

Julius Bär

## HY 2017 RESULTS AND BUSINESS UPDATE

Presentation for Investors, Analysts & Media  
Zurich, 24 July 2017



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## Introduction

Boris F.J. Collardi, CEO

# RECORD HALF-YEAR RESULT – WHILE SHAPING OUR FUTURE FROM A POSITION OF STRENGTH

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Record result

- Assets under management: CHF 355 billion, up 6% since year-end 2016
- Net new money: CHF 10.2 billion, or 6.1% annualised, exceeding medium-term target range – reflecting strong contribution from RMs hired in 2016
- Resilient gross margin: 92 bps – helped by further increase in asset-based commission income and recovery in client risk appetite
- Adjusted cost/income ratio: 69% – advancing towards target range
- Record adjusted net profit: CHF 404 million

Continuously shaping our future from a position of strength

- Industry-leading sustainable growth through pure private banking approach
- Ensuring continuous leadership through...
  - Deepening client relationships and increasing proximity
  - Enhancing quality and scope of revenue base
  - Increasing efficiency and productivity front-to-back
  - Being the destination for industry talent

# CONTENT

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## **Financial Results HY 2017**

Dieter A. Enkelmann, CFO

# SCOPE OF PRESENTATION OF FINANCIALS

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## **Financial results are presented as usual on the adjusted basis**

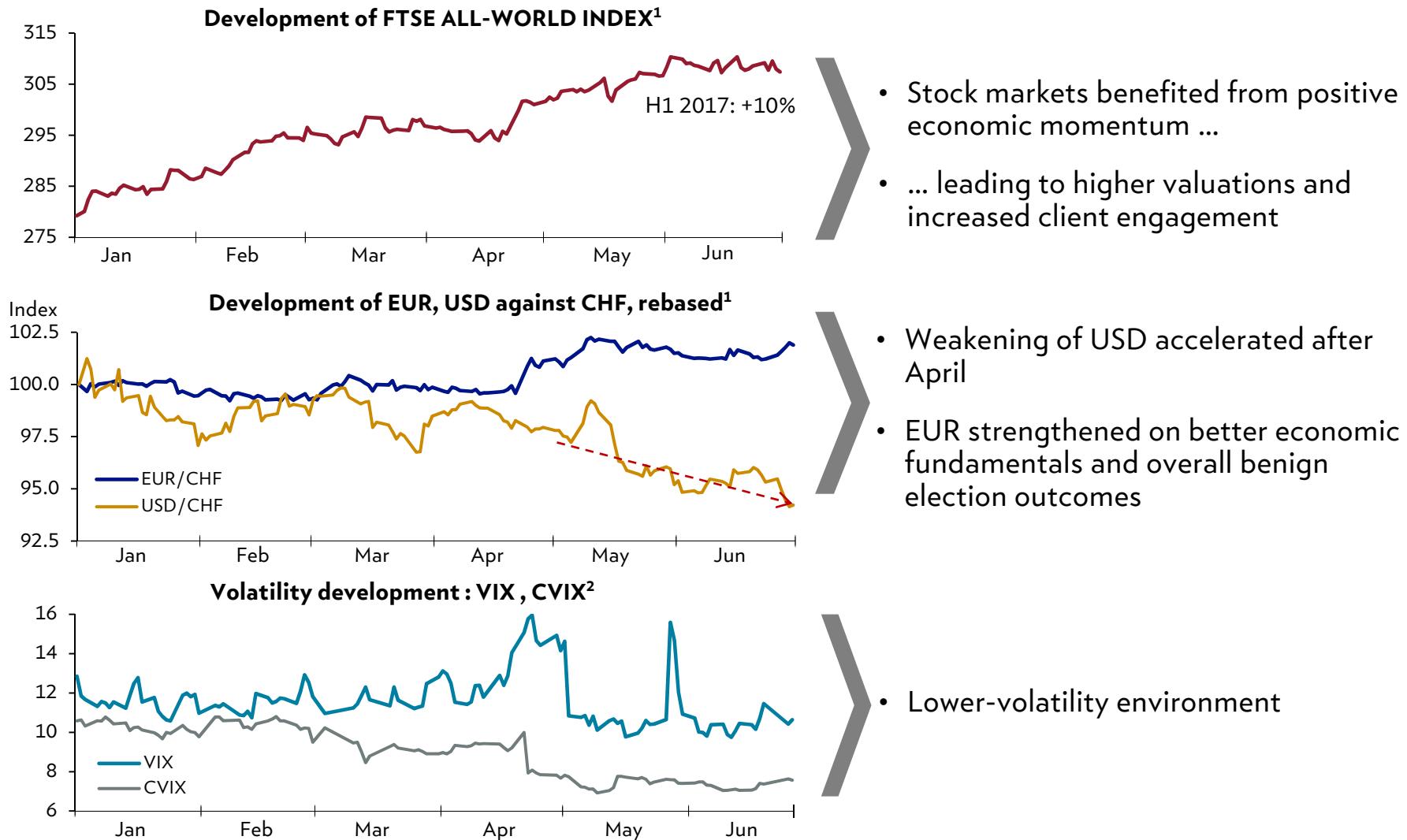
- *Excluding* integration and restructuring expenses and amortisation of intangible assets related to acquisitions or divestments, as well as taxes on those respective items
  - Reconciliation from the IFRS results to the adjusted results is outlined in the appendix
  - Please refer to the Julius Baer Group Ltd. Half-year Report 2017<sup>1</sup> for the IFRS results
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- The H1 2016 results included a benefit of CHF 39 million in operating income resulting from the Kairos fair value adjustment following the acquisition of an additional 60% stake in Kairos in April 2016 as well as a CHF 63 million benefit to operating expenses resulting from the amendment to the Swiss pension plan (together CHF 101 million, or CHF 88 million net of taxes)
  - The commentary in this presentation occasionally refers to the operational development which would result if these two items are excluded from the results in H1 2016

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<sup>1</sup> Available from [www.juliusbaer.com](http://www.juliusbaer.com)

