxes	See table on page 26
Advised client assets	See note 35
AIFMD	Alternarive Investment Fund Managers Directive
Assets under management	See note 35
AT1	Additional Tier 1 bond – see note 23
Basel III leverage ratio	See "Capital" section
BIS	Bank for International Settlements
BoD	Board of Directors
CEO	Chief Executive Officer
CET1	Common equity tier 1; see "Capital" section
CET1 capital	Common equity tier 1 (CET1) – capital; see "Capital" section
CFO / CRO	Chief Financial Officer / Chief Risk Officer
Client assets	See note 35
Client deposits	Due to customers
CMO	Chief Marketing Officer
COO	Chief Operating Officer
Cost / income ratio	Ratio of total operating expense (excl. provisions and losses) to total operating income
Cost of capital	Costs used for the imputed return on equity
CRD-IV	Capital Requirements Directive IV
Custody assets	See note 35
EAM	External Asset Manager
Earnings per share	Basic earnings per share based on the weighted average number of shares
Equity ratio	Ratio of shareholders' equity to total liabilities and equity
ESG	Environmental Social Governance
FINMA	Swiss Financial Market Supervisory Authority

KEY FIGURES / ABBREVIATION	DEFINITION / REFERENCE
GAAP	Generally Accepted Accounting Principles
GRI	Global Reporting Initiative
Gross margin	Ratio of total operating income to average assets under management (based on average values for individual months)
IA	Internal Audit
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICS	Internal control system
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicator
Liquidity Coverage Ratio	See “Risk management and risk control” chapter
LTI	Long Term Incentive Plan
MiFID / MiFID II	Markets in Financial Instruments Directive II
NCC	Nomination and Compensation Committee
Net new money / net inflows or outflows of new money	See note 35
Net profit	Group net profit
OTC	Over-the-counter
Other advised client assets	See note 35
Payout ratio	Proportion of Group net profit attributable to the shareholders of Vontobel Holding AG that is distributed to shareholders in the form of dividend payments
Pre-tax profit	Profit before taxes
Price / book value per share	Share price at the balance sheet date in relation to shareholders’ equity per registered share outstanding at balance sheet date
Price / earnings per share	Share price at the balance sheet date in relation to earnings per average registered share outstanding during the year under review
RAC	Risk and Audit Committee
Return on equity / return on shareholders’ equity	Group net profit as a percentage of average shareholders’ equity based on monthly figures, excluding minority interests
Risk weighted positions	See “Capital” section
ROE	Return on equity
SNB	Swiss National Bank
Tax rate	Total of current and deferred income taxes as a percentage of the profit before taxes
Tier 1 capital	See “Capital” section
Tier 1 capital ratio	See “Capital” section
Total capital ratio	See “Capital” section
UCITS	Undertakings Collective Investments in Transferable Securities
Value at Risk	See “Risk management and risk control” chapter

Investors' information

Vontobel Holding AG registered shares

Stock exchange listing	SIX Swiss Exchange
ISIN	CH001 233 554 0
Security number	1 233 554
Par value	CHF 1.00

Ticker symbols

Bloomberg	VONN SW
Reuters	VONTZn.S
Telekurs	VONN

Vontobel Holding AG Additional Tier 1 (AT1) bond

Size	CHF 450 M
ISIN	CH041 904 256 6
Coupon	2.625%

Moody's Ratings

Bank Vontobel AG

Long-term deposit rating	Aa3
Short-term deposit rating	Prime-1
Counterparty risk rating	A2
Long-term counterparty risk assessment	A1 (cr)
Short-term counterparty risk assessment	Prime-1 (cr)

Vontobel Holding AG

Long-term rating (issuer rating)	A2
Additional Tier 1 (AT1) bond	Baa2(hyb)

