



# Julius Bär

**Julius Baer Group Ltd.**

**Dieter A. Enkelmann, CFO**

Vontobel Swiss Banking Conference 2009

Zurich, 16 November 2009

## Cautionary Statement on Forward-Looking Statements and Financial Information

### FORWARD LOOKING STATEMENTS

THIS PRESENTATION BY JULIUS BAER GROUP LTD. ("THE COMPANY") INCLUDES FORWARD-LOOKING STATEMENTS THAT REFLECT THE COMPANY'S INTENTIONS, BELIEFS OR CURRENT EXPECTATIONS AND PROJECTIONS ABOUT THE COMPANY'S FUTURE RESULTS OF OPERATIONS, FINANCIAL CONDITION, LIQUIDITY, PERFORMANCE, PROSPECTS, STRATEGIES, OPPORTUNITIES AND THE INDUSTRIES IN WHICH THEY OPERATE. FORWARD-LOOKING STATEMENTS INVOLVE ALL MATTERS THAT ARE NOT HISTORICAL FACT. THE COMPANY HAS TRIED TO IDENTIFY THOSE FORWARD-LOOKING STATEMENTS BY USING THE WORDS "MAY", "WILL", "WOULD", "SHOULD", "EXPECT", "INTEND", "ESTIMATE", "ANTICIPATE", "PROJECT", "BELIEVE", "SEEK", "PLAN", "PREDICT", "CONTINUE" AND SIMILAR EXPRESSIONS OR THEIR NEGATIVES. SUCH STATEMENTS ARE MADE ON THE BASIS OF ASSUMPTIONS AND EXPECTATIONS WHICH, ALTHOUGH THE COMPANY BELIEVES THEM TO BE REASONABLE AT THIS TIME, MAY PROVE TO BE ERRONEOUS.

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### FINANCIAL INFORMATION

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BY ATTENDING THIS PRESENTATION OR BY ACCEPTING ANY COPY OF THE MATERIALS PRESENTED, YOU AGREE TO BE BOUND BY THE FOREGOING LIMITATIONS.

## Interim Management Statement<sup>1</sup> for ten months to end of October 2009

- Clients assets increased to CHF 234bn
- AuM increased to ~CHF 150bn, up 17% since end of 2008
  - Supported by overall improved market environment since Q2
- Net new money remained favourable, yet at slower pace since mid-year
  - All regions contributing positively YTD; growth markets particularly pleasing
  - Generally tense regulatory environment in some European countries leading to some clients relocating assets
  - Julius Baer Group has initiated phased exit from US clients business
- Return on assets (gross margin) tending lower since H1, as anticipated
  - Tightening interest spreads; moderate improvement of client activity from low levels; clients still substantially invested in cash and cash-equivalents
- Cost-income ratio remained stable compared to H1
  - Ongoing cost-efficiency programmes
- ING Bank (Switzerland) transaction expected to close in Q1 2010
- Continued sound balance sheet and solid capital base
  - BIS Tier 1 ratio >19% (~16% pro forma for ING acquisition), well above the 12% target

<sup>3</sup> <sup>1</sup> For the complete text of the Interim Management Statement, please refer to our press release of 10 November 2009

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## Strategic Priorities – Private Banking at its Purest

### Pure Private Banking

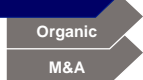
- Focus on pure private banking business
- Targeting private clients and family offices as well as external asset managers

### Leverage International Platform



- Leverage global footprint to source AuM growth and enhance client proximity
- Switzerland: gain market share
- Europe: selectively expand offering domestically and out of Switzerland for key markets
- Asia: continue building "second home" in fast-growing market
- Other markets: opportunistic growth in Central and Eastern Europe as well as in Latin America, the Middle East and Indian subcontinent

### Generate Growth



- Generate steady net new money throughout cycle
- Continue careful hiring of experienced relationship managers
- Selective acquisitions to support growth strategy
- Strong balance sheet conservatively managed with low-risk business profile