# H1 2017: SUPPORTIVE MARKET ENVIRONMENT

Partly offset by impact of weakening USD



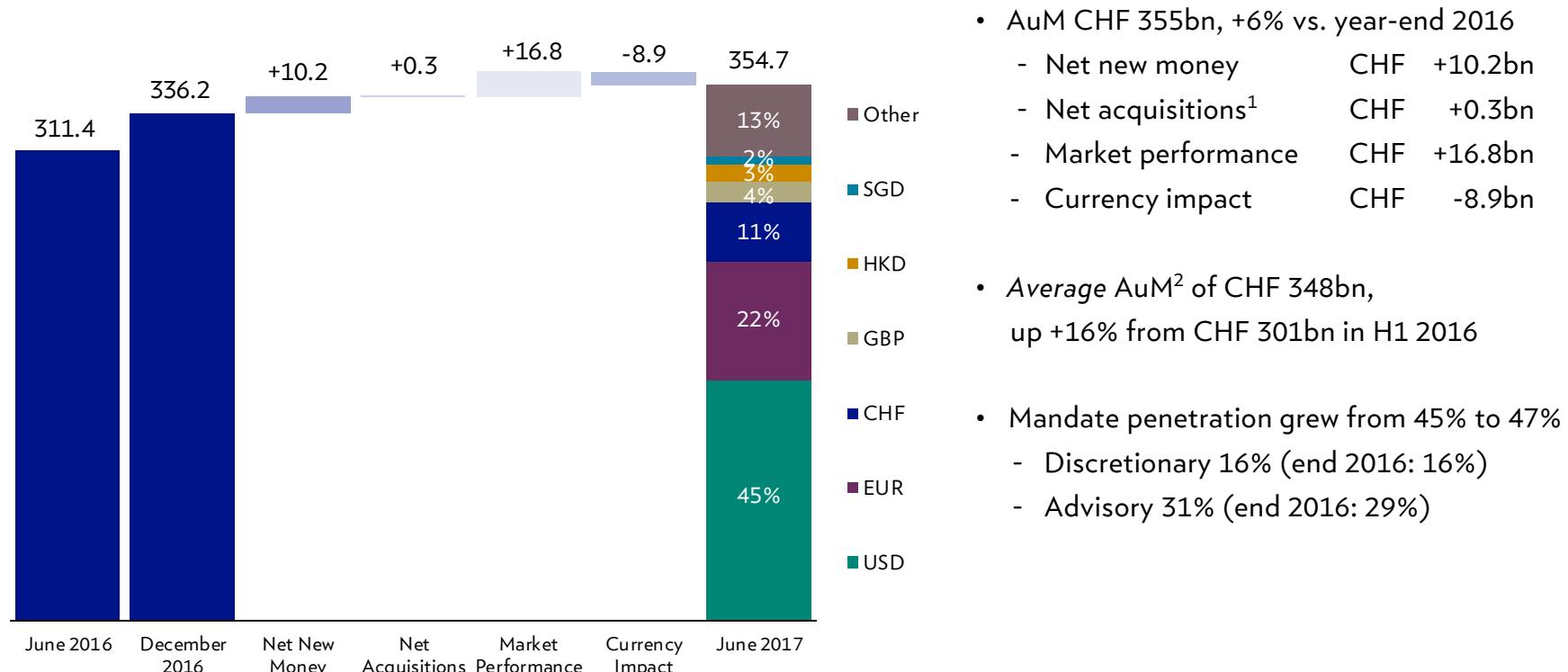
<sup>1</sup> Source: Datastream, Julius Baer | <sup>2</sup> Source: Bloomberg Finance L.P., Julius Baer

# AUM INCREASE OF CHF 19bn (+6%) TO CHF 355bn

Driven by strong organic growth and market performance

## Development of Assets under Management

CHF bn



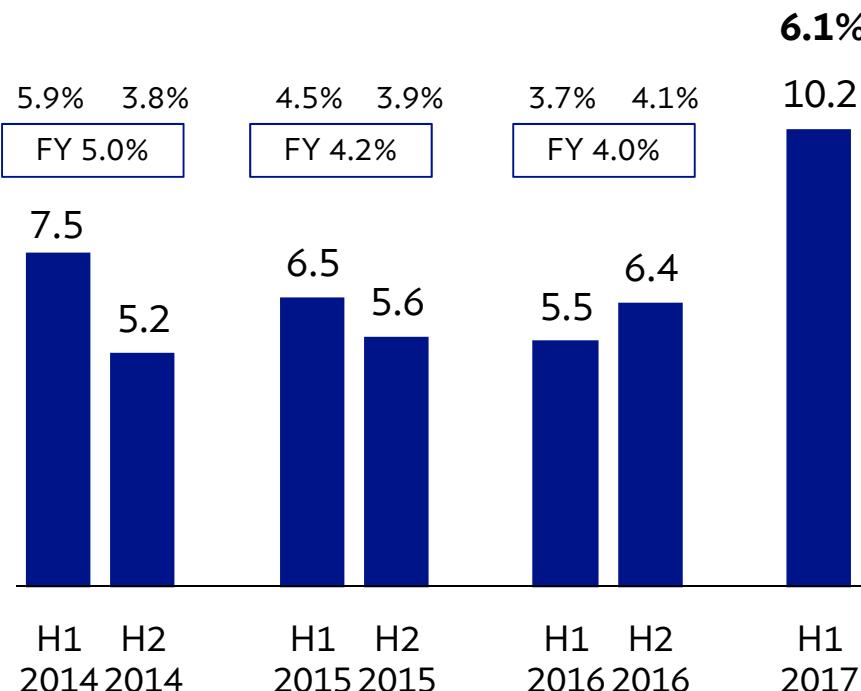
<sup>1</sup> Net acquisitions consisting of acquisition of CHF +0.4bn Wergen & Partner and CHF -0.1bn resulting from the Group's decision to discontinue its offering to clients from a number of selected countries | <sup>2</sup> Calculated on basis of monthly AuM levels

