Vontobel

Half-Year Report

2023

Ratios

	H1 2023	H1 2022	H2 2022
Return on shareholders' equity (ROE) (%)[1]	12.5	14.6	7.8
Cost / income ratio (%)	78.2	72.8	84.7
Equity ratio at balance sheet date (%)	6.3	6.0	6.6
Basel III leverage ratio at balance sheet date (%)	5.0	5.0	5.0

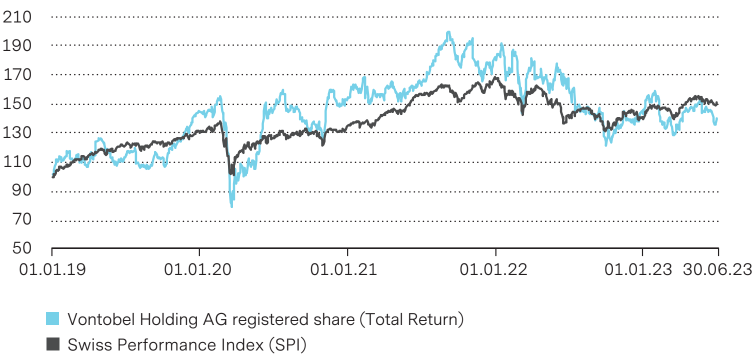
1 Group net profit annualized as a percentage of average equity based on monthly figures, both without minority interests

Share data

	H1 2023	H1 2022	H2 2022
Basic earnings per share (CHF)[1]	2.29	2.71	1.42
Diluted earnings per share (CHF)[1]	2.23	2.66	1.35
Equity per share outstanding at balance sheet date (CHF)	35.98	35.62	36.57
Price / book value per share	1.6	1.9	1.7
Price / earnings[2] per share	12.4	12.4	21.7
Share price at balance sheet date (CHF)	56.70	67.10	61.30
High (CHF)	67.80	84.85	68.90
Low (CHF)	52.50	57.55	50.70
Market capitalization nominal capital at balance sheet date (CHF M)	3,224.8	3,816.3	3,486.4
Market capitalization less treasury shares at balance sheet date (CHF M)	3,164.7	3,741.1	3,383.9
Undiluted weighted average number of shares	55,750,049	55,765,783	55,443,862

1 Basis: weighted average number of shares
2 Annualized

Performance of Vontobel Holding AG registered share (indexed)



Source: Bloomberg

Share information

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

BIS capital ratios

	30.06.2023	30.06.2022	31.12.2022
CET1 capital ratio (%)	17.3	18.5	16.7
CET1 capital (CHF M)	1,155.5	1,186.5	1,052.7
Tier 1 capital ratio (%)	24.0	25.5	23.8
Tier 1 capital (CHF M)	1,605.3	1,635.9	1,502.3
Risk-weighted positions (CHF M)	6,691.1	6,414.5	6,304.1

Risk ratio

CHF M	H1 2023	H1 2022	H2 2022
Average Value at Risk market risk	9.1	6.7	8.3

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

Rating

	30.06.2023	30.06.2022	31.12.2022	
Moody's Rating Bank Vontobel AG (long-term deposit rating)	Aa3	Aa3	Aa3	

Operating income by Client Unit / Center of Excellence

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE IN % TO H1 2022
Asset Management	203.0	247.1	209.5	–18
Wealth Management	394.0	320.2	325.6	23
Digital Investing	86.8	120.9	64.7	–28
Centers of Excellence / Reconciliation	12.4	–2.1	–0.9	690

Consolidated income statement

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE IN % TO H1 2022
Operating income	696.1	686.1	599.0	1
Operating expense	545.8	505.7	512.0	8
Profit before taxes	150.3	180.4	87.0	–17
Group net profit	127.6	151.4	78.5	–16
of which allocated to the shareholders of Vontobel Holding AG	*127.6*	*151.4*	*78.5*	*–16*

Consolidated balance sheet

	30.06.2023 CHF M	30.06.2022 CHF M	31.12.2022 CHF M	CHANGE IN % TO 31.12.2022
Total assets	32,061.7	32,943.0	30,509.2	5
Shareholders' equity (excl. minority interests)	2,008.0	1,986.1	2,018.6	–1
Loans	7,139.8	7,115.8	7,462.3	–4
Customer deposits	11,453.7	15,207.3	13,240.9	–13

Client assets

	30.06.2023 CHF B	30.06.2022 CHF B	31.12.2022 CHF B	CHANGE IN % TO 31.12.2022
Assets under management	211.9	208.6	204.4	4
of which under discretionary management	*127.8*	*133.4*	*124.6*	*3*
of which under non-discretionary management	*84.1*	*75.2*	*79.8*	*5*
Other advised client assets	18.9	13.5	14.5	30
Structured products and debt instruments outstanding	10.0	6.9	7.7	29
Total advised client assets	**240.7**	**229.0**	**226.6**	**6**
Custody assets	32.0	27.0	27.9	15
Total client assets	**272.7**	**256.0**	**254.6**	**7**

Net new money

	H1 2023 CHF B	H1 2022 CHF B	H2 2022 CHF B
Net new money	–0.9	–1.0	–4.2

Personnel (full-time equivalents)

	30.06.2023	30.06.2022	31.12.2022	CHANGE IN % TO 31.12.2022
Number of employees Switzerland	1,810.7	1,738.3	1,801.1	1
Number of employees abroad	409.9	421.5	413.3	–1
Total number of employees	**2,220.6**	**2,159.8**	**2,214.4**	**0**

Contents

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 51 and 52.

This report also appears in German. The German version is prevailing.

"At Vontobel, we are steering a steady course through this challenging environment. We know our strengths and we are also acting with tenacity, since we believe the changes we are seeing are both permanent and profound. In the business with private clients, we are further strengthening our focus on mature and developed markets. We have streamlined our business portfolio and are on track to reduce our cost base. We are continuing to consistently execute our strategy and are seizing opportunities. By the end of 2023, we will have hired more than 50 new advisors in Wealth Management, some of whom are already working for Vontobel."

Dr. Zeno Staub
Chief Executive Officer

Andreas E.F. Utermann
Chairman of the Board of Directors

Shareholders’ letter

Dear shareholders and clients,

After two extraordinary years – with a record period for stock markets in 2021 followed by a difficult year in 2022 – Vontobel delivered a robust performance in the first half of 2023. Our financial result reflects the continued uncertainty triggered by macroeconomic developments as well as political crises.

Rising interest rates, high inflation and fear of recession, as well as the war in Ukraine and tensions between different political blocs – not to mention individual events in the US and the Swiss financial sectors – fueled uncertainty among investors. As a result, institutional investors remained on the sidelines, while private investors sought a professional partner to advise them on how to manage their wealth.

Reflecting this trend, the Wealth Management business achieved a very positive performance in our Swiss home market as well as our focus markets in the first six months of 2023. As a general rule, private investors looked for security and the corresponding diversification opportunities during this period. Adjusted for outflows due to our market focus, growth in net new money in Wealth Management was 8.4 percent on an annualized basis, exceeding our own target range of 4–6 percent. Excluding these effects, Wealth Management recorded CHF 2.1 billion of net new money (1H 2022: CHF 3.0 billion). In contrast, the business with asset management clients recorded negative net new money of CHF 3.0 billion or growth of –5.6 percent. In line with the previous year, strong demand from wealth management clients was unable to compensate for the cautious behavior of asset management clients. Overall, growth in net new money was –0.9 percent, compared to –0.8 percent in the first half of 2022. Adjusted growth in net new money was +0.9 percent on an annualized basis.

Following the exceptionally large market losses of 2022, valuations recovered in the first half of the current year. This is also reflected by client assets under management of CHF 211.9 billion, up by 4 percent compared to the figure at the end of 2022 (CHF 204.4 billion). In the business with our wealth management clients, assets under management rose by 6 percent to CHF 98.1 billion due primarily to the very strong inflow of net new money; this compared to assets under management of CHF 92.6 billion at the end of 2022.

Driven by improved performance, which more than offset asset outflows, Asset Management recorded a 1 percent increase in assets under management to CHF 108.7 billion in the period under review compared to the end of 2022 (CHF 107.2 billion).

Our clients’ assets are actively managed by more than 300 investment experts in Switzerland, the US, the UK, Hong Kong, Italy and Germany. True to Vontobel’s long-term focus as an active investment manager, also in challenging environments they aren’t influenced by the latest trends – they follow their convictions in order to achieve long-term success for our clients. This is also demonstrated by the ratings assigned by international rating agencies: 59 percent of all Vontobel funds rated by Morningstar (weighted according to assets under management) achieved a 4- or 5-star rating. Multi asset solutions proved especially popular in the first six months of this year, and investments in fixed income products became more attractive again due to rising interest rates.

Strong profitable growth in Wealth Management
Despite the worldwide pressure on margins, Vontobel was able to increase its gross margin in the business with wealth management clients to 82 basis points compared to 70 basis points in the first half of 2022. In the business with asset management clients, the gross margin was almost flat at 37 basis points, compared to 38 basis points in the first half of 2022.

Overall, Vontobel delivered a robust pre-tax profit of CHF 150.3 million in the first half of 2023. This result was below the pre-tax profit of CHF 180.4 million in the first half of 2022, which reflected the very strong start to the year before the outbreak of the war in Ukraine. Group net profit reached CHF 127.6 million, compared to CHF 151.4 in the first half of 2022.

All Client Units contributed once again to the good result for the first half of 2023. The globally strong business with wealth management clients showed continued positive developments, with operating income growing to CHF 394.0 million from CHF 320.2 million in the first half of 2022. This increase partly reflects the positive effects of higher interest rates. The Asset Management business contributed CHF 203.0 million of operating income to Group net profit, compared to CHF 247.1 million in the first half of 2022. Digital Investing – the business with clients who primarily use our digital channels – contribute

CHF 86.8 million of operating income to Group net profit, compared to CHF 120.9 million in the prior-year period. The demand for structured investment solutions normalized in recent months and has returned to the level seen in 2020. Vontobel's total operating income was CHF 696.1 million in the first half of 2023, compared to CHF 686.1 million in the prior-year period.

Rigorous execution of Lighthouse Ambition 2030 while seizing long-term opportunities for growth
The cost / income ratio increased to 78.2 percent at the end of June 2023 from 72.8 percent in the first half of 2022. In the medium term, Vontobel is targeting a cost / income ratio of less than 72 percent. The cost / income ratio for the first half of 2023 includes costs-to-achieve of several million Swiss francs resulting from efforts to sharpen the focus of the business portfolio. In 2022, Vontobel took measures to contain costs in view of deteriorating market conditions and set itself the goal of further aligning its business portfolio more closely with the Lighthouse Ambition to achieve gross cost reductions of CHF 65 million by the end of 2023. Strict efforts are underway to reduce the cost base. At the same time, we will continue to follow the principle of seizing long-term opportunities for growth that entail potential one-off costs. These growth opportunities will contribute to the realization of our strategic priorities and consequently to the Lighthouse Ambition 2030. Vontobel is pursuing a strategy that involves thinking in generations, not in quarters.

Vontobel's four priorities for 2023 / 2024 as it works towards its Lighthouse Ambition 2030:

1. Delivering future-proof investment solutions
2. Delivering best-in-class private client experiences
3. Accelerating our US growth
4. Scaling value creation

In the first half of 2023, Vontobel's attractive business model and strong brand created opportunities to significantly expand client-facing areas in Wealth Management in order to drive future growth (priority 2). Vontobel plans to hire more than 50 new client advisors in the course of 2023. In the first half of 2023, Vontobel was able to hire numerous wealth management experts from a large number of interested professionals, some of whom are now already working for Vontobel or will join the investment firm in the course of the year. Vontobel is holding further talks with wealth management experts who could serve clients in our Swiss home market and in selected focus markets in the future or will join the investment firm in the course of the year. At the end of 2022, a total of around 315 advisors served Vontobel's wealth management clients. The growth is already partly reflected by the cost / income ratio as of June 30, 2023.

The legal merger of the two Switzerland-based Vontobel entities serving US clients closed successfully in April 2023 (priority 3), marking another important step in the delivery of our growth strategy in North America. Vontobel is today the largest Swiss-domiciled wealth manager for North American clients who are seeking international diversification for their assets and want them to be booked in Switzerland.