Financial calendar

April 6, 2022
Annual General Meeting 2022

April 4, 2023
Annual General Meeting 2023

Additional events
www.vontobel.com/calendar

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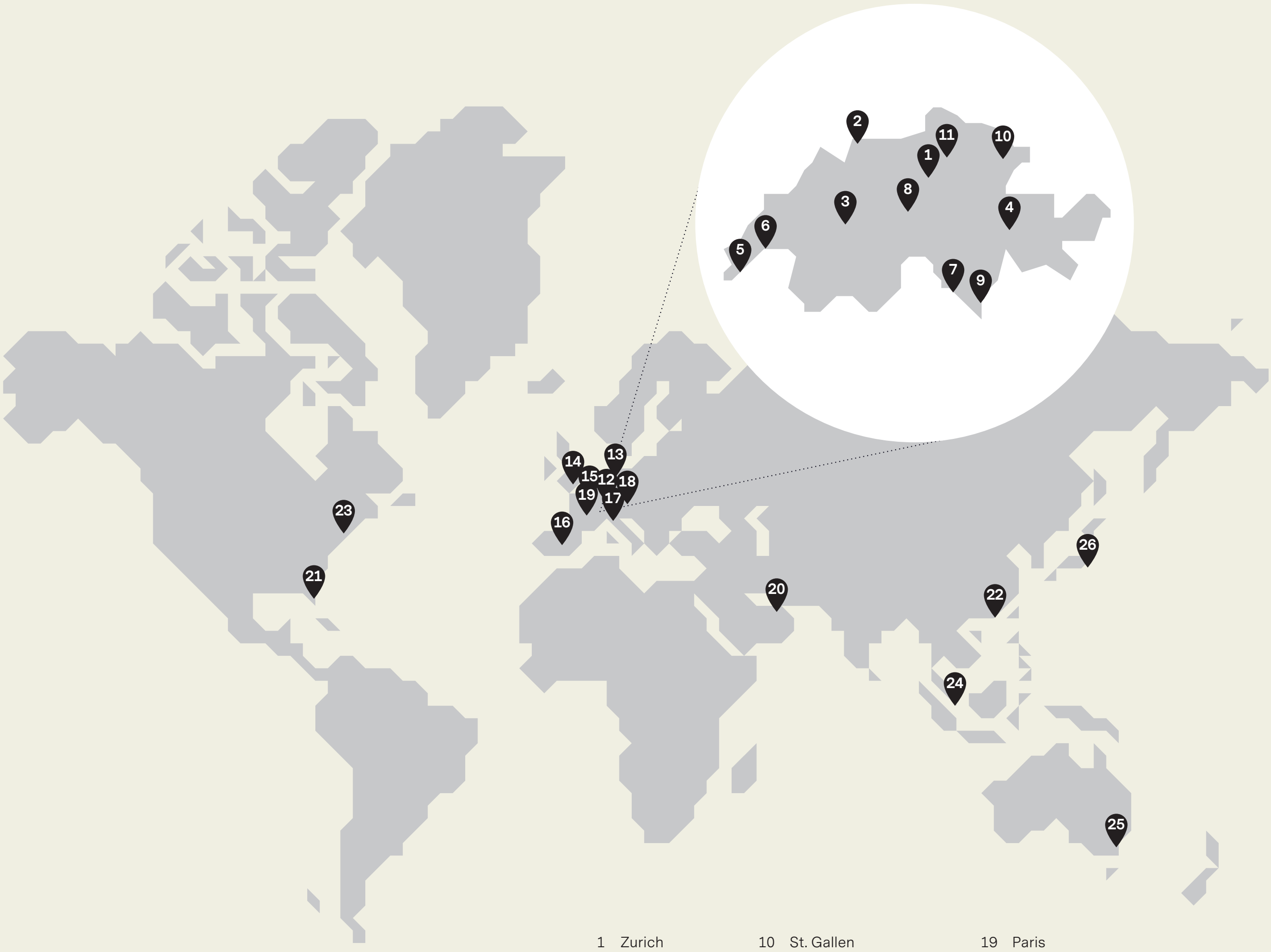
Our locations

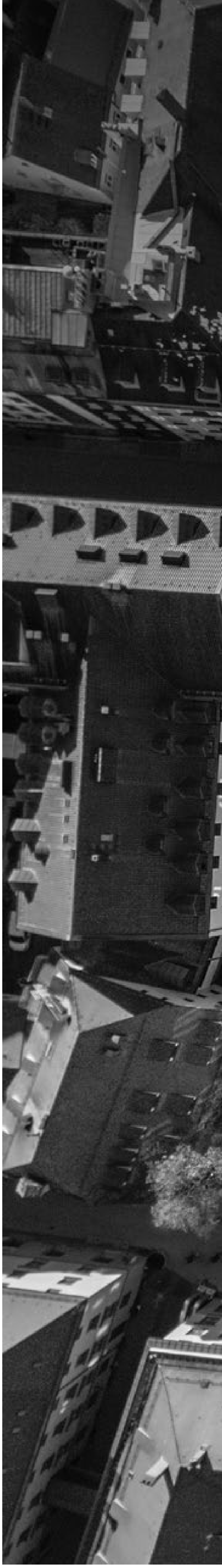
At Vontobel, we actively shape the future. We master what we do – and we only do what we master.

From Zurich, Frankfurt am Main and London over New York and Dubai to Hong Kong – throughout 26 offices, we service our clients.

Find an overview of all our offices on vontobel.com



1 Zurich
2 Basel
3 Bern
4 Chur
5 Geneva
6 Lausanne
7 Locarno
8 Lucerne
9 Lugano
10 St. Gallen
11 Winterthur
12 Frankfurt am Main
13 Hamburg
14 London
15 Luxembourg
16 Madrid
17 Milan
18 Munich
19 Paris
20 Dubai
21 Fort Lauderdale
22 Hong Kong
23 New York
24 Singapore
25 Sydney
26 Tokyo



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