# NET NEW MONEY 6.1% – EXCEEDING TARGET RANGE

Supported by strong contributions from RMs hired in 2016

## Net New Money

in CHF bn and %<sup>1</sup>

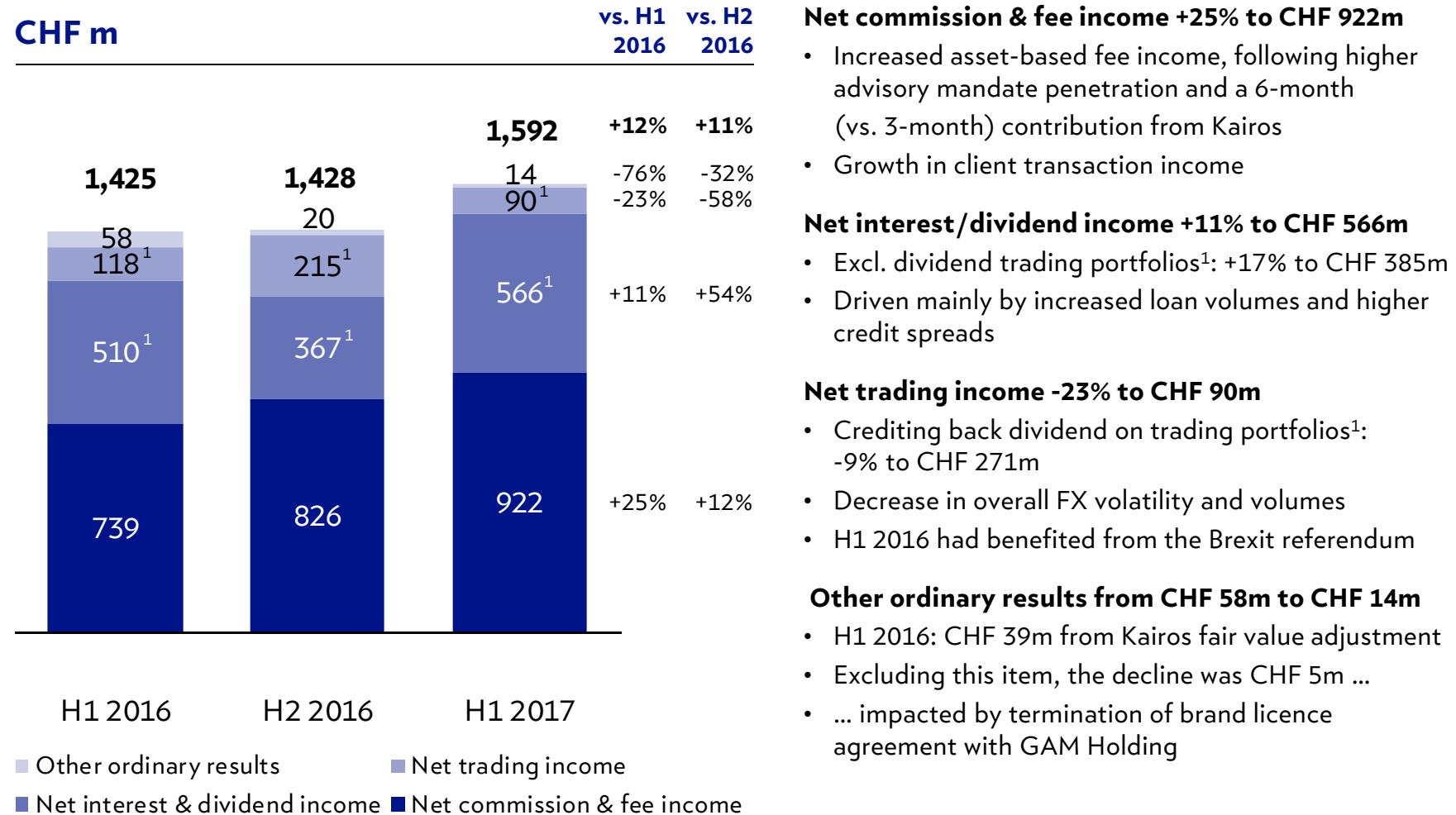


- NNM: CHF 10.2bn (6.1% annualised)
- Particularly strong net inflows from Asia, Middle East and Monaco ...
- ... and a substantial recovery in net inflows from Latin America
- Strong contribution from RMs hired in 2016