To deliver a best-in-class client experience, Vontobel has further evolved derinet – its successful platform for structured products. In the first half of 2023, Vontobel Markets was launched in France and the Nordic markets (priorities 2 and 4). In the coming months, clients in Switzerland and other European markets should also be able to benefit from the new opportunities offered by Vontobel Markets. Vontobel wants to offer its clients future-proof investment solutions (priority 1). These include the Vontobel Fund – Global Environmental Change, which has been assigned a five-star rating by Morningstar and thus ranks as one of the largest sustainable funds in Europe. Based on its performance as of June 30, 2023, it is at the upper end of the first quartile over a five-, three- and one-year horizon among this category of funds.

Capital-light business model with conservative risk profile proves effective
Vontobel has a capital-light business model with a conservative risk profile, as reflected by the return on equity of 12.5 percent. In the first half of 2022, the return on equity was 14.6 percent. The return on equity for the first half of 2023 was therefore slightly below Vontobel's ambitious target of at least 14 percent.

At the same time, the CET 1 capital ratio was strong at 17.3 percent as of June 30, 2023, up from 16.7 percent at the end of 2022. The Tier 1 capital ratio was 24.0 percent as of June 30, 2023, and thus increased compared to the end of 2022 (23.8 percent). Vontobel has set itself the target of achieving a CET1 capital ratio of more than 12 percent and a total capital ratio of more than 16 percent.

Vontobel's performance in the first half of 2023 confirms that we are moving in the right direction. Even if it was not possible to replicate the record results achieved in 2021, we are today in a stronger position than we were two years ago. Vontobel has, for example, generated significant growth in Wealth Management and we have substantially expanded our product range in the structured products business and increased our level of market acceptance. Like the entire active asset management industry, our Asset Management business is experiencing a difficult phase. However, we will successfully master the challenges in this business thanks to our clear positioning and long-term focus.

Vontobel is committed to its strategic priorities and its Lighthouse Ambition. In the search for a successor for Dr. Zeno Staub, who intends to step down as CEO in April 2024 after more than 20 years at Vontobel, the Board of Directors is looking for candidates who represent a good fit for Vontobel in terms of our strategy, Lighthouse Ambition 2030 and culture. The Board of Directors is proceeding with great care and attention and taking the time needed for this process. This is possible thanks to the fact that the Board was informed well in advance about the forthcoming leadership change in the Executive Committee.

Vontobel has an excellent management team and a deep pool of talent that we can draw on when appointing successors to key positions, as is the case with our new Chief Operating Officer. A powerful and experienced team whose members trust one another and act as sparring partners is crucial especially in periods of uncertainty. The current uncertainty is set to persist, but Vontobel is well positioned to navigate this landscape. The war in Ukraine is continuing and geopolitical tensions are undiminished. Fears of recession still loom large and global inflation has not been tamed. This situation is further exacerbated by challenges such as demographic developments and climate change that the world has faced, at least in part, for decades. And finally, the developments of the last two years have left their mark on the financial sector.

Going forward, Vontobel will continue empowering investors to build a better future. And irrespective of the current environment, we remain confident that we will achieve our existing ambitious mid-term targets across the cycle.

We wish to thank you, our shareholders, and our clients and employees for the trust that you place in Vontobel. We are committed to earning that trust day after day.

Andreas E.F. Utermann
Chairman of the Board
of Directors

Dr. Zeno Staub
Chief Executive Officer

Vontobel

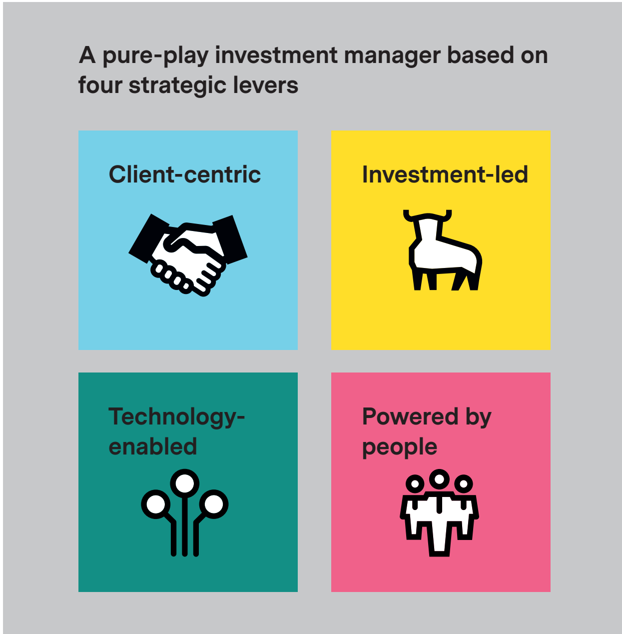
A client-centric investment firm – clearly positioned for clients and investors

The demand for professional investment solutions and individually tailored expert investment advice is growing constantly across all client groups and sections of the population also as a means of addressing the increasing pension funding gap around the world. Following a prolonged phase of low interest rates, we are now once again confronted with the specter of inflation combined with rising interest rates, elevated uncertainty and heightened geopolitical tensions, which were present even before the outbreak of war in Ukraine. The investment environment is therefore very challenging and highly volatile. Investing is the new form of saving.

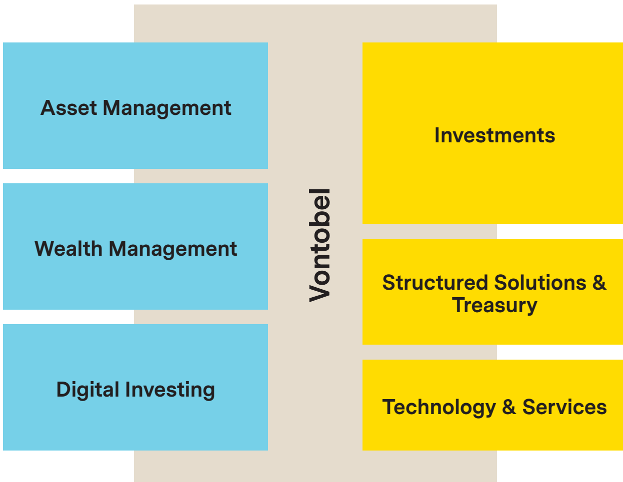
At the same time, the wishes and behavior of clients are evolving – due in particular to ever faster technological advances and the new opportunities they create. Today, investors expect individual solutions at any time, in any location: They want problems to be solved in a single click. Practices that 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 to serve External Asset Managers (EAMs) is integrated into Wealth Management. This allows clients with complex international asset structures to benefit from the advisory services used by institutional clients. The Wealth Management 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.

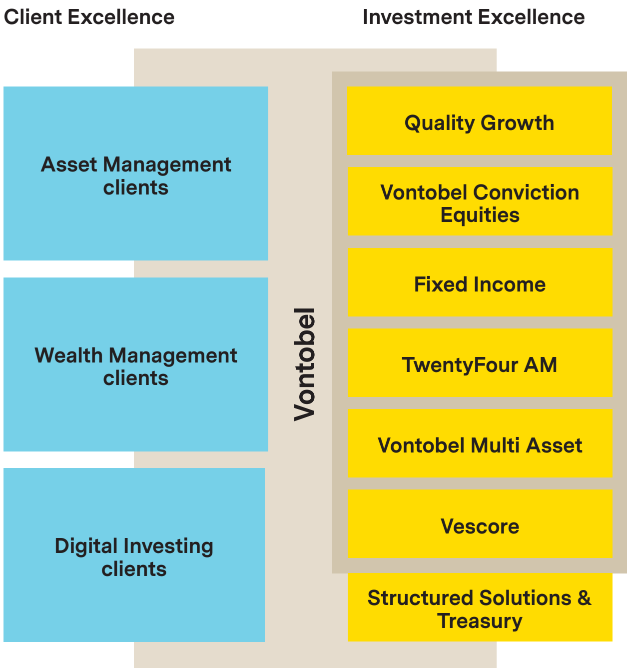
Digital Investing is the challenger unit whose competencies can be offered to broader client groups either directly or via ecosystems. This unit also focuses on the successful end-clients business with structured products. Platforms such as derinet/Vontobel Markets, cosmofunding and Volt continue to 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, Communications & Brand Marketing, 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 heads of the client units and centers of excellence 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.

Global Executive Board (EB)

June 30, 2023

Zeno Staub[1,2]
CEO

Georg Schubiger[2]
Head Wealth Management

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

Marko Röder
Head Asset Management

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

Christel Rendu de Lint[1,2]
Head Investments

Caroline Knöri
Head Human Resources

Markus Pfister[2]
Head Structured Solutions & Treasury

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

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

Our Lighthouse Ambition 2030

As a long-term oriented investment firm, we have set our Lighthouse Ambition 2030: “By 2030, Vontobel will be known as one the leading and most trusted global investment firms.”

By concentrating on this shared long-term goal, we can ensure that the entire Vontobel organization is working together and moving in the same direction.

The ambition is based on a fully client-oriented business model. 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 2023 – 2024

To ensure the requisite degree of agility and flexibility, the firm operates towards the clear long-term vision in two-year sprints with concrete targets and business plans.

This approach based on focused and agile rolling two-year plans, ensure that our short- and medium-term efforts firmly align with our long-term Lighthouse Ambition 2030.

For the Period 2023–2024 the Board of Directors and the Executive Committee defined four Strategic priorities as outlined below.

Milestones on our way towards the Vontobel Lighthouse 2030

Strategic Priorities 2023 – 2024

1. Delivering future proof investment solutions

New regimes
Review, diversify and enhance our offering

Private markets
Acquire capabilities to tap a large and growing segment

Transition to sustainability
Expand our ESG offering and live our principles

↓

Protect our margins and grow NNM from existing and new asset classes and strategies

2. Delivering best-in-class private client experiences

Personalization at scale
Develop mass-customized solutions

On-demand service models
Build a unified hybrid client service model

Strict market focus
Focus efforts on a strict set of developed markets

↓

Acquire new clients and grow share of wallet and engagement

3. Accelerating our US growth

Strong regional hub
Prudently expand our US capabilities and footprint

Strengthen partnerships and distribution
Existing and new partners

Global banks
Deepen cooperation to maximize the distribution potential

↓

Acquire new clients seeking international diversification and expertise

4. Scaling value creation

Capital efficiency
Strengthen cost management and capital allocation processes

Operational excellence
Continuously improve systems and processes

Talent development
Retain and develop the best talent

↓

Improve cost, capital and process efficiency

Targets

Ambitious mid-term targets

Building on these strategic priorities, the Board of Directors and the Executive Committee have extended the ambitious through-the-cycle targets for growth, profitability, capital and dividends to 2024.

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

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

Financial markets recover – economy proves robust in the short-term despite interest rate hikes and continued major geopolitical tensions

After a very challenging year in 2022, financial markets began to recover in the first half of 2023, although the upswing was interrupted temporarily towards the end of the first quarter by stubborn inflation figures and rising interest rates, as well as instability in the financial sector affecting individual regions and specific institutions. The rapid action taken in the banking industry to resolve these issues and robust job market data, eased concerns about an imminent global recession.

In equity markets, tech stocks took center stage – driven by progress in the area of artificial intelligence. Bond prices also increased, while commodities, which experienced a boom in 2022, trended downwards. Measured by the MSCI World All Countries Total Return Index, global equity markets rose by 15.5 percent in local currencies. In comparison, the performance of Swiss indices was more modest, with the SMI up by 5.1 percent and the SPI up by 8.2 percent. In the case of fixed income securities, both government bonds (Global Government Bonds +0.9 percent, hedged in Swiss francs) and corporate bonds (Bloomberg Global Aggregate Corporate Bonds +0.9 percent, hedged in Swiss francs) rose slightly. During the first half of 2023, the Swiss franc strengthened against the US dollar and the euro, as well as other currencies (with the exception of the British pound).

