

Julius Bär

MEDIA RELEASE

Bank Julius Baer & Co. Ltd.

Julius Baer launches Wealth Report Europe

The inaugural edition of the Julius Baer Wealth Report Europe charts the evolution and challenges facing Europe's wealthy today.

Zurich/London, 2 October 2014 – In 2013, European wealth exceeded its pre-crisis peak, reaching a new all-time high of EUR 56 trillion, up 1.7% on the previous year. However, the evolution of wealth across countries since the financial crisis in 2007 has differed substantially, with the likes of Switzerland and Germany adding over EUR 1 trillion and EUR 2 trillion in net wealth to their pre-crisis peaks, respectively, while it fell 28% in Spain and 23% in Greece, equating to reduction of private wealth of EUR 1.4 trillion and EUR 169 billion, respectively, in absolute terms.

The report also finds that over two-thirds of Europe's wealth lies in the large core countries Germany, United Kingdom, France and Italy. Core Europe also has the largest number of wealthy households with Germany boasting 1.4 million millionaire households, France with 1.3 million, Italy with 818,000, and the UK with 796,000.

However, the picture changes when considering average wealth-per-adult levels across Europe. The smaller core countries like Luxembourg and Switzerland exhibit the highest wealth-per-adult levels at EUR 432,200 and EUR 394,600 per adult, respectively. These levels are distinctly higher than the average European wealth per adult at EUR 167,100, while average wealth per adult in Spain is estimated to amount to just EUR 92,300 and EUR 58,900 in Greece.

The distribution of wealth in Europe remains varied, but on average, the report estimates that the wealthiest 10% of European households own over half of the continent's wealth, while the bottom half of wealth holders own less than 10% of Europe's total wealth. Concentration of wealth was highest in Austria and Germany (40% and 35% of total private wealth owned by the richest 1%) while the UK, Greece and the Netherlands had the lowest concentration (15% or less of total private wealth owned by the richest 1%). New long-term datasets referenced in the report suggest that the concentration of wealth in Europe is on the rise again, after much European wealth was destroyed in the 20th century due to the two World Wars and the Great Depression of 1929.

The report also studies the role family businesses play in building wealth. Robert Ruttmann and Dimitri Bellas, lead authors of the report, observed that many of Europe's most enduring family-led companies remain well positioned to drive economic progress (and family wealth) in the 21st century. "As long as capital returns exceed economic growth rates in Europe, European families owning capital are set to gain a larger slice of Europe's consistently expanding wealth cake," Robert Ruttmann said. "This trend should have a number of implications, ranging from the wealth effect driving up the demand for (and prices of) luxury goods, to the growing importance of intergenerational wealth transfers, both in terms of scope and complexity," Dimitri Bellas said. The report shows that the average prices of luxury goods – expensive wines, designer handbags and

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sports cars – are rising at least twice as fast as inflation, up 38% since 2004 compared to 18% for European inflation.

Boris F.J. Collardi, CEO of Bank Julius Baer, adds: “The first Julius Baer Wealth Report Europe offers its readers many new perspectives on wealth in Europe. In a broader sense, the report reflects Julius Baer’s commitment to helping our clients navigate complexity by anticipating trends, offering best-in-class services, and through our exclusive focus on the private client.”

Burkhard Varnholt, CIO and Head of Investment Solutions Group, added: “It will be critical in the 21st century that business leaders, policy makers, entrepreneurs and wealth holders work together to create an environment in which the active exchange of ideas forms the bedrock of social progress in Europe. It is our hope that this report makes a contribution in this direction.”

Further information as well as a link to the publication can be found below:
<http://www.juliusbaer.com/htm/1907/en/Julius-Baer-Wealth-Report-Europe.htm>

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About Julius Baer

Julius Baer is the leading Swiss private banking group with a focus on servicing and advising sophisticated private clients and a premium brand in global wealth management. Julius Baer’s total client assets amounted to CHF 372 billion at the end of June 2014, including CHF 274 billion of assets under management. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the principal operating company of Julius Baer Group Ltd., whose shares are listed on the SIX Swiss Exchange (ticker symbol: BAER) and form part of the Swiss Market Index (SMI), comprising the 20 largest and most liquid Swiss stocks.

Julius Baer is currently in the final phase of integrating Merrill Lynch’s International Wealth Management business outside the US. This will increase the Group’s presence to more than 25 countries and 50 locations. Headquartered in Zurich, we have offices in key locations including Dubai, Frankfurt, Geneva, Hong Kong, London, Lugano, Monaco, Montevideo, Moscow, Singapore and Tokyo.

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