<sup>1</sup> Annualised NNM in % of AuM at the beginning of the period

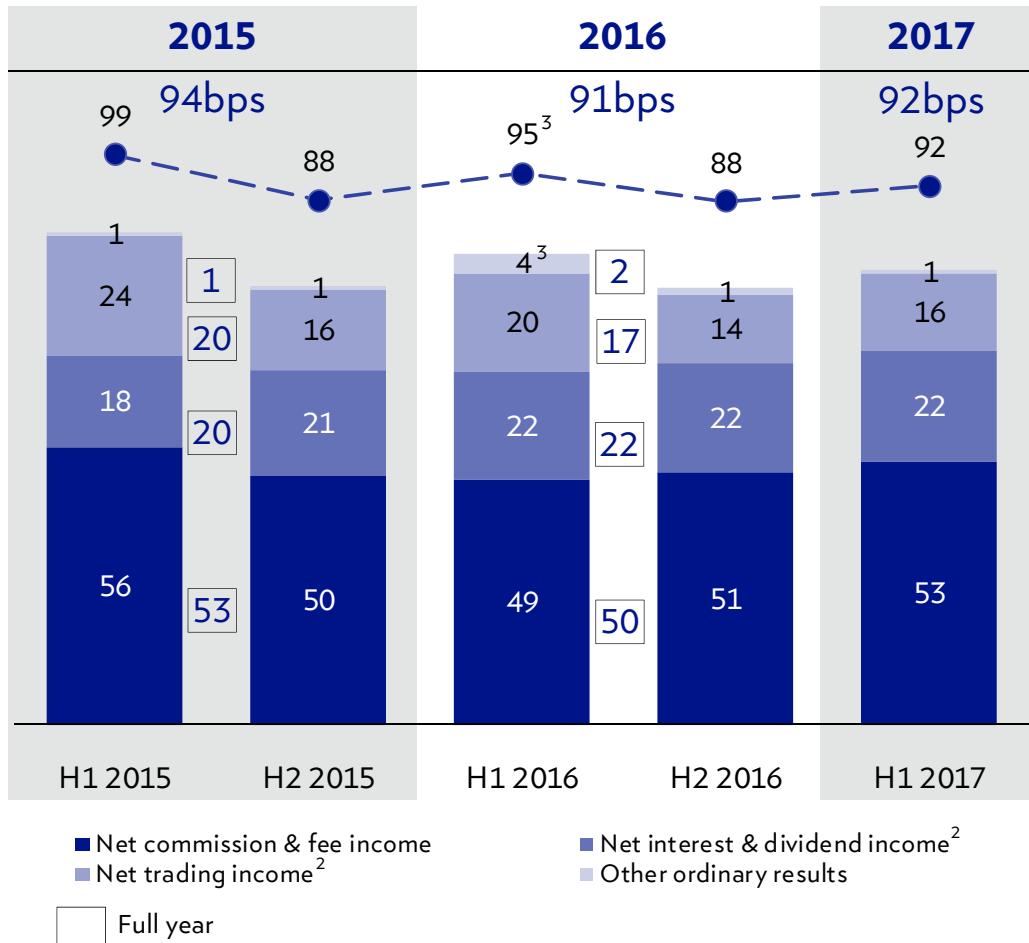
# OPERATING INCOME +12% TO CHF 1.6bn

Excluding CHF 39m Kairos fair value adjustment in H1 2016: +15%



# GROSS MARGIN 92 bps<sup>1</sup>

Barely changed when excluding CHF 39m Kairos fair value adjustment in H1 2016



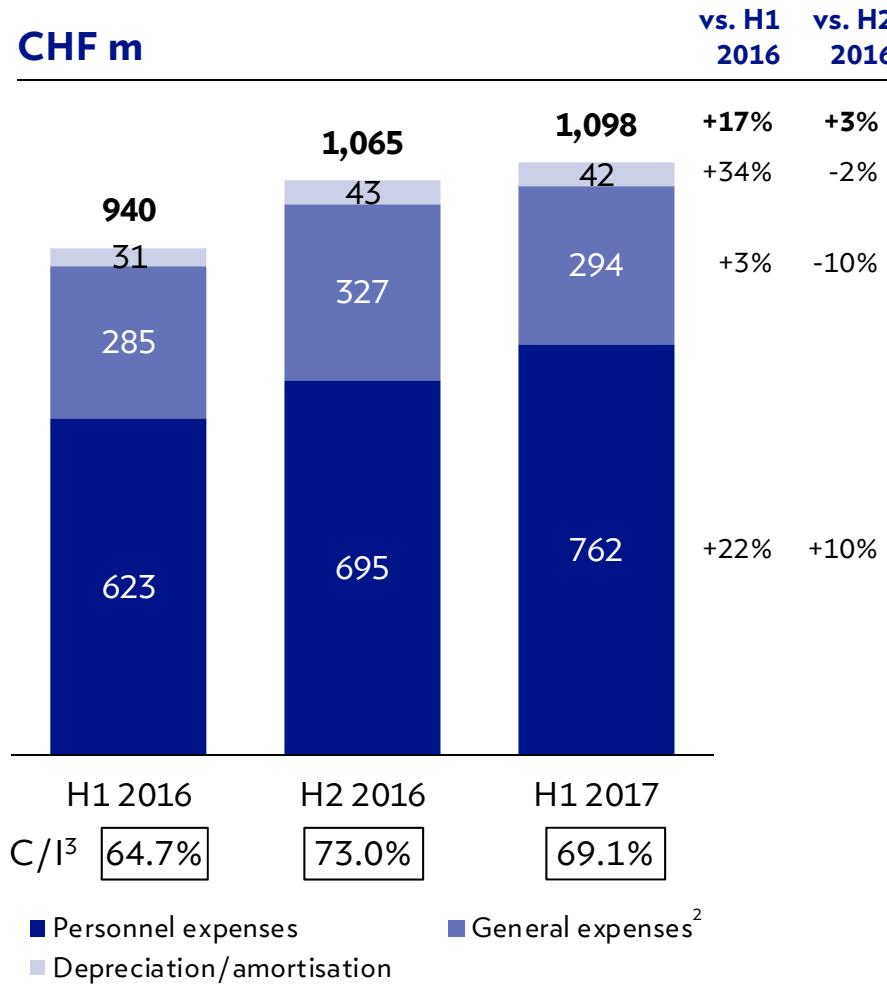
- H1 2016 Kairos fair value adjustment (CHF 39m): equivalent to 2.6 bps
- Excluding this item, the gross margin was barely changed (-0.6bps) year on year
- The y-o-y decline in trading gross margin<sup>2</sup> was offset by an increase in commission & fee gross margin

<sup>1</sup> Operating income (annualised) divided by average AuM, in basis points. Average AuM in H1 2017: CHF 348bn, +16% compared to H1 2016, +7% compared to H2 2016

<sup>2</sup> Net interest income adjusted to exclude dividends on trading portfolios, net trading income adjusted to include the same (H1 2015: CHF 122m, H2 2015: CHF 17m, H1 2016: CHF 180m, H2 2016: CHF 12m, H1 2017: CHF 181m) | <sup>3</sup> Includes CHF 38.6m Kairos fair value adjustment (equivalent to 2.6bps)

# OPERATING EXPENSES<sup>1</sup> +17% TO CHF 1.1bn

Excluding CHF 63m credit from pension fund amendment in H1 2016: +10%



## Personnel expenses +22% to CHF 762m

- Excluding H1 2016 CHF 63m pension fund credit: +11% from CHF 686m to CHF 762m
- Reflecting average FTE +8%, due to last year's major investment in RM recruitment and in other key areas

## General expenses<sup>2</sup> +3% to CHF 294m

- Increase partly reflects directly expensed investments in core banking platform as well as increased number of FTEs
- Valuation allowances, provisions and losses down CHF 20m to a release of CHF 2m

## Cost/income ratio<sup>3</sup> 69.1%

- H1 2016 excl. pension fund credit and Kairos fair value adjustment: 71.0%

<sup>1</sup> Excluding integration and restructuring expenses and the amortisation of intangible assets related to acquisitions and divestments | <sup>2</sup> Including valuation allowances, provisions and losses | <sup>3</sup> Cost/income ratio not considering valuation allowances, provisions and losses

# STRONG GROWTH IN OPERATING RESULT

Also vs. H1 2016, when excl. pension fund and Kairos fair value items

CHF m	H1 2016	H2 2016	H1 2017	Change H1 17/H1 16	Change H1 17/H2 16
Operating income	1,425	1,428	1,592	+12%	+11%
Adjusted operating expenses	940	1,065	1,098	+17%	+3%
<b>Adjusted profit before taxes</b>	<b>485</b>	<b>363</b>	<b>494</b>	<b>+2%</b>	<b>+36%</b>
<b>Adjusted pre-tax margin (bps)</b>	<b>32.2</b>	<b>22.3</b>	<b>28.4</b>	<b>-3.8 bps</b>	<b>+6.1 bps</b>
Income taxes	83	59	90	+9%	+53%
<b>Adjusted net profit<sup>1</sup> for the Group</b>	<b>402</b>	<b>304</b>	<b>404</b>	<b>+0%</b>	<b>+33%</b>
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	1.84	1.38	1.84	-0%	+33%
ROTE, adjusted <sup>2</sup> (%)	32.3%	24.8%	31.6%	-0.7 pts	+6.8 pts
Tax rate (%)	17.1%	16.3%	18.3%	+1.1 pts	+2.0 pts
IFRS net profit attributable to shareholders of Julius Baer Group	362	258	353	-2%	+37%

**When excluding the H1 2016 Kairos- and pension fund-related items** (CHF 101m pre-tax; CHF 88m net of taxes<sup>3</sup>):

- Adjusted profit before taxes: +29% year-on-year
- Adjusted net profit for the Group: +28% year-on-year
- IFRS net profit attributable to shareholders of Julius Baer Group Ltd.: +29% year-on-year

<sup>1</sup>Excluding integration and restructuring expenses and the amortisation of intangible assets related to acquisitions and divestments and taxes on those respective items.  
For a reconciliation to the IFRS results, please refer to the appendix | <sup>2</sup> Adjusted net profit attributable to shareholders/(half-yearly) average shareholders' equity less  
goodwill and other intangible assets | <sup>3</sup> 22% tax on CHF 63m pension-fund amendment; no tax impact on Kairos fair value adjustment