Maintaining a long-term focus …

While the global operating environment has changed, Vontobel is maintaining its long-term focus on the generation of recurring income and is consciously refraining from participating in short-term market trends, in line with its conservative risk profile. Current market conditions as well as the growing need to invest and the desire for greater diversification are creating long-term growth opportunities that Vontobel is actively seizing. With its realignment as a global, client-centric pure-play investment firm in 2020, Vontobel set itself a clear goal. Our Lighthouse Ambition states: "By 2030, Vontobel will be known as one of the leading and most trusted global investment firms." Vontobel remains committed to its ambitious growth and profit targets for 2023 to 2024. Further information on Vontobel's strategy and mid-term targets is provided on page 5 and pages 7 to 12. In the first half of 2023, Vontobel continued to invest in new talent with new capabilities, as well as in future technologies, in line with its long-term focus. It also strengthened its commitment to its focus markets. The merger of the former Vontobel Swiss Wealth Advisors AG (VSWA) with Vontobel SFA (formerly UBS Swiss Financial Advisers AG) was completed in the first half of 2023, signaling the closing of the legal and operational merger of the two entities to create Vontobel SFA. As a result, Vontobel is today the largest Swiss-domiciled wealth manager for North American clients who are seeking international diversification for their assets and want them to be booked in Switzerland. The structured products platform Vontobel Markets (previously known as derinet) represents another success story: It was recently rolled out in France and the Nordic markets. In the coming months, clients in Switzerland and other European markets should also be able to benefit from the new opportunities offered by Vontobel Markets.

… and delivering a robust result in a challenging market environment

Interest rate hikes and good development of client assets, especially in Wealth Management, had a positive impact on the development of income compared to the first half of 2022. Operating income reached CHF 696.1 million in the first half of 2023, compared to CHF 686.1 million in the prior-year period (+1 percent). In light of the market environment and the growth opportunities taken, Vontobel delivered a robust Group net profit of CHF 127.6 million, down 16 percent compared to CHF 151.4 million in the first half of 2022. Pre-tax income declined by 17 percent to CHF 150.3 million. All three Client Units made a positive contribution to the result. At constant exchange rates, pre-tax profit decreased by 11 percent. Adjusted for cost-to-achieve, pre-tax profit reached CHF 158.8 million (–12 percent).

As an investment firm with a long-term focus, Vontobel is systematically executing its mid-term strategy. It is also managing its costs with a long-term view to maintain its strategic flexibility. In the first half of 2023, Vontobel continued to invest in strategic projects and seized growth opportunities. We nevertheless remain committed to implementing a sharper focus and leaner positioning, and we will generate additional gross cost reductions of CHF 65 million by the end of 2023. We expect cost-to-achieve to reach about CHF 15 million in the course of 2023, of which CHF 8.5 million were already incurred in the first half of the year. In the short-term, the cost base grew by 8 percent year on year to CHF 545.8 million due to the growth opportunities taken during the period under review. The cost/income ratio increased to 78.2 percent from 72.8 percent in the first half of 2022. In the medium term, Vontobel is targeting a cost/income ratio of less than 72 percent. In a challenging market environment in the first half of 2023, Vontobel generated a return on equity of 12.5 percent, below our mid-term target of 14 percent. The return on tangible equity reached 17.8 percent (1H 2022: 19.7 percent).

Our robust capital position reflects the stability and financial solidity of our investment firm. The CET1 ratio reached 17.3 percent (end-2022: 16.7 percent) and the Tier 1 capital ratio, which is identical to the total capital ratio at Vontobel, of 24.0 percent also increased compared to the end of 2022 (23.8 percent). The capital ratios continue to substantially exceed the regulatory minimum requirements that apply to Vontobel, including the countercyclical buffer defined by FINMA of 8.0 percent for the CET1 capital ratio, 9.8 percent for the Tier 1 capital ratio and 12.2 percent for the total capital ratio. Our internal targets are a CET1 capital ratio of at least 12 percent and a total capital ratio of at least 16 percent.

Client assets by client domicile as of June 30, 2023

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	**95.6**	**9.1**	**7.4**	**112.1**	**25.6**	**137.7**
Switzerland[1]	*95.6*	*9.1*	*7.4*	*112.1*	*25.6*	*137.7*
Focus markets	**94.8**	**7.4**	**2.6**	**104.8**	**0.0**	**104.8**
Germany	*19.5*	*3.9*	*2.6*	*26.0*		*26.0*
UK	*20.1*	*1.3*		*21.4*		*21.4*
Italy	*12.9*	*0.0*		*12.9*		*12.9*
North America	*18.1*	*0.1*		*18.2*		*18.2*
Focus APAC[2], LATAM, MEA	*24.2*	*2.1*		*26.3*		*26.3*
Other markets	**21.5**	**2.4**	**0.0**	**23.9**	**6.4**	**30.3**
Total	**211.9**	**18.9**	**10.0**	**240.7**	**32.0**	**272.7**

1 Including Liechtenstein
2 Singapore, Hong Kong SAR, Australia and Japan

Global client 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 2003 to mid-2023, it recorded a more than fourfold increase in assets under management from CHF 47.1 billion to CHF 211.9 billion. Today, 55 percent of assets under management 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 (APAC), Latin America (LATAM), Middle East and Africa (MEA). However, Vontobel is also well established in its Swiss home market with a presence in 11 locations. Clients domiciled in Switzerland account for CHF 95.6 billion of assets under management. This underscores the high level of trust that clients in our home market place in Vontobel. We will continue to actively pursue our strategic priorities to enable us to achieve growth outside as well as within Switzerland. With our strategic positioning in its focus markets, Vontobel today has access to more than 80 percent of global wealth that requires professional investment management.

In the future, we will place an even stronger focus on large, established markets. These markets are characterized by their substantial numbers of sophisticated clients whom Vontobel can help to realize their objectives – drawing on our global investment expertise. In addition to our Swiss home market, Vontobel has defined specific focus markets. They include the US, the world's largest asset and wealth management market. Another focus market is the UK, the largest asset management market in the EMEA region. Other focus markets are Germany and Italy. In the future, Vontobel also wants to expand its activities in established markets in the Asia Pacific region – primarily Japan and Australia – as well as in selected countries in Latin America.

Growth in client assets driven by market recovery

As a global investment firm specializing in wealth and asset management for private and institutional investors, as well as in investment solutions, Vontobel has proven investment expertise that benefits our clients in all market environments. We have around 300 investment experts who systematically follow their convictions, also in difficult environments, and they are always mindful of long-term investment objectives. Assets under management totaled CHF 211.9 billion at the end of June 2023. This increase of CHF 7.5 billion compared to the end of 2022 was mainly attributable to positive performance effects in equity and bond markets. The asset base was, however, adversely impacted by slightly negative net new money due to the strict market focus in Wealth Management and general outflows in Asset Management, as well as negative currency effects.

Development of assets under management

CHF B	30.06.2023	30.06.2022	31.12.2022
Asset Management	108.7	118.3	107.2
Wealth Management	98.1	85.7	92.6
Digital Investing	0.6	0.6	0.5
Centers of Excellence / Reconciliation	4.5	4.0	4.0
Total assets under management	**211.9**	**208.6**	**204.4**

The total increase in assets under management of CHF 7.5 billion compared to the end of 2022 reflects:

- Net new money of CHF –0.9 billion
- Positive impact of market effects of CHF +10.6 billion
- Negative currency effects of CHF –2.2 billion

Assets under management consist of 51 percent institutional assets held in Asset Management and 47 percent private client assets held in the Wealth Management and Digital Investing Client Units, while 2 percent are attributable to the Centers of Excellence/Reconciliation.

Development of net new money

CHF B	H1 2023	H1 2022	H2 2022
Asset Management	–3.0	–4.0	–6.6
Wealth Management	2.1	3.0	2.4
Digital Investing	0.0	0.0	–0.0
Centers of Excellence / Reconciliation	0.0	0.0	–0.0
Total net new money	**–0.9**	**–1.0**	**–4.2**

Since the start of the war in Ukraine, i.e. since February 2022, institutional investors have reduced risks – especially in the case of actively managed assets – and they have tended to defer reinvestments to the future. This is reflected in the flow of client assets. Even if this negative trend has weakened, the business with asset management clients continued to experience outflows, which totaled CHF 3.0 billion on a net basis in the first half of 2023. The continued growth in Wealth Management did not fully compensate for these outflows. Asset Management experienced net outflows across all asset classes. Wealth management clients entrusted CHF 2.1 billion of net new assets to Vontobel in the first half of 2023. Adjusted for outflows due to our strict market focus, annualized net new money growth in Wealth Management reached 8.4 percent, thus exceeding Vontobel's own target range of 4–6 percent. Excluding these effects, net new money growth in Wealth Management was 4.5 percent. In Asset Management, however, net new money was negative at –5.6 percent. In total, net new money was CHF –0.9 billion, corresponding to negative growth of –0.9 percent.

Assets under management by investment category

IN %	30.06.2023	30.06.2022	31.12.2022
Swiss equities	18	18	18
Foreign equities	31	31	29
Bonds	34	36	34
Alternative investments	2	2	2
Liquid assets, fiduciary investments	13	12	13
Other [1]	3	1	3

1 Including structured products and debt instruments

The slight shifts in the structure of assets under management by investment category in the period under review were mainly attributable to the recovery in financial markets. Consequently, the allocation to equities rose from 47 percent at the end of 2022 to 49 percent, while the allocation to bonds and liquidity holdings remained stable.

Our investment expertise is geared towards our international client base – as shown by our broadly diversified allocation of assets under management in terms of currencies. A total of 30 percent of assets under management comprise investments in Swiss francs. The proportion of investments in euros, US dollars and British pounds was almost unchanged compared to the end of 2022, while investments in other currencies continued to decrease slightly.

Assets under management by currency

IN %	30.06.2023	30.06.2022	31.12.2022
CHF	30	28	30
EUR	21	22	21
USD	33	31	32
GBP	6	6	6
Other	11	13	12

Structure of the income statement

	H1 2023 CHF M	H1 2023 IN %[1]	H1 2022 IN %[1]	H2 2022 IN %[1]
Net interest and dividend income	94.5	14	5	12
Net fee and commission income	414.7	60	64	66
Trading income	188.4	27	30	22
Other income	–1.5	–0	1	0
Total operating income	**696.1**	**100**	**100**	**100**
Personnel expense	362.5	52	48	55
General expense	128.7	18	18	21
Depreciation of property, equipment (incl. software) and intangible assets	53.1	8	7	9
Provisions and losses	1.5	0	1	1
Total operating expense	**545.8**	**78**	**74**	**86**
Profit before taxes	**150.3**	**22**	**26**	**14**
Taxes	22.7	3	4	1
Group net profit	**127.6**	**19**	**22**	**13**

1 Share of operating income

Increase in operating income reflects higher interest rates

Vontobel generated operating income of CHF 696.1 million in the first half of 2023, an increase of 1 percent compared to the prior-year period (CHF 686.1 million). Reflecting a significant increase in the importance of the interest rate business, commission income accounted for 60 percent of operating income, down from 64 percent, while the proportion of net interest and dividend income after credit losses rose to 14 percent (1H 2022: 5 percent).

Net fee and commission income decreased by 6 percent to CHF 414.7 million, mainly due to the 8 percent reduction in the average asset base. Advisory and management fees decreased from CHF 456.7 million to CHF 404.8 million (–11 percent), while administration and custody fees declined by 10 percent to CHF 98.5 million. Brokerage fees – also part of net fee and commission income – fell by 19 percent to CHF 38.0 million compared to the prior-year period.

Following a strong start to the year, volatility decreased in the second quarter, resulting in lower levels of market activity. This was reflected by the muted development of trading income, which fell by 8 percent to CHF 188.4 million compared to the first half of 2022. Vontobel's trading income mainly comprises income from the issuing, hedging and market making of structured products and warrants – represented by the total in "Securities" and "Other financial instruments at fair value" as per note 3 on page 33. In the period under review, these activities contributed CHF 160.7 million (–8 percent compared to the prior-year period) to trading income. Income from forex and precious metals trading declined by 5 percent to CHF 27.7 million.

Rising interest rates and efforts to further optimize the management of the bank's balance sheet by Treasury, while maintaining a conservative risk profile, led to a 190 percent increase in net interest and dividend income to CHF 94.5 million. Other income was slightly negative at CHF –1.5 million, compared to CHF 8.9 million in the first half of 2022, which was primarily due to the sale of interest rate instruments.

58 percent of our income is generated in foreign currencies, with a large proportion in US dollars, which weakened by an average of 3 percent against the Swiss franc compared to the first half of 2022. The euro (–4 percent) and the British pound (–7 percent) also weakened against the Swiss franc over the same period. At constant exchange rates, operating income would therefore have been 4 percent higher in the first half of 2023.

Wealth Management delivers strong result – broad-based business model proves effective once again
Operating income in Wealth Management totaled CHF 394.0 million, an increase of 23 percent compared to the prior-year period. From August 1, 2022, this figure includes income from the former UBS Swiss Financial Advisers AG. Vontobel has made targeted investments in the expansion of its wealth management offering and in key growth initiatives in the past, including increasing its team of advisors in 2023, and it will continue to do so going forward. In Wealth Management, the gross margin was 82 basis points, significantly higher than in the prior-year period (70 basis points).