### Client-centric Business Model

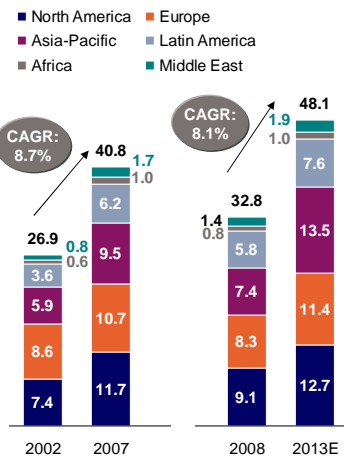
- Client-centric service excellence and management culture
- True open architecture and innovation as key differentiating factor
- Experienced and committed management team

<sup>4</sup>

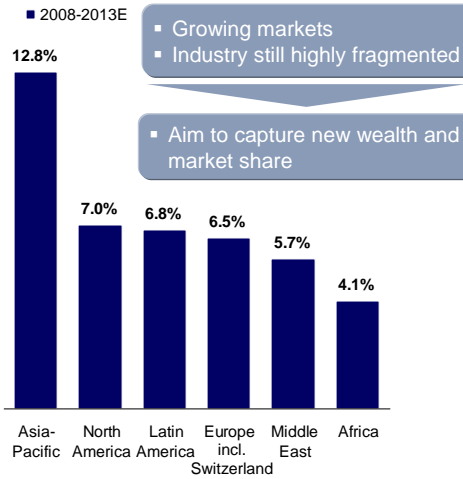
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## Strong AuM Growth Underpinning Global Private Wealth Management

Global AuM Evolution (\$ trillions)



AuM CAGR by Geographical Region



- Growing markets
- Industry still highly fragmented
- Aim to capture new wealth and market share

Source: Merrill Lynch/Cap Gemini World Wealth report

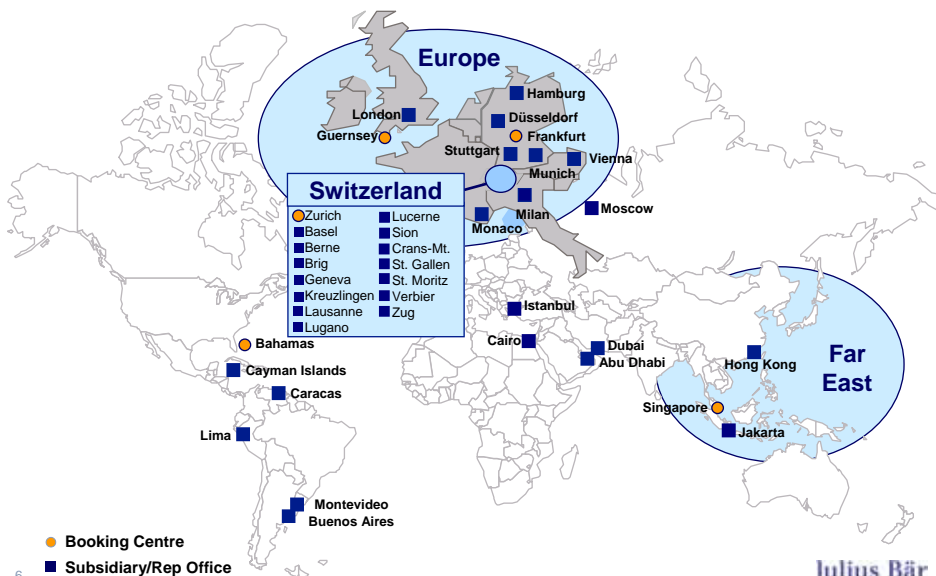
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## Offering Client Proximity Around the Globe

40 offices in 20 countries

Leverage International Platform

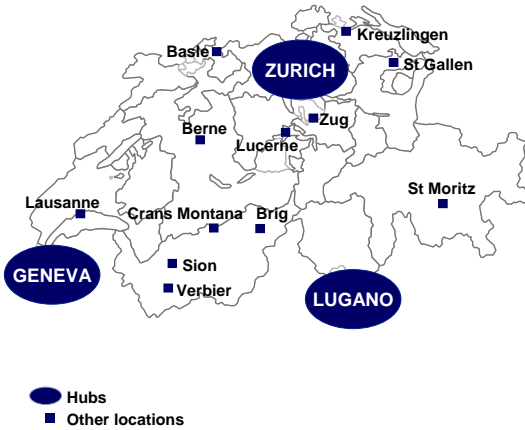


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## Switzerland as Key Growth Driver for Julius Baer