# SOLID BALANCE SHEET – LOW RISK PROFILE

CHF bn	Assets	Liabilities & Equity
Due from banks	<b>6.9</b> (11.4)	<b>6.1</b> (10.1)
Loans	<b>40.7</b> (38.4)	<b>65.8</b> (67.5)
<i>Lombard lending:</i> 31.2 (29.1)		
<i>Mortgage lending:</i> 9.6 (9.3)		
Trading portfolios	<b>10.3</b> (7.7)	
Financial investments available-for-sale	<b>16.3</b> (18.3)	
Cash	<b>12.1</b> (13.6)	<b>11.2</b> (8.4)
Others	<b>4.0</b> (4.0)	<b>4.7</b> (4.8)
Goodwill & other intangible assets	<b>2.8</b> (2.8)	<b>5.4</b> (5.4)
		Financial liabilities (structured products issued)
		Others (incl. hybrid instruments)
		Total equity

CHF 93.2bn  
(CHF 96.2bn)\*

Loan-to-deposit ratio  
0.62 (0.57)

Liability Driven

Figures as at 30 June 2017, summarised and regrouped from Financial Statements.

\* In brackets: figures as at 31 December 2016

# CAPITAL RATIOS WELL ABOVE GROUP FLOORS

## Fully-applied CET1 ratio improved to 11.9%

BIS approach / CHF m	30.06.2016 Basel III <sup>2</sup> phase-in	31.12.2016 Basel III <sup>2</sup> phase-in	30.06.2017 Basel III <sup>2</sup> phase-in	30.06.2016 Basel III fully applied	31.12.2016 Basel III fully applied	30.06.2017 Basel III fully applied
<b>Total risk-weighted positions</b>	<b>20,407</b>	<b>21,002</b>	<b>20,564</b>	<b>20,424</b>	<b>20,993</b>	<b>20,600</b>
CET1 capital <sup>1</sup>	3,251	3,444	3,060	2,090	2,231	2,458
Tier 1 capital <sup>1</sup>	3,251	3,597	3,720	3,018	3,366	3,603
Eligible total capital <sup>1</sup>	3,524	3,667	3,800	3,146	3,442	3,686
<b>CET1 capital ratio<sup>1</sup></b>	<b>15.9%</b>	<b>16.4%</b>	<b>14.9%</b>	<b>10.2%</b>	<b>10.6%</b>	<b>11.9%</b>
<b>Tier 1 capital ratio<sup>1</sup></b>	<b>15.9%</b>	<b>17.1%</b>	<b>18.1%</b>	<b>14.8%</b>	<b>16.0%</b>	<b>17.5%</b>
<b>Total capital ratio<sup>1</sup></b>	<b>17.3%</b>	<b>17.5%</b>	<b>18.5%</b>	<b>15.4%</b>	<b>16.4%</b>	<b>17.9%</b>
Leverage ratio (LERA, tier 1 divided by total exposure)	3.8%	3.8%	4.0%	3.5%	3.5%	3.9%

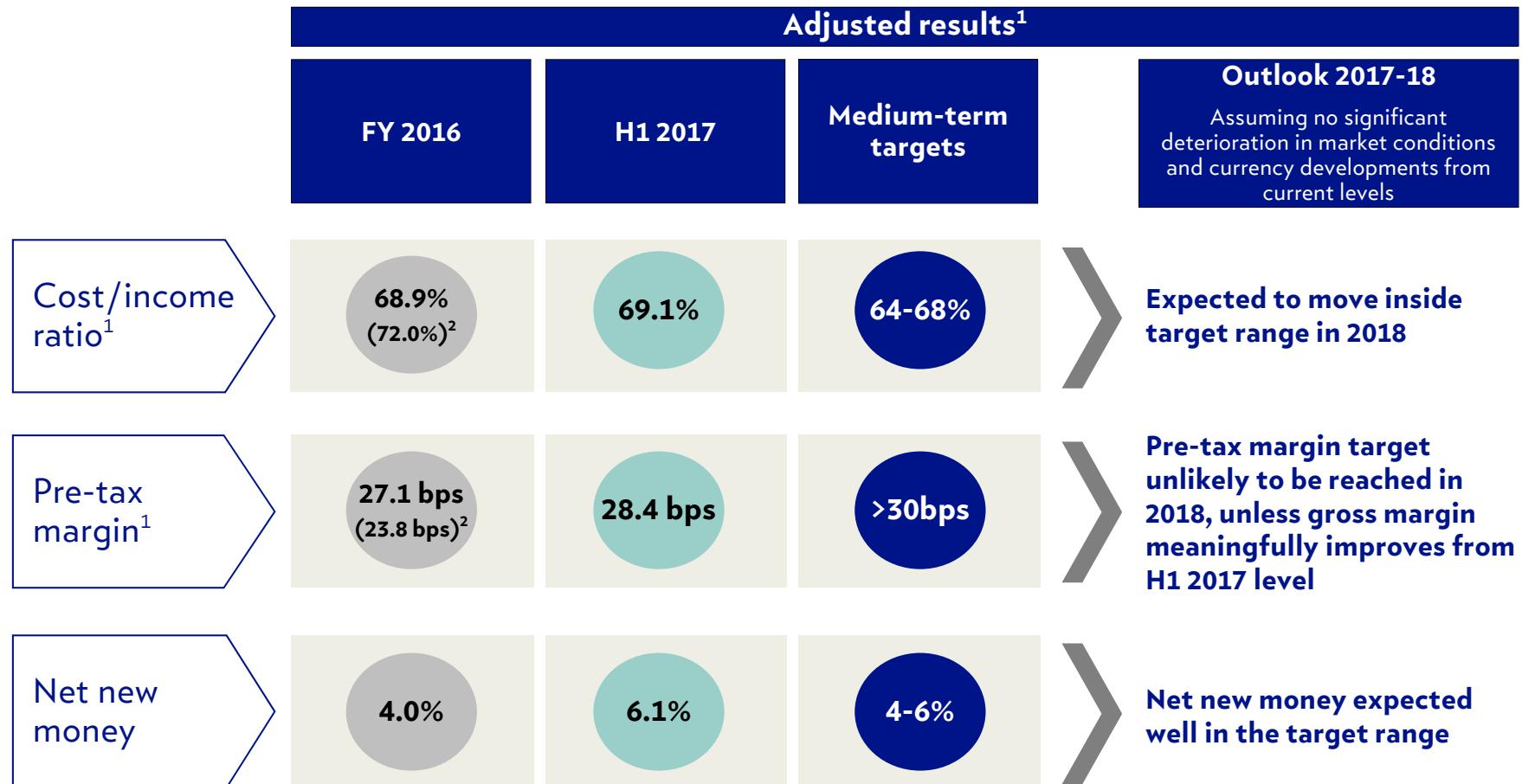
- RWAs down 2% since end 2016 - mainly on lower credit RWAs following decrease in treasury portfolio and improved credit collateral allocation