In the business with asset management clients – Vontobel's second earnings driver – we generated operating income of CHF 203.0 million, compared to CHF 247.1 million (–18 percent) in the first six months of 2022. This decrease was primarily driven by lower assets under management, which decreased by an average of 17 percent, and the fact that performance fees were largely absent. Asset Management achieved a gross margin of 37 basis points in the period under review, almost unchanged compared to the prior-year period (38 basis points).

The generally muted demand for leverage and investment products among our private clients was reflected by the performance of the Digital Investing business, in which Vontobel generated operating income of CHF 86.8 million in the first six months of 2023 (1H 2022: CHF 120.9 million). cosmofunding, the digital platform for private placements and loans for Swiss companies and the public sector, is also part of Digital Investing. With a traded volume of CHF 5.3 billion, cosmofunding achieved further growth in the first half of 2023 and expanded its ecosystem with new partners and suppliers, thus creating the basis for future growth. Higher interest rates have had a positive effect on the performance of the business. In total, cosmofunding has issued around CHF 28.4 billion in private placements and loans since its launch in October 2018.

Operating income by Client Unit / Center of Excellence

CHF M	H1 2023	H1 2022	H2 2022
Asset Management	203.0	247.1	209.5
Wealth Management	394.0	320.2	325.6
Digital Investing	86.8	120.9	64.7
Centers of Excellence / Reconciliation	12.4	–2.1	–0.9

Higher operating expense in light of strategic growth initiatives
Vontobel is systematically pursuing its mid-term growth strategy without losing sight of costs. We take a smart approach to managing costs and investments – especially in the areas of technology and new talents – in accordance with our goals, while always considering the market environment. In the period under review, we continued to invest in strategic projects while taking measures to contain costs, as previously announced. Vontobel's operating expense was CHF 545.8 million in the first half of 2023, an increase of 8 percent compared to the prior-year period. This change is attributable to an 11 percent increase in personnel expense due to higher accruals for variable compensation as well as the targeted expansion of the team of advisors in Wealth Management. Average headcount (full-time equivalents) was 3 percent higher than in the prior-year period.

General expense also rose by 4 percent to CHF 128.7 million due to ongoing investments to ensure that Vontobel remains competitive and close to its clients in the future. These investments were mainly reflected in higher IT and telecommunications costs. The cost/income ratio was 78.2 percent in the first half of 2023 and was therefore above Vontobel's own mid-term target of less than 72 percent as well as the very good ratio of 72.8 percent in the prior-year period. Depreciation of property, equipment and intangible assets of CHF 53.1 million was 6 percent higher than in the prior-year period, as planned.

The volume of capital expenditure on property, equipment and software reached CHF 29.9 million (1H 2022: CHF 52.8 million) in the period under review, with a large portion of the expenditure once again focusing on digitization projects.

Decline in pre-tax profit

Profit before taxes declined by 17 percent compared to the previous year period to CHF 150.3 million.

One-off effects from the ongoing focusing and streamlining of the business had an impact in the first half of the year. Gross cost reductions of CHF 65 million are expected to be achieved by the end of 2023. Of the related cost-to-achieve of around CHF 15 million in 2023, CHF 8.5 million were incurred in the first half of the year. The adjusted pre-tax result therefore totaled CHF 158.8 million, corresponding to a decline of 12 percent.

Reconciliation of reported to adjusted profit before taxes

CHF M	H1 2023	H1 2022	H2 2022
Profit before taxes	**150.3**	**180.4**	**87.0**
Integration costs SFA			5.2
Cost-to-achieve	8.5		
Profit before taxes on an adjusted basis	**158.8**	**180.4**	**92.2**

Group net profit decreased by 16 percent to CHF 127.6 million (1H 2022: CHF 151.4 million) and earnings per share declined to CHF 2.29 (1H 2022: CHF 2.71). Tax expense fell by 22 percent. This reduction was primarily attributable to differences in the development of profits at individual Group companies. The tax rate of 15.1 percent was slightly below the prior-year period (16.1 percent).

Vontobel is pursuing a capital-light growth strategy with a conservative risk profile – in terms of both organic and inorganic growth. In a challenging environment, Vontobel generated a return on equity of 12.5 percent (1H 2022: 14.6 percent) on its strong capital base.

Negative currency movements

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 base and strong roots in its Swiss home market.

Compared to the first half of 2022, the net impact of currency effects on income and costs reported in Swiss francs in the period under review was negative. Based on constant exchange rates, profit before taxes was CHF 160.3 million. The US dollar weakened against the Swiss franc by 3 percent, as did other major currencies such as the euro (–4 percent). 42 percent of income is generated in Swiss francs, followed by 30 percent in US dollars and 17 percent in euros. On the cost side, the Swiss franc is the dominant currency, accounting for 78 percent of expenses, while the euro and the US dollar each account for 8 percent of expenses.

Structure of income statement by currency

IN %	H1 2023	H1 2022	H2 2022
Operating income			
CHF	42	42	40
EUR	17	15	16
USD	30	30	30
GBP	7	9	9
Other	5	4	5
Operating expense			
CHF	78	77	76
EUR	8	8	9
USD	8	8	8
GBP	4	4	3
Other	3	3	3

Conservative risk management and continued comfortable capital position

Vontobel remains committed to a conservative risk management approach. At CHF 9.1 million, the average Value at Risk in the first half of 2023 was higher than the figure for the first half of 2022 (CHF 6.7 million) and the second half of 2022 (CHF 8.3 million). This increase was primarily due to higher Value at Risk in the “Interest rates” category, including credit spreads, due to the changed interest rate environment.

Value at Risk (VaR)

CHF M	H1 2023	H1 2022	H2 2022
Equities	3.5	4.3	5.3
Interest rates	13.7	6.9	10.9
Currencies	0.7	1.8	1.5
Commodities	0.3	0.5	0.4
Diversification effect	–9.2	–6.7	–9.7
Total	**9.1**	**6.7**	**8.3**

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

The CET1 capital ratio increased slightly to 17.3 percent at the end of June 2023 (end of 2022: 16.7 percent). The Tier 1 capital ratio, which is identical to the total capital ratio at Vontobel, rose to 24.0 percent (end of 2022: 23.8 percent). The capital ratios continue to substantially exceed the regulatory minimum requirements, including the countercyclical buffer defined by FINMA of 8.0 percent for the CET1 capital ratio, 9.8 percent for the Tier 1 capital ratio and 12.2 percent for the total capital ratio for category 3 banks, including Vontobel.

The equity ratio of 6.3 percent and a leverage ratio under Basel III of 5.0 percent also reflect Vontobel’s very solid capital position. Following the distribution of the dividend of CHF 168.7 million in April 2023, shareholders’ equity decreased slightly to CHF 2.0 billion, down by 1 percent compared to the end of 2022. Furthermore, Vontobel’s balance sheet is highly liquid, with a liquidity coverage ratio averaging 178.3 percent in the first half of 2023.

Risk-weighted positions

CHF M	30.06.2023	30.06.2022	31.12.2022
Credit risks	2,187.9	2,211.3	2,058.3
Non-counterparty related risks	366.8	384.6	383.9
Market risks	1,513.9	1,258.2	1,280.0
Operational risks	2,622.5	2,560.3	2,581.8
Total	**6,691.1**	**6,414.5**	**6,304.1**

At the end of June 2023, risk-weighted positions totaled CHF 6,691.1 million, an increase of 6 percent compared to the end of 2022. Positions for operational risk increased by 2 percent in connection with the general business expansion and positions for credit risks rose by 6 percent. There was a net rise in risk-weighted positions for market risk of 18 percent compared to the end of 2022, mainly due to higher interest rate risks, also reflected in the increase in trading portfolio assets and “Other financial assets at fair value”. Of total risk-weighted positions of CHF 6,691.1 million at the end of June 2023 (December 31, 2022: CHF 6,304.1 million), 33 percent related to credit risks, 23 percent to market risks and 39 percent to operational risks. 5 percent of risk-weighted positions comprised non-counterparty related risks.

Shifts in consolidated balance sheet mainly reflect new interest rate environment

Total assets increased by 5 percent to CHF 32.1 billion compared to the end of 2022. In view of the changed interest rate environment, Treasury took measures on the assets side of the balance sheet and clients adapted their positioning. Loans to customers decreased by 4 percent to CHF 7.1 billion. Reflecting more favorable market sentiment, trading portfolio assets increased by 10 percent to CHF 5.1 billion and the position “Other financial assets at fair value” increased by 18 percent to CHF 9.8 billion, while liquid assets decreased slightly to CHF 3.8 billion (–3 percent). Due from banks was also almost unchanged at CHF 1.6 billion (–1 percent).

Liabilities rose by 5 percent to CHF 30.1 billion compared to the end of 2022. While customer deposits decreased from CHF 13.2 billion to CHF 11.5 billion, the position “Other financial liabilities at fair value” rose by CHF 2.4 billion to CHF 12.6 billion and other liabilities, which include open settlement positions, increased by CHF 1.4 billion to CHF 2.9 billion.

Capital and liquidity

Eligible and required capital

CHF M	30.06.2023	31.12.2022
Eligible capital		
Equity according to balance sheet	2,008.0	2,018.6
Paid-in capital	*56.9*	*56.9*
Disclosed reserves	*1,887.9*	*1,845.6*
Net profit for the current financial year	*127.6*	*229.8*
Deduction for treasury shares	*–64.3*	*–113.7*
Deduction for minority interests		
Deduction for dividends (current estimate)	–85.3	–170.6
Deduction for goodwill	–529.8	–528.5
Deduction for intangible assets	–94.1	–101.1
Deduction for deferred tax assets	–13.1	–14.9
Addition (deduction) for losses (gains) due to changes in own credit risk	1.7	–2.6
Deduction for unrealised gains related to financial investments	–73.7	–73.2
Deduction for defined benefit pension fund assets (IAS 19)	–14.7	–8.8
Other adjustments	–43.5	–66.2
Net eligible BIS common equity tier 1 capital (CET1)	**1,155.5**	**1,052.7**
Additional tier 1 capital (AT1)	449.8	449.6
Net eligible BIS tier 1 capital	**1,605.3**	**1,502.3**
Supplementary capital (tier 2)		
Other deductions from total capital		
Net eligible regulatory capital (BIS tier 1+2)	**1,605.3**	**1,502.3**
Risk-weighted positions		
Credit risks	2,187.9	2,058.3
Receivables	*2,091.8*	*1,951.8*
Price risk relating to equity instruments in the banking book	*96.1*	*106.5*
Non-counterparty related risks	366.8	383.9
Market risks	1,513.9	1,280.0
Interest rates	*911.8*	*651.8*
Equities	*491.5*	*499.2*
Currencies	*33.9*	*44.6*
Gold	*0.1*	*1.2*
Commodities	*76.7*	*83.2*
Operational risk	2,622.5	2,581.8
Total risk-weighted positions	**6,691.1**	**6,304.1**

The disclosure of capital requirements, the leverage ratio and the liquidity coverage ratio is made 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.

Since 2019, the liquidity coverage ratio should be at least 100 percent. 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 with maturities within 30 calendar days as cash inflows.

Capital ratios in accordance with FINMA Circular 16/01

AS A PERCENTAGE OF RISK-WEIGHTED POSITIONS	30.06.2023	31.12.2022
CET1 capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 4.5%)[1]	17.3	16.7
Tier 1 capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 6.0%)[2]	24.0	23.8
Total capital ratio (minimum requirement BIS Basel III excl. capital conservation buffer: 8.0%)[3]	24.0	23.8
CET1 available to cover BCBS minimum capital and buffer requirements after deduction of AT1 and T2 capital requirements which are filled by CET1	12.8	12.2
CET1 available	17.3	16.7
T1 available	21.6	21.4
Eligible regulatory capital available	24.0	23.8

1 Target CET1 capital ratio according to Annex 8 of the CAO plus countercyclical buffer: 8.0%
2 Target T1 capital ratio according to Annex 8 of the CAO plus countercyclical buffer: 9.8%
3 Target Total capital ratio according to Annex 8 of the CAO plus countercyclical buffer: 12.2%

The countercyclical buffer requirement (as a percentage of risk-weighted positions) is 0.2 (31.12.2022: 0.2).
All investments in financial sector companies (<10%) are risk-weighted for capital calculations (30.06.2023: CHF 27.2 M; 31.12.2022: CHF 27.2 M).

