

Julius Bär

MEDIA RELEASE

Julius Baer Group Ltd.

Interim Management Statement for the first four months of 2016¹

Assets under management at record CHF 305 billion – Significant relationship manager hiring successes – Corresponding short-term increase in cost/income ratio – Further cost measures to fund investments in growth

Zurich, 19 May 2016 – At the end of April 2016, Julius Baer Group's assets under management (AuM) amounted to a record CHF 305 billion, an increase since the end of 2015 of CHF 6 billion, or 2%. The year-to-date development of Group AuM benefitted from continued net new money and the first-time consolidation – as at 1 April 2016 – of Kairos Investment Management SpA (Kairos) with close to CHF 9 billion AuM. These positive contributions were partly offset by a negative currency impact, mainly due to the weakening of the US dollar and the British pound relative to the Swiss franc.

Partly owing to the continued slow momentum in Eastern Europe and Latin America, some client deleveraging in Asia, as well as the tail end of the regularisation of legacy assets in France and Italy, net inflows declined – on an annualised basis – to below 3%. However, particularly in light of the success so far this year in attracting relationship managers (RMs) as well as the strong current hiring pipeline, the Group believes that the 4-6% net new money target range remains achievable.

Investments in growth

In the first four months the Group has, through hiring, already realised a net increase of over 30 RMs. This represents a substantial acceleration of the hiring pace compared to recent years. This organic expansion was spread over a number of different regions including Asia, where under the new leadership the business is being reorganised in order to be well positioned for the next phase of growth. In the year to date, the Asian franchise was successful in attracting a number of experienced new market heads and teams of RMs. The significant hiring successes and the potential for additional hiring in the near term considerably strengthen the Group's potential for further sustainable asset growth in the medium and long term.

Moderate recovery in gross margin following improvement in client trading

Including a positive fair value adjustment of CHF 39 million resulting from the recent acquisition of an additional 60.1% stake in Kairos, the gross margin over the first four months was 95 basis points (bps). Excluding this adjustment, the gross margin recovered to 91 bps, an increase of 3 bps from the 88 bps reached in the second half of last year. This increase was driven mainly by a modest improvement in client trading compared to the last six months of 2015.

¹ Based on unaudited management accounts

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Further cost measures to fund investments in growth

As a result of the strategic decision to invest in accelerating RM hirings as well as strengthening other key areas of the business, the cost/income ratio² for the first four months of 2016 ended up moderately above the 64-68% range that was recently set as a new target for the medium term. The investments in RM hiring are likely to continue well into the remainder of the year. However, at the same time, considering the only modest recovery in the underlying gross margin and the further strengthening of the Swiss franc against certain key currencies, the Group has defined and already partly implemented a number of cost saving measures throughout the organisation. These measures will in the remainder of the year save approximately CHF 50 million relative to earlier budgeted costs and are expected to bring the 2016 full-year cost/income ratio very close to the medium-term target (assuming no further significant deterioration in market conditions and currency developments from current levels).

Acquisition update

As previously announced, the acquisition of an additional 60.1% stake in Kairos was completed on 1 April 2016, bringing the Group's total ownership of Kairos to 80%. On 1 March 2016, Julius Baer increased its ownership of Brazilian subsidiary GPS Investimentos Financeiros e Participações S.A. (GPS) from 80% to 100%. Additionally, the Group's interest in its Japanese-market-focused subsidiary Julius Baer Wealth Management AG (JBWM) – formerly called TFM Asset Management AG – was increased from 60% to 100% on 1 April 2016.

The closing of the previously announced acquisition of Commerzbank International SA Luxembourg is still expected to take place in the third quarter of 2016.

Solid capital position

At the end of April 2016, and following the completion of the aforementioned investments in Kairos, GPS and JBWM, the Group's BIS total capital ratio stood at 17.1% and its BIS CET1 capital ratio at 15.9%, above the Group's own floors of 15% and 11% respectively and significantly above the regulatory minimums of 12.2% and 8% respectively.

2016 half-year results

Julius Baer Group's detailed financial results for the first half of 2016 will be published on 25 July 2016.

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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 393 billion at the end of April 2016, including CHF 305 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 are included in the Swiss Market Index (SMI), comprising the 20 largest and most liquid Swiss stocks.

² Excluding integration and restructuring expenses, the amortisation of intangible assets related to acquisitions or divestments, and valuation allowances, provisions and losses

Julius Baer employs a staff of over 5,500, including more than 1,200 relationship managers, and is present in over 25 countries and more than 50 locations. Headquartered in Zurich, we have offices in key locations including Dubai, Frankfurt, Geneva, Hong Kong, London, Lugano, Milan, Monaco, Montevideo, Moscow, Mumbai, Singapore and Tokyo. Our client-centric approach, our objective advice based on a unique open product platform, our very strong financial base and our entrepreneurial management culture make us the international reference in private banking.

For more information visit our website at www.juliusbaer.com

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