➤ Capital ratios well above Group's own floors and significantly above regulatory minimums:

BIS Basel III approach	Regulatory capital requirements (phase-in) <sup>2</sup>	Julius Baer floors (phase-in) <sup>2</sup>	Capital ratio H1 2017 (phase-in) <sup>2</sup>	Capital ratio H1 2017 (fully applied)
BIS total capital ratio	>12.2%	>15%	18.5%	17.9%
BIS CET1 capital ratio	>8.0%	>11%	14.9%	11.9%

<sup>1</sup> After dividend accrual | <sup>2</sup> In Switzerland the Basel III framework came into effect on 1 January 2013; the Basel III effects but also the effects of IAS 19-revised relating to pension liabilities are being phased in between 2014 and 2018 for the calculation of eligible capital

# MEDIUM-TERM TARGETS



<sup>1</sup> Excluding integration and restructuring expenses and the amortisation of intangible assets related to acquisitions and divestments | <sup>2</sup> Figures in brackets show the cost/income ratio and pre-tax margin when excluding the impacts of the Kairos fair value adjustment and the Swiss pension plan amendment (both in H1 2016)

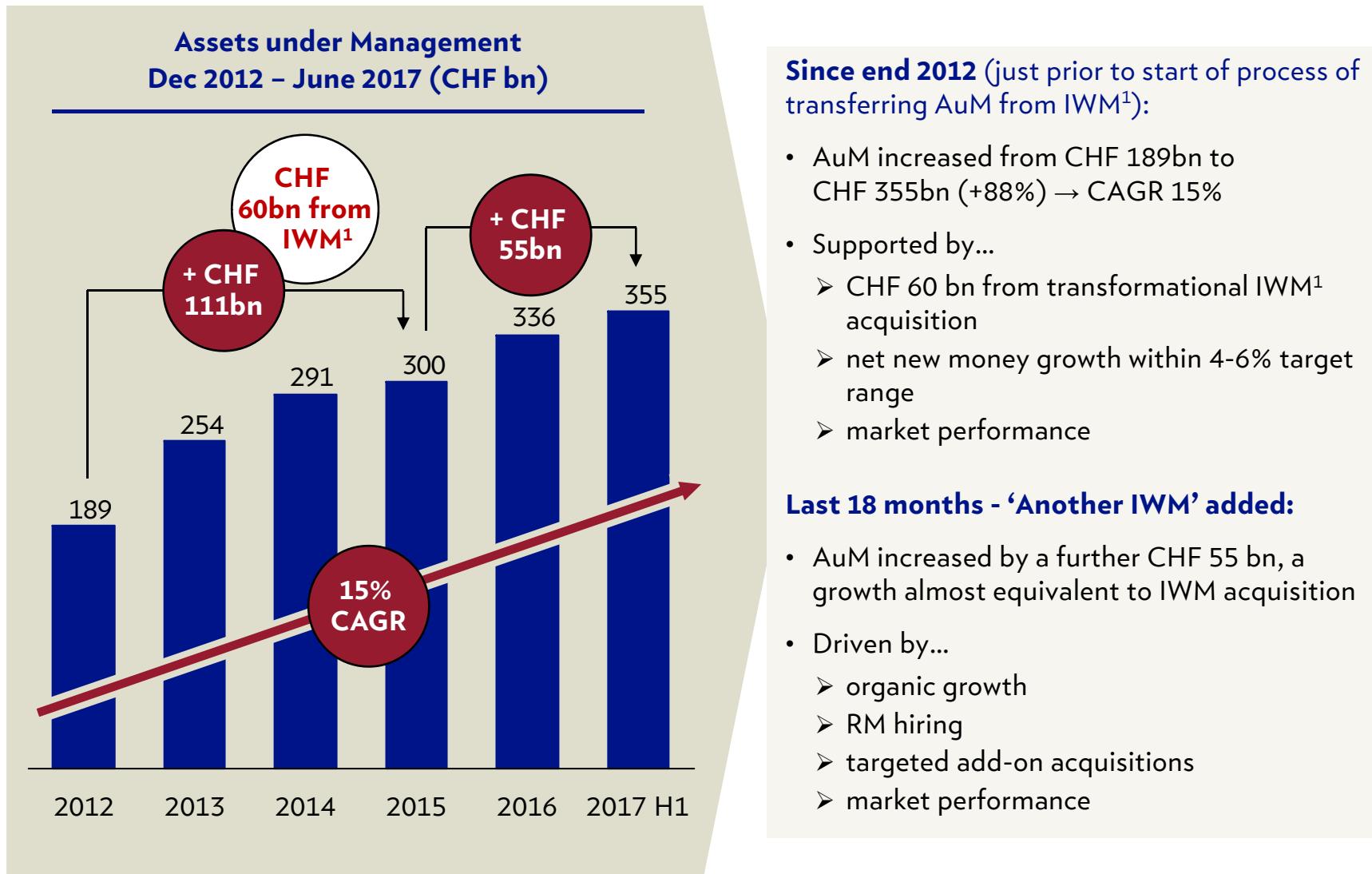
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**Business Update**  
Boris F.J. Collardi, CEO