Leverage ratio in accordance with FINMA Circular 15/03

	30.06.2023	31.12.2022
Net eligible BIS tier 1 capital in CHF M	1,605.3	1,502.3
Total leverage ratio exposure in CHF M	31,827.4	30,025.8
Leverage ratio (unweighted capital ratio in accordance with Basel III) in %	5.0	5.0

Liquidity coverage ratio in accordance with FINMA Circular 15/02

AVERAGE	H1 2023	Q2 2023	Q1 2023
Total stock of high quality liquid assets (HQLA) in CHF M	9,756.2	9,613.4	9,899.0
Total net cash outflows in CHF M	5,470.8	5,366.7	5,574.8
Liquidity coverage ratio (LCR) in %	178.3	179.1	177.6

Net Stable Funding Ratio in accordance with FINMA Circular 15/02

	30.06.2023	31.12.2022
Available stable funding (ASF) in CHF M	15,125.9	15,009.1
Required stable funding (RSF) in CHF M	13,316.3	12,390.0
Net Stable Funding Ratio NSFR in %	113.6	121.1

Consolidated income statement

Consolidated income statement

	NOTE	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022 CHF M	CHANGE TO H1 2022 IN %
Interest and dividend income[1]		125.4	47.2	82.2	78.2	166
Interest expense[1]		30.7	11.6	13.4	19.1	165
Credit loss (expense) / recovery		–0.2	–3.0	–0.0	2.8	93
Net interest and dividend income	1	**94.5**	**32.6**	**68.8**	**61.9**	**190**
Fee and commission income		573.0	630.8	560.2	–57.7	–9
Fee and commission expense		158.3	190.4	166.8	–32.0	–17
Net fee and commission income	2	**414.7**	**440.4**	**393.4**	**–25.7**	**–6**
Trading income	3	**188.4**	**204.2**	**134.1**	**–15.8**	**–8**
Other income	4	**–1.5**	**8.9**	**2.6**	**–10.3**	**–116**
Total operating income		**696.1**	**686.1**	**599.0**	**10.0**	**1**
Personnel expense	5	362.5	326.2	329.7	36.2	11
General expense	6	128.7	123.3	124.9	5.4	4
Depreciation of property, equipment (incl. software) and intangible assets	7	53.1	50.2	53.0	2.9	6
Provisions and losses	8	1.5	6.0	4.4	–4.5	–75
Total operating expense		**545.8**	**505.7**	**512.0**	**40.1**	**8**
Profit before taxes		**150.3**	**180.4**	**87.0**	**–30.1**	**–17**
Taxes	9	22.7	29.0	8.5	–6.3	–22
Group net profit		**127.6**	**151.4**	**78.5**	**–23.8**	**–16**
of which allocated to shareholders of Vontobel Holding AG		*127.6*	*151.4*	*78.5*	*–23.8*	*–16*

Share information (CHF)

Basic earnings per share[2]		2.29	2.71	1.42	–0.43	–16
Diluted earnings per share[2]		2.23	2.66	1.35	–0.43	–16

1 A reclassification occurred in H2 2022. As a result, the total for the half-year periods cannot be reconciled with the total in the Annual Report 2022.
2 Basis: Weighted average number of shares

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

	NOTE	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022 CHF M	CHANGE TO H1 2022 IN %
Group net profit according to the income statement		**127.6**	**151.4**	**78.5**	**–23.8**	**–16**
Other comprehensive income, net of tax	10					
Other comprehensive income that will be reclassified to the income statement, net of tax						
Currency translation adjustments:						
Income during the reporting period		–6.3	11.8	2.0	–18.1	–153
Gains and losses transferred to the income statement						
Total currency translation adjustments		–6.3	11.8	2.0	–18.1	–153
Debt instruments in financial investments:						
Income during the reporting period		9.3	–49.9	–22.0	59.1	118
Gains and losses transferred to the income statement		4.7	–0.1	–0.8	4.7	
Total debt instruments in financial investments		13.9	–49.9	–22.8	63.9	128
Total other comprehensive income that will be reclassified to the income statement, net of tax		**7.6**	**–38.2**	**–20.8**	**45.8**	**120**
Other comprehensive income that will not be reclassified to the income statement, net of tax						
Income from equity instruments in financial investments		0.3	–4.7	–1.8	5.0	106
Income from defined benefit pension plans		4.0	–20.9	–10.5	24.9	119
Total other comprehensive income that will not be reclassified to the income statement, net of tax		**4.3**	**–25.6**	**–12.3**	**29.9**	**117**
Total other comprehensive income, net of tax		**11.9**	**–63.8**	**–33.1**	**75.7**	**119**
Comprehensive income		**139.5**	**87.6**	**45.4**	**51.9**	**59**
of which allocated to shareholders of Vontobel Holding AG		*139.5*	*87.6*	*45.4*	*51.9*	*59*

Consolidated balance sheet

Assets

	30.06.2023 CHF M	31.12.2022 CHF M	CHANGE TO 31.12.2022 CHF M	IN %
Cash	3,771.4	3,884.2	–112.8	–3
Due from banks	1,562.3	1,575.1	–12.8	–1
Receivables from securities financing transactions	145.6	894.0	–748.4	–84
Loans	7,139.8	7,462.3	–322.5	–4
Trading portfolio assets	5,100.4	4,651.7	448.7	10
Positive replacement values	326.3	439.4	–113.1	–26
Other financial assets at fair value	9,805.9	8,297.2	1,508.7	18
Financial investments	1,610.4	1,727.3	–116.8	–7
Investments in associates	3.3	3.7	–0.4	–11
Property, equipment and software	366.8	383.9	–17.1	–4
Goodwill and other intangible assets	623.9	629.6	–5.7	–1
Other assets	1,605.7	560.9	1,044.7	186
Total assets	**32,061.7**	**30,509.2**	**1,552.5**	**5**

Liabilities and equity

	30.06.2023	31.12.2022	CHANGE TO 31.12.2022	
	CHF M	CHF M	CHF M	IN %
Due to banks	1,379.0	1,140.5	238.5	21
Payables from securities financing transactions	0.0	92.5	–92.5	–100
Customer deposits	11,453.7	13,240.9	–1,787.2	–13
Trading portfolio liabilities	141.7	170.4	–28.7	–17
Negative replacement values	828.0	1,191.0	–363.0	–30
Other financial liabilities at fair value	12,572.9	10,124.2	2,448.6	24
Debt issued	764.8	1,043.2	–278.4	–27
Provisions	14.1	14.9	–0.8	–5
Other liabilities	2,899.5	1,473.0	1,426.5	97
Total liabilities	**30,053.7**	**28,490.6**	**1,563.2**	**5**
Share capital	56.9	56.9		
Treasury shares	–64.3	–113.7	49.4	43
Capital reserve	–413.7	–382.9	–30.8	–8
Retained earnings	2,543.0	2,579.8	–36.8	–1
Other components of shareholders’ equity	–113.8	–121.4	7.6	6
Shareholders’ equity	**2,008.0**	**2,018.6**	**–10.6**	**–1**
Minority interests				
Total equity	**2,008.0**	**2,018.6**	**–10.6**	**–1**
Total liabilities and equity	**32,061.7**	**30,509.2**	**1,552.5**	**5**

Statement of equity

Statement of equity

CHF M	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVE
Balance as of 01.01.2022	**56.9**	**–124.4**	**–357.8**
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		–64.0	
Sale of treasury shares		10.0	–2.8
Share-based compensation expense			23.8
Allocations from share-based compensation		96.9	–65.3
Other effects			
Ownership-related changes		**42.8**	**–44.3**
Balance as of 30.06.2022	**56.9**	**–81.6**	**–402.1**
Balance as of 01.01.2023	**56.9**	**–113.7**	**–382.9**
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		–32.7	
Sale of treasury shares		5.8	–0.6
Share-based compensation expense			17.1
Allocations from share-based compensation		76.3	–47.3
Other effects			
Ownership-related changes		**49.4**	**–30.8**
Balance as of 30.06.2023	**56.9**	**–64.3**	**–413.7**

1 “Currency translation adjustments” and “Unrealized income from debt instruments in financial investments” are reported in the balance sheet item “Other components of shareholders’ equity”.
2 Vontobel Holding AG paid a dividend (gross) of CHF 3.00 (previous year CHF 3.00) per registered share with a par value of CHF 1.00 in April 2023.

RETAINED EARNINGS	CURRENCY TRANSLATION ADJUSTMENTS[1]	UNREALIZED INCOME FROM DEBT INSTRUMENTS IN FINANCIAL INVESTMENTS[1]	SHAREHOLDERS' EQUITY	MINORITY INTERESTS	TOTAL EQUITY
2,556.7	**–62.2**	**–0.3**	**2,068.9**		**2,068.9**
151.4			151.4		151.4
	11.8	–49.9	–38.2		–38.2
–25.6			–25.6		–25.6
125.8	**11.8**	**–49.9**	**87.6**		**87.6**
–168.9			–168.9		–168.9
			–64.0		–64.0
			7.1		7.1
			23.8		23.8
			31.6		31.6
–168.9			**–170.4**		**–170.4**
2,513.7	**–50.4**	**–50.3**	**1,986.1**		**1,986.1**
2,579.8	**–48.4**	**–73.1**	**2,018.6**		**2,018.6**
127.6			127.6		127.6
	–6.3	13.9	7.6		7.6
4.3			4.3		4.3
131.9	**–6.3**	**13.9**	**139.5**		**139.5**
–168.7			–168.7		–168.7
			–32.7		–32.7
			5.2		5.2
			17.1		17.1
			28.9		28.9
–168.7			**–150.1**		**–150.1**
2,543.0	**–54.7**	**–59.1**	**2,008.0**		**2,008.0**

Share capital and treasury shares

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 01.01.2022	56,875,000	56.9			55,235,116
Balance as of 31.12.2022	56,875,000	56.9			55,202,760
Balance as of 30.06.2023	**56,875,000**	**56.9**			**55,814,870**

The share capital is fully paid in.

1 Share capital excluding treasury shares

Treasury shares

	NUMBER	CHF M
Balance as of 01.01.2022	1,639,884	124.4
Purchases	942,679	64.0
Decreases	–1,462,344	–106.8
Balance as of 30.06.2022	1,120,219	81.6
Purchases	661,621	39.2
Decreases	–109,600	–7.1
Balance as of 31.12.2022	1,672,240	113.7
Purchases	580,457	32.7
Decreases	–1,192,567	–82.1
Balance as of 30.06.2023	**1,060,130**	**64.3**

As of 30.06.2023 Vontobel held 6,481 (31.12.2022: 6,388) treasury shares to hedge options and structured products.
Treasury shares were offset against shareholders' equity in accordance with IAS 32.

Consolidated cash flow statement

Consolidated cash flow statement

CHF M	H1 2023	H1 2022
Cash flow from operating activities		
Group net profit (incl. minorities)	127.6	151.4
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	53.1	50.2
Credit loss expense / (recovery)	0.2	3.0
Income from investments in associates	–0.5	0.9
Change in provisions	–0.8	–3.2
Net income from investing activities	10.6	3.3
Net income from disposal of property, equipment (incl. software) and intangible assets		
Other non-cash income	21.2	34.3
Net (increase) / decrease in assets relating to banking activities:		
Due from / to banks, net	216.0	607.3
Receivables from securities financing transactions	748.4	–439.2
Trading positions and replacement values, net	–700.2	2,254.6
Other financial assets / liabilities at fair value, net	939.9	–1,843.8
Loans / customer deposits, net	–1,464.8	397.7
Other assets	–1,023.8	–616.5
Net increase / (decrease) in liabilities relating to banking activities:		
Payables from securities financing transactions	–92.5	38.3
Other liabilities	1,452.1	1,025.5
Adjustment for income tax expenses	22.7	29.0
Income taxes paid	–38.2	–63.4
Cash flow from operating activities	**271.0**	**1,629.4**
Cash flow from investing activities		
Dividend from associates	1.0	1.2
Settlement of earn-out payments		–0.4
Purchase of property, equipment (incl. software) and intangible assets	–25.5	–28.7
Disposal of property, equipment (incl. software) and intangible assets	0.0	
Investment in financial instruments	–153.6	–576.0
Divestment of financial instruments	250.8	276.1
Cash flow from investing activities	**72.6**	**–327.8**
Cash flow from financing activities		
Repayment of leasing liabilities	–16.1	–14.6
Net movements in treasury shares	–27.5	–56.9
Dividends paid	–168.7	–168.9
Issued debt instruments	–278.1	200.0
Cash flow from financing activities	**–490.4**	**–40.3**
Effects of exchange rate differences	–1.2	–4.3
Net increase / (decrease) in cash and cash equivalents	**–148.1**	**1,257.0**
Cash and cash equivalents, beginning of the year	5,458.3	8,751.8
Cash and cash equivalents at the balance sheet date	**5,310.3**	**10,008.8**

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. Lease liabilities and the balance sheet item “Debt issued” comprise liabilities from financing activities.