Leverage International Platform



### Market Opportunity

- Attractive growth potential
- Opportunity to gain market share through organic growth and consolidation

### Strategic Priorities

- Switzerland as largest single market for Julius Baer Group
- With 3 strong hubs and 12 other locations, only pan-Swiss pure private banking group
- Reinforce market positioning
- Enhance domestic product and service offering (mortgages, etc.)
- Continue to be provider of choice for external asset managers
- Leverage strong brand

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## Targeted Build-up of On-shore European Presence

Leverage International Platform



Source: Merrill Lynch/Cap Gemini World Wealth report

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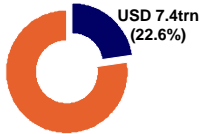
- Germany**  
 Bank Julius Bär Europe AG, Frankfurt  
 5 offices
- Italy**  
 Julius Baer SIM, Milan  
 Accelerated critical mass through acquisition of Alpha SIM
- Austria**  
 Julius Baer Investment Advisory GesmbH,  
 Vienna
- UK**  
 Julius Baer International Limited, London
- Central and Eastern Europe incl. Russia**  
 Rep. Office in Moscow  
 Capture growth potential
- France, Spain**  
 Currently evaluating market entry with investment advisory model

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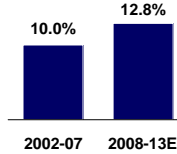
## Building Asia as “Second Home Market“

Leverage International Platform

### HNWI AuM (2008)



### AuM CAGR



### Market Opportunity

- #3 largest HNWI market in the world
- Highest growth potential; expected to become #1 market by 2013E

### Strategic Priorities

- Build Asia as 'second home market'
  - High AuM growth rates
  - Significant untapped potential
  - >350 staff (>10% of overall staff)
- Leverage Singapore as hub for
  - Marketing in South East Asia
  - Global booking center
  - Product platform and backoffice for Asia
- Leverage Hong Kong as North Asia marketing hub (branch status envisaged)
- Julius Baer named "Best Boutique Private Bank in Asia"<sup>1</sup> two years in a row



<sup>9</sup> Source: Merrill Lynch/Cap Gemini World Wealth report

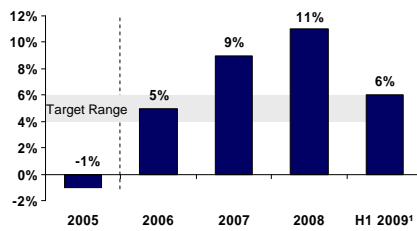
<sup>1</sup> AsiaMoney

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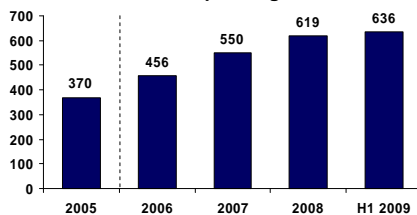
## Solid Net New Money Track Record

Generate Growth

### Net New Money in % of AuM



### Number of Relationship Managers



- Overall net new money CHF 4bn in H1 2009...
  - 6% annualised
  - within mid-term range of 4-6%
- ... but (as per IMS<sup>2</sup>) slowing since mid-year due to regulatory environment
- Solid inflows attributable to both traditional and growth markets due to our global presence
- Selective broadening of RM base by 17 net (gross 55) to 636 in H1
- 266 additional RMs (+72%) since end of 2005
- Annual expected net hiring: between 40-50 relationship managers

<sup>1</sup> Annualised

<sup>2</sup> For the complete text of the Interim Management Statement, please refer to our press release of 10 November 2009

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## M&A Strategy: ING Bank (Switzerland) a Strong Fit