# SUSTAINABLE INDUSTRY-LEADING GROWTH ENGINE IN PLACE

Our pure private banking approach is the driver of significant AuM growth

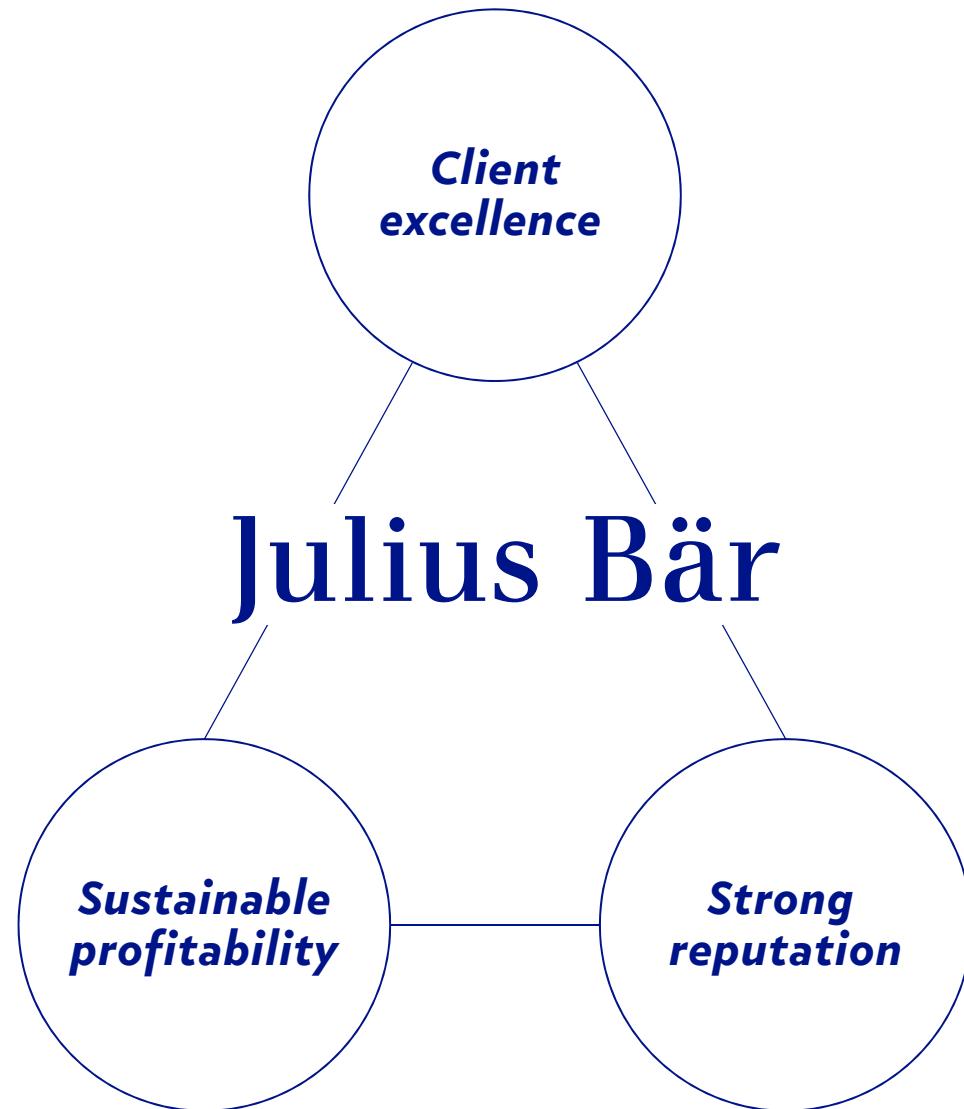


<sup>1</sup> Bank of America's International Wealth Management business (IWM) outside the US, the acquisition and transfer of which took place between early 2013 and late 2015

# ENSURING CONTINUOUS LEADERSHIP

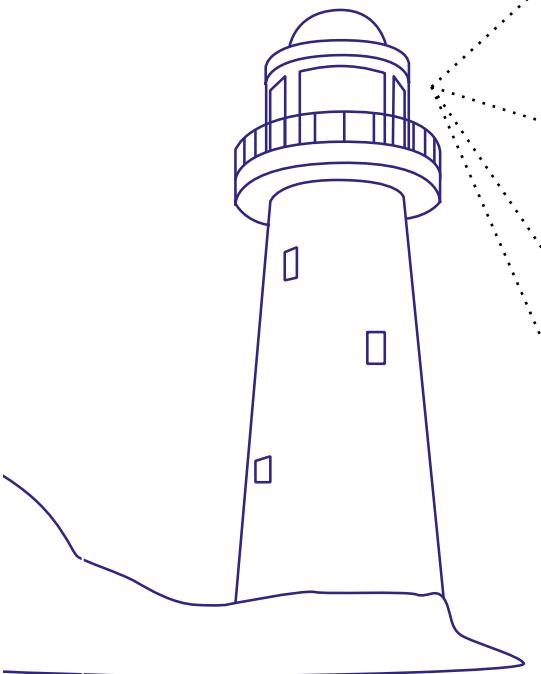
Group's strategy built around three principles of great businesses

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# PROVEN AND DYNAMIC BUSINESS STRATEGY

## Continuously shaping our future from a position of strength



### Deepening client relationships and increasing proximity

- Competitive regional market strategies and regionalised support organisation driving market and client focus
- Holistic client advisory experience as a key differentiator

### Enhancing quality and scope of revenue base

- Global roll-out of Julius Baer *Your Wealth*
- Strengthening of investment management & service offering

### Increasing efficiency and productivity front-to-back

- Optimising front-office productivity, streamlining of processes and driving the Group's technology transformation

### Being the destination for industry talent

- Ongoing investments in key talents for all areas

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## Appendix

# RECONCILIATION CONSOLIDATED FINANCIAL STATEMENT<sup>1</sup>

## IFRS to adjusted net profit

CHF m	H1 2016	H2 2016	H1 2017	Change H1 17/H1 16	Change H1 17/H2 16
IFRS net profit attributable to shareholders of Julius Baer Group Ltd.	361.8	257.5	353.2	-2%	+37%
Non-controlling interests	0.3	2.4	3.7	-	+54%
<b>Profit after tax for the Group</b> per consolidated Financial Statements (IFRS)	<b>362.1</b>	<b>260.0</b>	<b>356.8</b>	<b>-1%</b>	<b>+37%</b>
Amortisation of intangible assets related to the ING transaction	8.2	8.2	8.2	-	-
Amortisation of intangible assets related to the IWM transaction	18.1	18.0	18.1	-	-
Amortisation of intangible assets related to the GPS transaction	2.1	2.3	2.4	+13%	+1%
Amortisation of intangible assets related to the Leumi and Fransad transactions	1.0	1.0	1.0	-	-
Amortisation of intangible assets related to the Kairos transaction	4.4	2.3	4.5	+1%	+97%
Amortisation of intangible assets related to the Commerzbank Lux. transaction	0.8	0.8	-	-	-
Integration, restructuring and transaction costs	11.4	17.3	20.0	+76%	+15%
Tax impact	-5.3	-6.3	-8.1	+54%	+28%
<b>Net impact</b>	<b>39.8</b>	<b>43.6</b>	<b>46.7</b>	<b>+17%</b>	<b>+7%</b>
<b>Adjusted net profit for the Group</b>	<b>402.0</b>	<b>303.6</b>	<b>403.6</b>	<b>+0%</b>	<b>+33%</b>

Further details on transaction-related amortisation:

- ING: January 2010 - December 2019 (CHF 16.3m p.a.)
- IWM: January 2014 - October 2024 (approx. CHF 36m p.a. for most of the years<sup>2</sup>)
- GPS: April 2014 - March 2023 (BRL 15.4m p.a.)
- Leumi: March 2015 - February 2025 (CHF 1.0m p.a.)
- Fransad: November 2015 - October 2024 (CHF 0.9m p.a.)
- Kairos: April 2016 - March 2026 (CHF 8.9m p.a.)
- Commerzbank Luxembourg: July 2016 - June 2025 (CHF 1.7m p.a.)