Information on the consolidated cash flow statement

CHF M	30.06.2023	30.06.2022
Cash and cash equivalents comprise at the balance sheet date		
Cash[1]	3,771.4	7,906.8
Due from banks on demand	1,538.8	2,101.9
Total	**5,310.3**	**10,008.8**

Further information

CHF M	H1 2023	H1 2022
Dividends received	45.4	42.3
Interest received	174.9	71.2
Interest paid	28.1	5.4

1 “Cash” comprises 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 have been prepared in accordance with the International Financial Reporting Standards (IFRS). This half-year report meets the requirements set out in IAS 34 – Interim Financial Reporting. Since it does not contain all of the information and disclosures required in the Annual Report, this interim report should be read in conjunction with the audited consolidated financial statements in the Annual Report 2022. With the exception of the following changes, the accounting principles applied in this report are the same as in the consolidated financial statements dated December 31, 2022.

2. Changes in financial reporting

2.1 Accounting principles
2.1.1 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 2023:

IAS 12 – International Tax Reform – Pillar Two Model Rules
The new provisions state that no deferred tax assets and deferred tax liabilities related to OECD pillar two income taxes are to be recognized. The new provisions have to be applied retrospectively, in accordance with IAS 8.

The first-time application of the changes had no impact on Vontobel's consolidated financial statements.

Other new standards and interpretations
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:
- 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
- IFRS 17 – Insurance Contracts

2.1.2 Other changes
Segment reporting
In January 2023, the Marketing function that previously formed part of the Marketing & Analytics Center of Excellence was integrated into the Asset Management, Wealth Management and Digital Investing Client Units. The Center of Excellence was renamed "Communications & Brand Marketing". In the segment reporting, the figures for the previous year were adjusted to reflect the new organizational structure

2.2 Estimation methods
There were no changes to estimation methods compared to the previous year.

Notes to the income statement

1 Net interest and dividend income

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022	
				CHF M	IN %
Interest income from banks and customers	107.0	32.2	62.6	74.8	232
Interest income from receivables from securities financing transactions	6.7	2.0	6.8	4.7	235
Interest income from financial liabilities [1]	0.3	4.7	2.0	–4.4	–94
Total interest income from financial instruments at amortized cost	**113.9**	**38.9**	**71.4**	**75.0**	**193**
Dividend income from equity instruments in financial investments [2]	2.0	1.9	0.5	0.1	5
Interest income from debt instruments in financial investments	9.4	6.4	10.4	3.1	48
Total interest and dividend income from financial investments	**11.5**	**8.3**	**10.8**	**3.2**	**39**
Total interest and dividend income	**125.4**	**47.2**	**82.2**	**78.2**	**166**
Interest expense from payables from securities financing transactions	0.8	0.5	1.9	0.3	60
Interest expense from other financial liabilities at amortized cost	29.9	8.1	10.6	21.8	269
Interest expense from financial assets [1]	0.0	3.0	0.8	–3.0	–100
Total interest expense from financial instruments at amortized cost	**30.7**	**11.6**	**13.4**	**19.1**	**165**
Credit loss (expense) / recovery on debt instruments in financial investments	–0.1	0.0	0.1	–0.1	
Other credit loss (expense) / recovery	–0.2	–3.0	–0.1	2.8	93
Total credit loss (expense) / recovery	**–0.2**	**–3.0**	**–0.0**	**2.8**	**93**
Total	**94.5**	**32.6**	**68.8**	**61.9**	**190**

1 A reclassification occurred in H2 2022. As a result, the total for the half-year periods cannot be reconciled with the total in the Annual Report 2022.
2 All income relates to positions that were still held at the end of the reporting period.

2 Net fee and commission income

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022	
				CHF M	IN %
Brokerage fees	38.0	46.8	33.8	–8.8	–19
Administration and custody fees	98.5	109.8	98.8	–11.3	–10
Advisory and management fees	404.8	456.7	411.7	–51.9	–11
Issues and corporate finance	2.0	1.6	1.9	0.3	19
Other commission income from securities and investment transactions	14.8	13.5	12.1	1.2	9
Total fee and commission income from securities and investment transactions	**558.0**	**628.4**	**558.3**	**–70.4**	**–11**
Other fee and commission income	**15.0**	**2.3**	**1.9**	**12.7**	**552**
Brokerage fees	5.3	7.8	5.5	–2.6	–33
Other commission expense	153.1	182.5	161.3	–29.5	–16
Total commission expense	**158.3**	**190.4**	**166.8**	**–32.0**	**–17**
Total	**414.7**	**440.4**	**393.4**	**–25.7**	**–6**

3 Trading income

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022 CHF M	CHANGE TO H1 2022 IN %
Securities	664.0	–2,793.6	–463.1	3,457.6	124
Other financial instruments at fair value	–503.3	2,968.8	587.9	–3,472.0	–117
Forex and precious metals	27.7	29.1	9.3	–1.4	–5
Total	**188.4**	**204.2**	**134.1**	**–15.8**	**–8**

The following table shows income for the period for financial instruments in the balance sheet position “Other financial liabilities at fair value” due to changes in own credit risk:

Income for the period

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022 CHF M	CHANGE TO H1 2022 IN %
Realized income	–0.1	–0.0	–0.1	–0.1	
Unrealized income	–1.6	3.9	–2.7	–5.5	–141
Total	**–1.7**	**3.9**	**–2.7**	**–5.6**	**–144**

The following table shows cumulative income for financial instruments in the balance sheet position “Other financial liabilities at fair value” due to changes in own credit risk:

Cumulative income

	30.06.2023 CHF M	30.06.2022 CHF M	31.12.2022 CHF M	CHANGE TO 31.12.2022 CHF M	CHANGE TO 31.12.2022 IN %
Realized income	1.7	1.9	1.8	–0.1	–6
Unrealized income	–1.7	2.6	–0.1	–1.6	
Total	**0.0**	**4.5**	**1.7**	**–1.7**	**–100**

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.

4 Other income

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022 CHF M	CHANGE TO H1 2022 IN %
Real estate income[1]	0.4	0.7	0.5	–0.3	–43
Income from the sale of property and equipment	–0.0		–0.0	–0.0	
Income from the sale of debt instruments in financial investments	–4.2	–0.4	–0.1	–3.9	
Income from investments in associates	0.5	–0.9	0.5	1.5	167
of which share of profit	*0.4*	*0.3*	*0.5*	*0.1*	*33*
of which impairments		*–1.6*	*0.0*	*1.6*	*100*
of which effect from capital increase	*0.1*	*0.4*	*0.0*	*–0.2*	*–50*
Other income	1.8	9.4	1.8	–7.7	–82
Other expense	–0.0	–0.0	–0.0	–0.0	
Total	**–1.5**	**8.9**	**2.6**	**–10.3**	**–116**

1 Income from the subleasing of business premises

5 Personnel expense

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022 CHF M	CHANGE TO H1 2022 IN %
Salaries and bonuses	302.0	264.1	264.2	37.9	14
Pension and other employee benefit plans	22.2	28.6	29.2	–6.5	–23
Other social contributions	23.3	21.5	21.2	1.8	8
Other personnel expense	14.9	11.9	15.1	3.0	25
Total	**362.5**	**326.2**	**329.7**	**36.2**	**11**

The item “Salaries and bonuses” includes the expense for share-based compensation of CHF 22.1 M (H1 2022: CHF 27.2 M; H2 2022: CHF 20.5 M), of which CHF 17.1 M (H1 2022: CHF 22.2 M; H2 2022: CHF 16.3 M) relates to performance shares, CHF 2.7 M (H1 2022: CHF 2.9 M; H2 2022: CHF 1.8 M) to the awarding of bonus shares at preferential terms and deferred compensation in shares of CHF 2.2 M (H1 2022: CHF 2.2 M; H2 2022: CHF 2.3 M) as well as deferred compensation in cash of CHF 4.5 M (H1 2022: CHF 2.1 M; H2 2022: CHF 3.7 M).

6 General expense

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022 CHF M	CHANGE TO H1 2022 IN %
Occupancy expense	7.3	6.0	5.8	1.4	23
IT, telecommunications and other equipment	66.3	61.2	58.2	5.1	8
Travel and representation, public relations, marketing	15.5	15.6	18.0	–0.1	–1
Consulting and audit fees	23.9	19.8	22.7	4.1	21
Other general expense	15.7	20.7	20.3	–5.0	–24
Total	**128.7**	**123.3**	**124.9**	**5.4**	**4**

7 Depreciation of property, equipment (incl. software) and intangible assets

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022 CHF M	IN %
Depreciation of property and equipment (incl. software)	46.1	45.1	46.3	1.0	2
Amortization of other intangible assets	7.0	5.1	6.7	1.9	37
Impairments of property and equipment (incl. software)	0.0		0.0	0.0	
Reversal of impairments of property and equipment (incl. software)			0.0		
Total	**53.1**	**50.2**	**53.0**	**2.9**	**6**

8 Provisions and losses

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022 CHF M	IN %
Increase in provisions	0.1	3.0	3.7	–2.9	–97
Release of provisions		–3.5	–0.8	3.5	100
Other	1.5	6.5	1.5	–5.1	–78
Total	**1.5**	**6.0**	**4.4**	**–4.5**	**–75**

9 Taxes

	H1 2023 CHF M	H1 2022 CHF M	H2 2022 CHF M	CHANGE TO H1 2022 CHF M	IN %
Current income taxes	23.3	26.0	25.2	–2.7	–10
Deferred income taxes	–0.6	3.0	–16.6	–3.6	–120
Total	**22.7**	**29.0**	**8.5**	**–6.3**	**–22**

10 Tax effects to other comprehensive income

CHF M	H1 2023 AMOUNT BEFORE TAX	TAX INCOME/ (EXPENSE)	AMOUNT NET OF TAX
Currency translation adjustments during the reporting period	–6.3		–6.3
Currency translation adjustments transferred to the income statement			
Income from debt instruments in financial investments during the reporting period	11.3	–2.0	9.3
Income from debt instruments in financial investments transferred to the income statement	5.8	–1.1	4.7
Income from equity instruments in financial investments	0.4	–0.1	0.3
Income from defined benefit pension plans	5.0	–1.0	4.0
Total	**16.1**	**–4.2**	**11.9**

CHF M	AMOUNT BEFORE TAX	TAX INCOME/ (EXPENSE)	H1 2022 AMOUNT NET OF TAX
Currency translation adjustments during the reporting period	11.8		11.8
Currency translation adjustments transferred to the income statement			
Income from debt instruments in financial investments during the reporting period	–60.9	11.0	–49.9
Income from debt instruments in financial investments transferred to the income statement	–0.1	0.0	–0.1
Income from equity instruments in financial investments	–5.9	1.1	–4.7
Income from defined benefit pension plans	–26.1	5.2	–20.9
Total	**–81.2**	**17.4**	**–63.8**

CHF M	AMOUNT BEFORE TAX	TAX INCOME/ (EXPENSE)	H2 2022 AMOUNT NET OF TAX
Currency translation adjustments during the reporting period	2.0		2.0
Currency translation adjustments transferred to the income statement			
Income from debt instruments in financial investments during the reporting period	–27.1	5.0	–22.0
Income from debt instruments in financial investments transferred to the income statement	–1.0	0.2	–0.8
Income from equity instruments in financial investments	–2.3	0.4	–1.8
Income from defined benefit pension plans	–13.4	2.9	–10.5
Total	**–41.6**	**8.6**	**–33.1**