Generate Growth

### Acquisition criteria:

#### Strong strategic rationale and cultural fit

- Pure-play private banking business with strong profitability and NNM/AuM growth track record
- Strengthen local franchises in Geneva, Zurich, Basel, Lausanne, Crans-Montana and Lugano
- Benefit from large share of attractive client base with important growth potential coming from CEE, Russia, LatAm, Turkey & Middle East
- Reinforce int'l offshore presence in Monaco and Guernsey / Jersey
- 310 staff, of which 80 RMs



#### Attractive synergy potential

- Expect to achieve fully phased pre-tax synergies of >CHF 35m
- Integration costs exp. CHF 65m, of which app. 2/3 expected in 2010



#### Higher exp. rate of return than share buyback

- Transaction is expected to be strongly accretive for existing shareholders from 2011 onwards
- Transaction is significantly more accretive than a share buyback



- Rare opportunity to acquire sizeable private banking business with strong financial track record and without exposure to asset management or other non-private banking activities
- Double Julius Baer's local presence in Geneva with a pure play private banking business, fortifying its position as leading pure private bank in Switzerland

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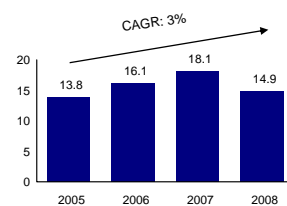
## ING Bank (Switzerland) at a glance

Generate Growth

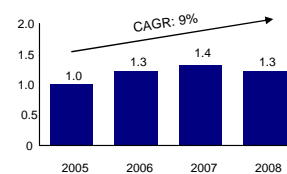
### Transaction summary

- Transaction consideration CHF 520m in cash ...
- ... including surplus capital of CHF 170m (vs. a target Tier 1 ratio of 12%)
- AuM (end of August) CHF 15bn
- Price represents 2.3% of acquired AuM (adj. for surplus capital)
- Fully funded by existing excess capital...
- ... leaving Julius Baer with a pro forma BIS Tier 1 ratio of ~16%

### Assets under management (CHF bn)



### NNM growth (CHF bn)

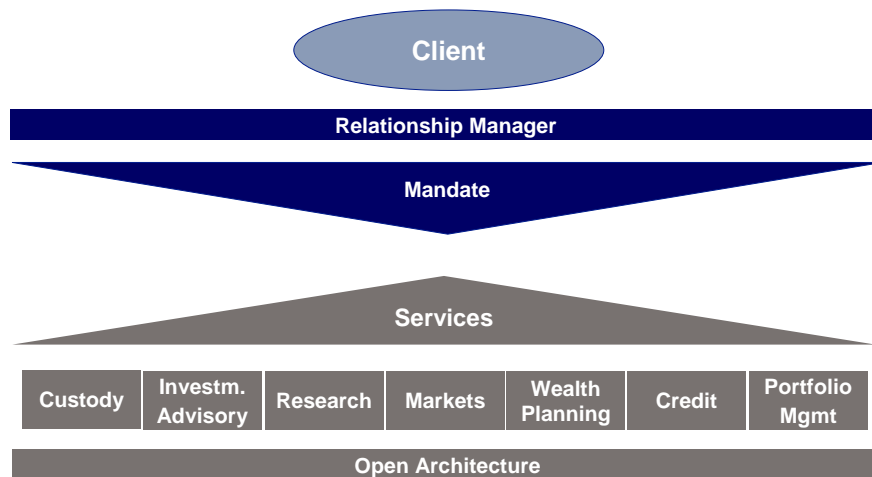


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## Investment Boutique of Choice

Client-centric  
Business  
Model



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## Strong Capitalisation

19.0% tier 1 ratio including USD 300m Artio proceeds

Julius Baer Group Ltd. Pro Forma Figures (CHF m) **30 June 2009**

### Risk-weighted assets

Credit risk	8,528
Non-counterparty-related risk	513
Market risk	375
Operational risk	2,563
<b>Total risk-weighted positions</b>	<b>11,978</b>
Eligible tier 1 capital	1,964
<b>BIS tier 1 ratio</b>	<b>16.4%</b>
Core capital	1,739
Core capital ratio	14.5%
Tangible equity in % of total assets	4.6%
Leverage ratio (total assets / tangible equity)	21.7x

