

Julius Bär

MEDIA RELEASE

Julius Baer Group Ltd.

Interim Management Statement for the first ten months of 2016¹

Assets under management at record CHF 327 billion – Net inflows close to target range – Regional realignment completed – Continued hiring of relationship managers – Subdued trading volumes affect gross margin – Cost/income ratio guidance reconfirmed

Zurich, 17 November 2016 – In the ten months to the end of October 2016, Julius Baer Group's assets under management (AuM) grew to a record CHF 327 billion, an increase since the end of 2015 of CHF 27 billion, or 9%. The year-to-date AuM development benefited from continued net new money, positive market performance, the first-time consolidation – as at 1 April 2016 – of Kairos Investment Management SpA (Kairos) with close to CHF 9 billion AuM, and the acquisition – on 4 July 2016 – of Commerzbank International S.A. Luxembourg (CISAL) with close to CHF 3 billion AuM. These positive contributions were partly offset by a negative currency impact, mainly due to the weakening of the British pound and the US dollar relative to the Swiss franc.

Net inflows close to target range

Net new money in the year to date was, on an annualised basis, close to 4%. With the exception of Latin America, all regions realised net inflows so far this year. Based on the relationship manager (RM) hirings and the current net inflows outlook, net new money is expected to improve well into the 4-6% target range in 2017.

Well positioned for further growth following regional realignment and RM hirings

The regional realignment of the front organisation, announced in the summer, was implemented efficiently over the past three months. All top management changes were staffed from within the organisation, underlining the strong talent pool of the Group. At the same time the Group continued to bring on board a significant number of senior private bankers, attracted by Julius Baer's pure private banking business model. At the end of October, the number of RMs had grown to 1,376 RMs, a year-to-date net increase of 159 RMs, of which 115 RMs via recruitment and 44 RMs through the acquisitions of Kairos and CISAL. In combination with the improved regional set-up and the ongoing investments in advisory services, investment management expertise and the Group's technology transformation, this year's accelerated RM recruitment is expected to provide firm support for Julius Baer's further growth in the medium and long term.

Gross margin affected by subdued trading volumes since the end of June

Despite a slight improvement in Asia, overall client trading volumes declined markedly in the four months since the end of June. As a consequence, the gross margin for the first ten months declined to just over 91 basis points (bps). This compares to just below 95 bps in the first half of the year.

¹ Based on unaudited management accounts

Cost/income ratio² just below 68% – Guidance reconfirmed

The year-to-date impact on the cost/income ratio² of both the recent gross margin development and this year's accelerated investments in growth was largely balanced by the implementation of a number of cost saving measures throughout the Group and the positive effect of the pension fund plan amendment in Switzerland in the first half of the year. As a result, the cost/income ratio² for the first ten months of 2016 was just below the top end of the 64-68% range that the Group is targeting to reach in the medium term. Notwithstanding the decline in gross margin since the end of June, the Group is confident that its continued balanced cost management will help achieve a cost/income ratio² for the current financial year inside the 68-69% guidance range provided earlier this year. This would assume no significant deterioration in market conditions in the last two months of 2016.

As this year's investments in growth start delivering the envisaged improvements in productivity, the cost/income ratio² is expected to normalise towards and into the 64-68% target range over the next two years.

Solid capital position

At the end of October 2016, and subsequent to last month's successful placement of the Group's second SGD-denominated perpetual tier 1 subordinated bond in the Singapore market in the amount of SGD 325 million, the phase-in BIS total capital ratio stood at 18.2% and the phase-in BIS CET1 capital ratio at 16.2%, up from 17.3% and 15.9% respectively at the end of June 2016. At these levels, which are well above the Group's own floors of 15% and 11% respectively and significantly above the minimum regulatory requirements of 12.2% and 8% respectively, the Group remains solidly capitalised.

Julius Baer will redeem all of the outstanding lower tier 2 subordinated bonds due 23 December 2021 at par value on the reset date of 23 December 2016, in accordance with the terms of the bond. The bonds were issued by Julius Baer Group Ltd. in December 2011 in the amount of CHF 250 million. The redemption of the lower tier 2 bonds, which are not Basel III-compliant, has been pre-financed by the aforementioned Additional Tier 1 bond issue, which are fully Basel III-compliant.

2016 full-year results

Julius Baer Group's detailed financial results for 2016 will be published on 1 February 2017.

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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. At the end of October 2016, assets under management amounted to CHF 327 billion. 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 6,000, including close to 1,400 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, Luxembourg, 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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This media release 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 it operates. Forward-looking statements involve all matters that are not historical facts. 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. 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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