Risk related to balance sheet positions

11 Fair value of financial instruments

11a 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	30.06.2023 TOTAL
Assets				
Due from banks[1]		1.1		1.1
Loans[1]				
Trading portfolio assets	3,681.6	1,418.2	0.5	5,100.4
Debt instruments	*563.7*	*322.9*		*886.6*
Equity instruments	*2,765.0*		*0.5*	*2,765.5*
Units in investment funds	*352.9*		*0.0*	*352.9*
Precious metals		*795.2*		*795.2*
Cryptocurrencies		*300.2*		*300.2*
Positive replacement values		326.3		326.3
Other financial assets at fair value	6,834.7	2,968.3	2.9	9,805.9
Debt instruments[2]	*6,791.2*	*2,904.0*		*9,695.2*
Equity instruments	*0.0*		*0.0*	*0.0*
Units in investment funds	*43.4*		*2.9*	*46.3*
Structured products		*64.4*		*64.4*
Financial investments	1,363.7	124.1	122.7	1,610.4
Debt instruments	*1,363.7*	*124.1*		*1,487.8*
Equity instruments			*122.7*	*122.7*
Other assets			3.3	3.3
Total financial assets at fair value	**11,880.0**	**4,838.0**	**129.4**	**16,847.4**
Liabilities				
Due to banks[1]		59.7		59.7
Customer deposits[1]		440.3		440.3
Trading portfolio liabilities	140.3	1.4		141.7
Debt instruments	*73.9*	*1.4*		*75.3*
Equity instruments	*66.4*			*66.4*
Units in investment funds	*0.0*			*0.0*
Negative replacement values		828.0		828.0
Other financial liabilities at fair value[3]		12,572.9		12,572.9
Structured products		*10,086.4*		*10,086.4*
Debt instruments		*2,486.5*		*2,486.5*
Other liabilities				
Total financial liabilities at fair value	**140.3**	**13,902.3**		**14,042.5**

1 These positions contain receivables or liabilities in the form of precious metals.
2 In the case of debt instruments measured at fair value through profit or loss, the difference between the carrying amount (fair value) and the contractually agreed redemption amount at maturity was CHF –224.6 M.
3 Level 2 of the balance sheet item “Other financial liabilities at fair value” comprises listed issued products with a fair value of CHF 4,722.2 M.

Financial instruments measured at fair value

CHF M	LEVEL 1	LEVEL 2	LEVEL 3	31.12.2022 TOTAL
Assets				
Due from banks[1]		3.4		3.4
Loans[1]		0.0		0.0
Trading portfolio assets	3,310.2	1,340.9	0.5	4,651.7
Debt instruments	*565.4*	*370.6*		*936.0*
Equity instruments	*2,444.7*		*0.5*	*2,445.3*
Units in investment funds	*300.0*		*0.0*	*300.0*
Precious metals		*791.3*		*791.3*
Cryptocurrencies		*179.0*		*179.0*
Positive replacement values		439.4		439.4
Other financial assets at fair value	5,334.6	2,959.3	3.2	8,297.2
Debt instruments[2]	*5,291.3*	*2,884.0*		*8,175.3*
Equity instruments	*0.0*		*0.2*	*0.2*
Units in investment funds	*43.3*		*3.0*	*46.3*
Structured products		*75.4*		*75.4*
Financial investments	1,596.5	8.5	122.3	1,727.3
Debt instruments	*1,596.5*	*8.5*		*1,605.0*
Equity instruments			*122.3*	*122.3*
Other assets			3.3	3.3
Total financial assets at fair value	**10,241.3**	**4,751.6**	**129.4**	**15,122.3**
Liabilities				
Due to banks[1]		60.8		60.8
Customer deposits[1]		489.8		489.8
Trading portfolio liabilities	167.6	2.9		170.4
Debt instruments	*82.9*	*2.9*		*85.8*
Equity instruments	*81.8*			*81.8*
Units in investment funds	*2.8*			*2.8*
Negative replacement values		1,191.0		1,191.0
Other financial liabilities at fair value[3]		10,124.2		10,124.2
Structured products		*8,811.6*		*8,811.6*
Debt instruments		*1,312.7*		*1,312.7*
Other liabilities				
Total financial liabilities at fair value	**167.6**	**11,868.6**		**12,036.2**

1 These positions contain receivables or liabilities in the form of precious metals.
2 In the case of debt instruments measured at fair value through profit or loss, the difference between the carrying amount (fair value) and the contractually agreed redemption amount at maturity was CHF –188.8 M.
3 Level 2 of the balance sheet item “Other financial liabilities at fair value” comprises listed issued products with a fair value of CHF 4,170.7 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 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	OTHER ASSETS[1]	30.06.2023 TOTAL FIANCIAL ASSETS	OTHER LIABILITIES	30.06.2023 TOTAL FINANCIAL LIABILITIES
Balance sheet						
Holdings at the beginning of the year	3.8	122.3	3.3	129.4		
Additions in scope of consolidations						
Disposals from scope of consolidation						
Investments	0.0			0.0		
Disposals						
Redemptions	–0.0			–0.0		
Net gains / (losses) recognized in the income statement	–0.3			–0.3		
Net gains / (losses) recognized in other comprehensive income		0.4		0.4		
Change recognized in shareholders' equity						
Reclassifications to level 3						
Reclassifications from level 3						
Total carrying amount at balance sheet date	**3.4**	**122.7**	**3.3**	**129.4**		
Income in the financial year on holdings at balance sheet date				**H1 2023**		**H1 2023**
Net gains / (losses) recognized in the income statement	–0.3			–0.3		
Net gains / (losses) recognized in other comprehensive income		0.4		0.4		

1 This item contains the asset from an earn-out-agreement relating to the acquisition of UBS Swiss Financial Advisers AG, of today's Vontobel Swiss Financial Advisers AG.

Level 3 financial instruments

CHF M	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL INVESTMENTS	OTHER ASSETS	30.06.2022 TOTAL FINANCIAL ASSETS	OTHER LIABILITIES[1]	30.06.2022 TOTAL FINANCIAL LIABILITIES
Balance sheet						
Holdings at the beginning of the year	5.1	130.5		135.5	–1.2	–1.2
Additions in scope of consolidations						
Disposals from scope of consolidation						
Investments	0.0			0.0		
Disposals	–9.9			–9.9		
Redemptions	–0.0			–0.0	0.4	0.4
Net gains / (losses) recognized in the income statement	8.5			8.5	0.8	0.8
Net gains / (losses) recognized in other comprehensive income		–5.9		–5.9		
Change recognized in shareholders' equity						
Reclassifications to level 3	0.5			0.5		
Reclassifications from level 3						
Total carrying amount at balance sheet date	**4.2**	**124.6**		**128.8**		
Income in the financial year on holdings at balance sheet date				**H1 2022**		**H1 2022**
Net gains / (losses) recognized in the income statement	0.2			0.2		
Net gains / (losses) recognized in other comprehensive income		–5.9		–5.9		

1 This item comprises the liability from an earn-out agreement relating to the acquisition of the US-based private clients portfolio from Lombard Odier.

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, there were no level 3 instruments with deferred "day 1 profit".

Reclassifications within the fair value hierarchy

In the first half 2023 (H1 2022 and H2 2022 respectively), positions with a fair value of CHF 133.5 million (H1 2022: CHF 222.9 million, H2 2022: CHF 160.3 million) were reclassified from level 1 to level 2 and positions with a fair value of CHF 705.0 million (H1 2022: CHF 18.3 million, H2 2022: CHF 61.9 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.

11b 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

					30.06.2023		31.12.2022
CHF M	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE TOTAL	CARRYING AMOUNT TOTAL	FAIR VALUE TOTAL	CARRYING AMOUNT TOTAL
Assets							
Cash	3,771.4			3,771.4	3,771.4	3,884.2	3,884.2
Due from banks		1,561.2		1,561.2	1,561.2	1,571.6	1,571.6
Receivables from securities financing transactions		145.6		145.6	145.6	894.0	894.0
Loans [1]		7,013.3		7,013.3	7,139.8	7,253.2	7,462.3
Other assets [2]	47.8	1,433.0		1,480.8	1,480.8	467.5	467.5
Total	**3,819.2**	**10,153.1**		**13,972.3**	**14,098.7**	**14,070.5**	**14,279.5**
Liabilities							
Due to banks [1]		1,319.3		1,319.3	1,319.3	1,079.7	1,079.7
Payables from securities financing transactions		0.0		0.0	0.0	92.5	92.5
Customer deposits [1]		11,013.5		11,013.5	11,013.5	12,751.0	12,751.0
Debt issued	425.8	315.0		740.8	764.8	1,032.2	1,043.2
Other liabilities [2]	0.2	1,968.1		1,968.3	1,968.3	1,197.9	1,197.9
Total	**426.0**	**14,615.9**		**15,041.9**	**15,065.9**	**16,153.4**	**16,164.4**

1 Excludes receivables or liabilities in the form of precious metals.
2 The item mainly includes the accrued interest as well as open settlement positions.

For financial instruments that have a maturity or a refinancing profile of a maximum of one year, it is assumed that the carrying amount corresponds closely enough to the fair value. For financial instruments that have a maturity or a refinancing profile of over one year, fair value is determined using the present value method. These types of financial instruments are included almost exclusively in loans to customers. For the valuation of the AT1 bond, the ask price is used.

12 IBOR reform

As of December 31, 2021, Vontobel had adjusted all LIBOR-based positions in CHF, EUR, GBP and JPY. In the first half of 2023, the remaining positions based on USD LIBOR were migrated to an alternative interest rate.

Off-balance sheet business and other information

13 Off-balance sheet business

	30.06.2023 CHF M	31.12.2022 CHF M	CHANGE TO 31.12.2022 CHF M	IN %
Contingent liabilities	358.8	307.0	51.8	17
Irrevocable commitments	103.3	92.0	11.3	12
Commitments for capital increases and capital contributions	0.2	0.2	–0.0	0
Fiduciary transactions	4,951.1	3,969.0	982.1	25
Contract volumes of derivatives	43,335.3	39,808.3	3,527.0	9

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.

15 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

	30.06.2023 CHF B	31.12.2022 CHF B	CHANGE TO 31.12.2022 CHF B	IN %
Assets under management	211.9	204.4	7.4	4
Other advised client assets	18.9	14.5	4.4	30
Structured products and debt instruments outstanding	10.0	7.7	2.2	29
Total advised client assets	**240.7**	**226.6**	**14.1**	**6**
Custody assets	32.0	27.9	4.1	15
Total client assets	**272.7**	**254.6**	**18.2**	**7**

Assets under management

	30.06.2023 CHF B	31.12.2022 CHF B	CHANGE TO 31.12.2022 CHF B	IN %
Assets in self-managed collective investment instruments	49.2	48.6	0.6	1
Assets with management mandate	78.5	76.2	2.3	3
Other assets under management	84.2	79.6	4.6	6
Total assets under management	**211.9**	**204.4**	**7.5**	**4**
of which double counts	*6.4*	*5.8*	*0.6*	*10*

Calculated in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority (FINMA) concerning accounting rules for financial institutions and Vontobel internal guidelines.

Development of assets under management

CHF B	H1 2023	H1 2022	H2 2022
Total assets under management (incl. double counts) at the beginning of the period	204.4	243.7	208.6
Change attributable to net new money	–0.9	–1.0	–4.2
Change attributable to market value	8.4	–34.0	–6.3
Change attributable to other effects [1]			6.2
Total assets under management (incl. double counts) at the balance sheet date	**211.9**	**208.6**	**204.4**

1 H2 2022: Positive impact of CHF 6.2 billion due to the acquisition of UBS Swiss Financial Advisers AG, of today's Vontobel Swiss Financial Advisers AG

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 customer deposits in the form of savings and investments accounts, fixed-term and fiduciary deposits and all valued assets. 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.

16 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 half-year 2023 financial statements and would therefore need to be disclosed.

Segment reporting

17 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, Communications & Brand Marketing, 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.

For information on changes to the segment reporting, please refer to section 2.1.2 of the accounting principles.