▪ >19% including  
proceeds from  
Artio IPO

Interim Management Statement<sup>1</sup> for ten months to end of October:  
**Continued sound balance sheet and solid capital base; BIS Tier 1 ratio >19%<sup>2</sup>**

<sup>1</sup> For the complete text of the Interim Management Statement, please refer to our press release of 10 November 2009  
<sup>2</sup> Approx. 16% pro forma for the announced acquisition of ING Switzerland – expected to close in Q1 2010

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## Capital Management

### Unchanged pay-out policy

- Excess capital to be returned to shareholders in most efficient way, through stable dividends and share buybacks
- Considering
  - Business growth and profit development in subsequent year
  - Potential acquisitions
- BIS Tier 1 target of 12%

### However ...

- ... in light of the current high level of consolidation in the market place, no share buyback currently foreseen in order to preserve capital

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## Solid Balance Sheet - Low Business Risk Profile

Julius Baer Group pro forma figures

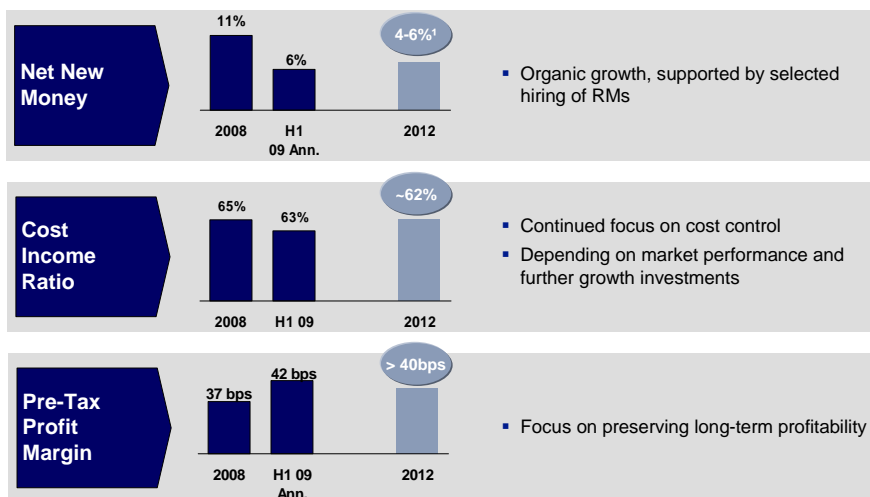
	Total Assets (CHF bn)		Total Liabilities & Equity (CHF bn)		
<b>Due from banks</b> (Open trading positions; repo)	<b>7.4 (8.6)</b>	- CHF 42.6bn - (CHF 42.7bn)	<b>4.0 (3.5)</b>	<b>Due to banks</b> (Incl. open trading volumes and Holding debt)	
<b>Loans</b> (Incl. lombard lending and mortgages to private clients)	<b>9.5 (9.9)</b>				
<b>Trading portfolios</b>	<b>2.2 (1.3)</b>				
<b>Financial investments available-for-sale</b>	<b>13.9 (12.2)</b>			<b>27.7 (25.6)</b>	<b>Due to customers</b> (Incl. client deposits)
<b>Others</b>	<b>7.9 (9.0)</b>			<b>3.8 (2.5)</b>	<b>Financial liabilities</b> (Structured products volume)
				<b>3.5 (7.7)</b>	<b>Others</b>
<b>Goodwill &amp; other intangible assets</b> (Mainly from 2005 transaction)	<b>1.7 (1.7)</b>			<b>3.6 (3.4)</b>	<b>Total Equity</b>

*Pro forma figures as of 30 June 2009, summarised and regrouped from pro forma financial statements  
In brackets: Figures at year-end 2008*

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## 2012 Financial Targets



<sup>†</sup> As % of AuM

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## Julius Baer: Private Banking at its Purest