Segment reporting

CHF M	ASSET MANAGEMENT	WEALTH MANAGEMENT	DIGITAL INVESTING	CENTERS OF EXCELLENCE/ RECONCILIATION	H1 2023 TOTAL
Net interest and dividend income	0.8	105.5	2.3	–14.2	94.5
Net fee and commission income	202.2	230.9	–3.8	–14.6	414.7
Trading income and other operating income	–0.1	57.5	88.3	41.2	186.9
Total operating income	**203.0**	**394.0**	**86.8**	**12.4**	**696.1**
Personnel expense	35.1	108.7	5.4	213.3	362.5
General expense	9.7	18.5	5.2	95.3	128.7
Depreciation of property, equipment (incl. software) and intangible assets	1.5	5.9	0.4	45.3	53.1
Provisions and losses	0.1	1.1	0.0	0.3	1.5
Total operating expense	**46.4**	**134.2**	**10.9**	**354.3**	**545.8**
Profit before taxes	**156.6**	**259.8**	**75.9**	**–342.0**	**150.3**
Taxes					22.7
Group net profit					**127.6**
of which allocated to shareholders of Vontobel Holding AG					*127.6*
Additional information					
Assets under Management (CHF B)[1]	108.7	98.1	0.6	4.5	211.9
Net new money (CHF B)	–3.0	2.1	0.0	0.0	–0.9
Employees (full-time equivalents)	190.7	690.5	47.3	1,292.1	2,220.6

1 To make the segment reporting more informative, assets under management are now disclosed instead of client assets.

Information on regions[1]

CHF M	SWITZERLAND	EUROPE EXCL. SWITZERLAND	AMERICAS	OTHER COUNTRIES[2]	CONSOLIDATION	H1 2023 TOTAL
Operating income related to external customers	471.8	118.7	31.7	73.8		696.1
Assets	22,056.4	3,316.9	61.6	11,104.0	–4,477.0	32,061.7
Property, equipment and intangible assets	916.1	72.1	1.3	1.3		990.8
Additions to property, equipment (incl. software) and intangible assets[3]	29.3	0.6	0.0	0.1		29.9

1 Reporting is based on operating locations
2 Mainly United Arab Emirates
3 Including additions due to changes in the scope of consolidation

Segment reporting

CHF M	ASSET MANAGEMENT	WEALTH MANAGEMENT	DIGITAL INVESTING	CENTERS OF EXCELLENCE/ RECONCILIATION	H1 2022 TOTAL
Net interest and dividend income	–0.1	38.4	0.7	–6.4	32.6
Net fee and commission income	247.7	216.4	–4.6	–19.1	440.4
Trading income and other operating income	–0.5	65.4	124.9	23.3	213.1
Total operating income	**247.1**	**320.2**	**120.9**	**–2.1**	**686.1**
Personnel expense[1]	33.9	91.2	4.5	196.6	326.2
General expense[1]	10.6	12.0	4.4	96.2	123.3
Depreciation of property, equipment (incl. software) and intangible assets	1.5	4.0	0.1	44.7	50.2
Provisions and losses	0.4	2.3		3.4	6.0
Total operating expense	**46.4**	**109.5**	**9.0**	**340.9**	**505.7**
Profit before taxes	**200.7**	**210.8**	**111.9**	**–343.0**	**180.4**
Taxes					29.0
Group net profit					**151.4**
of which allocated to shareholders of Vontobel Holding AG					*151.4*
Additional information					
Assets under Management (CHF B)[2]	118.3	85.7	0.6	4.0	208.6
Net new money (CHF B)	–4.0	3.0	0.0	0.0	–1.0
Employees (full-time equivalents)	198.9	623.7	46.8	1,290.4	2,159.8

1 The figures were adjusted to reflect the new organizational structure.
2 To make the segment reporting more informative, assets under management are now disclosed instead of client assets.

Information on regions[1]

CHF M	SWITZERLAND	EUROPE EXCL. SWITZERLAND	AMERICAS	OTHER COUNTRIES[2]	CONSOLIDATION	H1 2022 TOTAL
Operating income related to external customers	413.4	154.0	39.9	78.7		686.1
Assets	26,238.9	2,950.7	83.9	8,016.2	–4,346.7	32,943.0
Property, equipment and intangible assets	838.4	77.2	3.9	3.2		922.8
Additions to property, equipment (incl. software) and intangible assets[3]	46.8	3.5	0.6	1.9		52.8

1 Reporting is based on operating locations
2 Mainly United Arab Emirates
3 Including additions due to changes in the scope of consolidation

Segment reporting

CHF M	ASSET MANAGEMENT	WEALTH MANAGEMENT	DIGITAL INVESTING	CENTERS OF EXCELLENCE / RECONCILIATION	H2 2022 TOTAL
Net interest and dividend income	0.3	77.8	0.9	–10.3	68.8
Net fee and commission income	209.9	205.9	–7.1	–15.2	393.4
Trading income and other operating income	–0.7	42.0	70.9	24.6	136.7
Total operating income	**209.5**	**325.6**	**64.7**	**–0.9**	**599.0**
Personnel expense 1	32.4	107.7	5.9	183.7	329.7
General expense 1	11.7	19.4	5.3	88.6	124.9
Depreciation of property, equipment (incl. software) and intangible assets	1.5	5.5	0.1	46.0	53.0
Provisions and losses	0.3	0.9		3.2	4.4
Total operating expense	**45.8**	**133.5**	**11.3**	**321.5**	**512.0**
Profit before taxes	**163.7**	**192.1**	**53.4**	**–322.3**	**87.0**
Taxes					8.5
Group net profit					**78.5**
of which allocated to shareholders of Vontobel Holding AG					*78.5*
Additional information					
Assets under Management (CHF B)2	107.2	92.6	0.5	4.0	204.4
Net new money (CHF B)	–6.5	2.4	–0.0	–0.0	–4.2
Employees (full-time equivalents)	193.2	677.9	52.6	1,290.7	2,214.4

1 The figures were adjusted to reflect the new organizational structure.
2 To make the segment reporting more informative, assets under management are now disclosed instead of client assets.

Information on regions 1

CHF M	SWITZERLAND	EUROPE EXCL. SWITZERLAND	AMERICAS	OTHER COUNTRIES 2	CONSOLIDATION	H2 2022 TOTAL
Operating income related to external customers	381.8	126.3	33.8	57.1		599.0
Assets	22,581.4	2,925.9	89.3	9,151.1	–4,238.5	30,509.2
Property, equipment and intangible assets	935.6	72.9	2.5	2.5		1,013.6
Additions to property, equipment (incl. software) and intangible assets 3	145.9	1.0	0.0	0.1		147.0

1 Reporting is based on operating locations
2 Mainly United Arab Emirates
3 Including additions due to changes in the scope of consolidation

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 measures 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 18
Advised client assets	See note 15
Assets under management	See note 15
AT1	Additional Tier 1 bond
Basel III leverage ratio	See chapter "Capital and liquidity"
BIS	Bank for International Settlements
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CET1	Common Equity Tier 1; see chapter "Capital and liquidity"
CFO	Chief Financial Officer
Client assets	See note 15
Client deposits	Customer deposits
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
CRO	Chief Risk Officer
Custody assets	See note 15
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
FINMA	Swiss Financial Market Supervisory Authority
Gross margin	Ratio of total operating income to average assets under management (based on average values for individual months)
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LATAM	Latin America
Liquidity Coverage Ratio	See chapter "Capital and liquidity"
Net new money / net inflows or outflows of new money	See note 15
Net profit	Group net profit
OTC	Over-the-counter

KEY FIGURES / ABBREVIATION	DEFINITION / REFERENCE
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
Required capital	See chapter "Capital and liquidity"
Return on equity	Annualized Group net profit as a percentage of average shareholders' equity based on monthly figures, excluding minority interests
Return on tangible equity	Annualized Group net profit as a percentage of average shareholders' equity based on monthly figures, excluding intangible assets and minority interests
Risk-weighted positions	See chapter "Capital and liquidity"
SNB	Swiss National Bank
Tier 1 capital	See chapter "Capital and liquidity"
Tier 1 capital ratio	See chapter "Capital and liquidity"
Value at Risk	Average Value at Risk 6 months; historical simulation of Value at Risk; 99% confidence level; 1-day holding period; 4-year historical observation period

Investors' information and contacts

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
Long-term counterparty risk rating	A2
Short-term counterparty risk rating	Prime-1
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

October 31, 2023
9-month trading update

April 9, 2024
Annual General Meeting 2024

Additional events
www.vontobel.com/calendar

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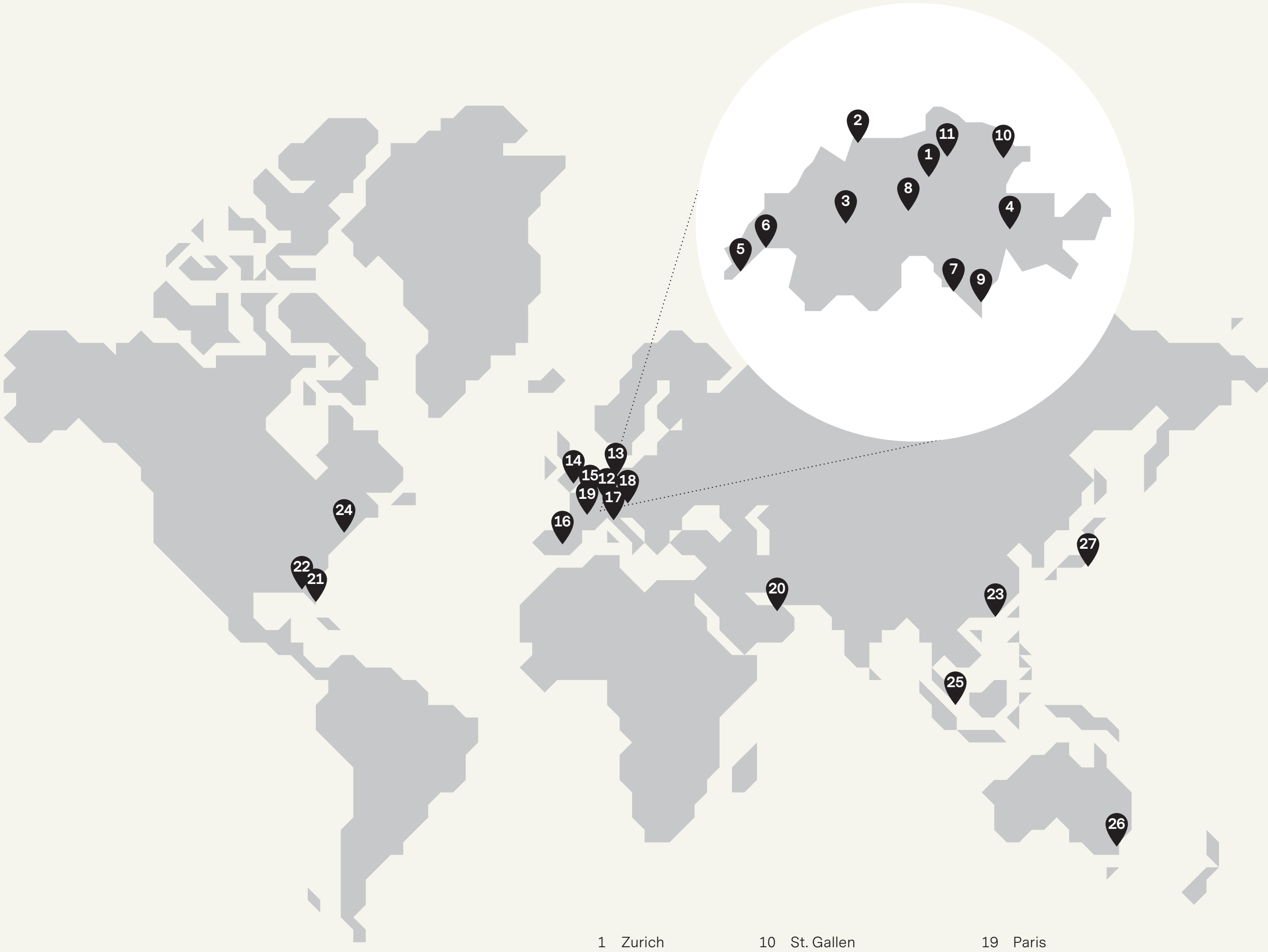
Our locations

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 27 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 Miami
23 Hong Kong
24 New York
25 Singapore
26 Sydney
27 Tokyo

For eight years, Vontobel has been serving wealth management clients from its branch in Ticino, which it acquired through the takeover of Finter Bank. With this step, Vontobel consciously sent out a positive signal to the Italian-speaking region. “Vontobel is clearly demonstrating that it sees growth potential in the area of active wealth and asset management, coupled with individual investment solutions, in the Italian-speaking region,” was the message back at the beginning in October 2015. Today, around three dozen Vontobel specialists serve wealth management clients in Lugano, Switzerland’s third-largest financial center, and Locarno. These clients can also access the global investment knowhow of more than 300 Vontobel investment experts.

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