### Investment rationale

- Superior Business Model**
  - Pure private banking business (excellent feedback from clients)
  - Big enough to matter and small enough to care
  - Premium brand with long-standing tradition
- Strong Market Position**
  - Home market Switzerland: significant pan-Swiss presence
  - Europe: serving clients domestically (Germany, Italy) and out of Switzerland
  - Emerging markets: further build Asia as a "second home" market
- Clear Value Proposition**
  - Best-in-class investment solutions and advice based on true open architecture for private clients and external asset managers
  - Client-centric service excellence and management culture
  - Best talent - employer of choice
- Long-term Growth Strategy**
  - Conservative balance sheet management and low-risk business profile
  - Sustainable organic growth - hiring of relationship managers
  - Market consolidator through opportunistic M&A

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## Q&A

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## Appendix

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## H1 2009 Results and Interim Management Statement

### Julius Baer Group pro forma adjusted figures<sup>1</sup>

(CHF m)	H1 2008	H2 2008	H1 2009	Change H1 08/09
Operating income	894	768	813	-9%
Operating expenses <sup>2</sup>	559	563	530	-5%
Profit before taxes <sup>2</sup>	335	205	283	-16%
<b>Net profit<sup>2,3</sup></b>	<b>278</b>	<b>163</b>	<b>242</b>	<b>-13%</b>
Gross margin (bps) <sup>4</sup>	119.7	108.1	121.0	-
Pre-tax margin adjusted (bps)	44.9	28.9	42.1	-
Cost/income ratio (%) <sup>5</sup>	61.4	69.8	63.3	-
Tax rate (%)	17.2	20.5	14.5	-
<b>Assets under management (CHF bn)</b>	<b>148</b>	<b>128</b>	<b>142</b>	<b>-4%</b>
Average assets under management (CHF bn)	149	142	134	-10%
Net new money (CHF bn)	8.4	8.8	3.8	-
Number of employees (FTE)	2,977	3,060	3,025	+1%

#### Interim Management Statement for ten months to end of October<sup>6</sup>:

- AUM app. CHF 150bn, up 17% vs year-end 2008
- Net new money continues positive, but pace has slowed since mid-year
  - Tense regulatory environment (some clients relocating assets; phased exit US client business)
- Gross margin tending lower compared to H1 2009, as anticipated
  - Tightening interest spreads
  - Clients continue being invested substantially in cash
  - Only partly offset by moderate improvement in client activity levels
- Cost/income ratio stable

<sup>1</sup> Derived from the unaudited pro forma financial information as presented in the Julius Baer Group Ltd. Listing Prospectus of 24 September 2009. These numbers differ slightly from the pro forma results for Julius Baer Group Ltd. as presented by the former Julius Baer Holding on 27 July 2009 (operating income in H1 2008, H2 2008 and H1 2009 is lower by CHF 4m as Julius Baer Holding's preferred securities and the associated interest expense were successfully transferred to Julius Baer Group Ltd); see also Notes (3) on pp. F-175 and F-182 of the aforementioned prospectus

<sup>2</sup> Excluding amortisation of intangible assets, integration and restructuring costs

<sup>3</sup> Including non-controlling interests of CHF 0.1m in H1 2009 and CHF 0.3m in H2 2008

<sup>4</sup> Based on average assets under management

<sup>5</sup> Operating expenses less valuation adjustments, provisions and losses/operating income

<sup>6</sup> For the complete text of the Interim Management Statement, please refer to our press release of 10 November 2009

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## Breakdown of Assets under Management

### Julius Baer Group

Asset mix	30.06.08	31.12.08	30.06.09
Equities	26%	19%	19%
Bonds	22%	26%	30%
Funds <sup>1</sup>	23%	20%	19%
Money Market	16%	17%	14%
Client Deposits	13%	17%	17%
Other <sup>2</sup>	0%	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Currency mix	30.06.08	31.12.08	30.06.09
CHF	18%	18%	17%
EUR	36%	37%	37%
GBP	4%	4%	4%
USD	31%	32%	31%
JPY	1%	1%	1%
Other	10%	8%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> Including Julius Baer, GAM as well as third-party funds

<sup>2</sup> Including alternative investment assets

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