<sup>1</sup> Please see detailed financial statements in the Half-year Report 2017 | <sup>2</sup> The acquisition of IWM took place in steps and is to a small extent subject to CHF translation effects

# ADJUSTED\* HALF-YEARLY PERFORMANCE

CHF m	H1 2016	H2 2016	H1 2017	Change H1 17/H1 16	Change H1 17/H2 16	H1 2017 in %
Net interest and dividend income <sup>1</sup>	510	367	566	+11%	+54%	36%
Net commission and fee income	739	826	922	+25%	+12%	58%
Net trading income <sup>1</sup>	118	215	90	-23%	-58%	6%
Other ordinary results	58	20	14	-76%	-32%	1%
<b>Operating income</b>	<b>1,425</b>	<b>1,428</b>	<b>1,592</b>	<b>+12%</b>	<b>+11%</b>	<b>100%</b>
Personnel expenses	623	695	762	+22%	+10%	69%
General expenses <sup>2</sup>	285	327	294	+3%	-10%	27%
Depreciation and amortisation	31	43	42	+34%	-2%	4%
<b>Operating expenses</b>	<b>940</b>	<b>1,065</b>	<b>1,098</b>	<b>+17%</b>	<b>+3%</b>	<b>100%</b>
<b>Profit before taxes</b>	<b>485</b>	<b>363</b>	<b>494</b>	<b>+2%</b>	<b>+36%</b>	
Pre-tax margin (bps) <sup>4</sup>	32.2	22.3	28.4	-3.8 bps	+6.1 bps	
Income taxes	83	59	90	+9%	+53%	
<b>Adjusted net profit for the Group<sup>3</sup></b>	<b>402</b>	<b>304</b>	<b>404</b>	<b>+0%</b>	<b>+33%</b>	
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	1.84	1.38	1.84	-0%	+33%	
ROTE, adjusted (%) <sup>6</sup>	32.3%	24.8%	31.6%	-0.7% pts	+6.8% pts	
Gross margin (bps) <sup>4</sup>	94.7	87.7	91.6	-3.2 bps	+3.8 bps	
Cost/income ratio (%) <sup>5</sup>	64.7	73.0	69.1	+4.4% pts	-4.0% pts	
Tax rate	17.1%	16.3%	18.3%	+1.1% pts	+2.0% pts	
Staff (FTE)	5,856	6,026	6,205	+6%	+3%	
Valuation allowances, provisions and losses	18	22	-2	-	-	
Net new money (CHF bn)	5.5	6.4	10.2	+86%	+61%	
Assets under management (CHF bn)	311.4	336.2	354.7	+14%	+6%	
Average assets under management (CHF bn)	300.8	325.5	347.7	+16%	+7%	

\* Excluding integration and restructuring expenses and the amortisation of intangible assets related to acquisitions and divestments, as well as taxes on those respective items

<sup>1</sup> Net interest income contains dividend income (H1 2016: CHF 180m, H2 2016: CHF 12m, H1 2017 CHF 181m) on trading portfolios

<sup>2</sup> Including valuation allowances, provisions and losses

<sup>3</sup> Including non-controlling interests of CHF 1.2m in H1 2016, CHF 2.8m in H2 2016 and CHF 4.5m in H1 2017

<sup>4</sup> Based on average AuM

<sup>5</sup> Not considering valuation allowances, provisions and losses

<sup>6</sup> Adjusted net profit attributable to shareholders/(half-yearly) average shareholders' equity less goodwill and other intangible assets

# DETAILED RWA AND CAPITAL RATIO DEVELOPMENT

BIS approach / CHF m	30.06.2016 Basel III <sup>3</sup> phase-in	31.12.2016 Basel III <sup>3</sup> phase-in	30.06.2017 Basel III <sup>3</sup> phase-in	30.06.2016 Basel III fully applied	31.12.2016 Basel III fully applied	30.06.2017 Basel III fully applied
<b>Risk-weighted positions</b>						
Credit risk	14,597	14,902	14,073	14,726	15,031	14,187
Non-counterparty-related risk	481	507	442	369	369	364
Market risk	877	958	1,253	877	958	1,253
Operational risk	4,452	4,635	4,796	4,452	4,635	4,796
<b>Total risk-weighted positions</b>	<b>20,407</b>	<b>21,002</b>	<b>20,564</b>	<b>20,424</b>	<b>20,993</b>	<b>20,600</b>
CET1 capital <sup>1</sup>	3,251	3,444	3,060	2,090	2,231	2,458
Tier 1 capital <sup>1</sup>	3,251	3,597	3,720	3,018	3,366	3,603
- of which tier 1 capital 'fully eligible Basel III instruments'	928	1,135	1,145	928	1,135	1,145
Eligible total capital <sup>1</sup>	3,524	3,667	3,800	3,146	3,442	3,686
- of which lower tier 2 capital instruments <sup>2</sup>	150	0	0	0	0	0
<b>CET1 capital ratio<sup>1</sup></b>	<b>15.9%</b>	<b>16.4%</b>	<b>14.9%</b>	<b>10.2%</b>	<b>10.6%</b>	<b>11.9%</b>
<b>Tier 1 capital ratio<sup>1</sup></b>	<b>15.9%</b>	<b>17.1%</b>	<b>18.1%</b>	<b>14.8%</b>	<b>16.0%</b>	<b>17.5%</b>
<b>Total capital ratio<sup>1</sup></b>	<b>17.3%</b>	<b>17.5%</b>	<b>18.5%</b>	<b>15.4%</b>	<b>16.4%</b>	<b>17.9%</b>
Leverage ratio (LERA, tier 1 divided by total exposure)	3.8%	3.8%	4.0%	3.5%	3.5%	3.9%
Liquidity coverage ratio (LCR)				167.4%	156.5%	123.3%
Net stable funding ratio (NSFR)				124.4%	123.8%	118.9%
Leverage exposure (LERA)				86,556	95,202	92,048

<sup>1</sup> After dividend | <sup>2</sup> Old style capital instruments, which did not qualify under Basel III | <sup>3</sup> In Switzerland the Basel III framework came into effect on 1 January 2013; the Basel III effects but also the effects of IAS 19-revised relating to pension liabilities are being phased in between 2014 and 2018 for the calculation of eligible capital

# CAPITAL DEVELOPMENT

## Basel III phase-in

CHF m	30.06.2016 Basel III phase-in	31.12.2016 Basel III phase-in	30.06.2017 Basel III phase-in	Change
<b>Equity at the beginning of the period</b>	<b>4,942</b>	<b>4,942</b>	<b>5,354</b>	<b>+8%</b>
Julius Baer Group Ltd. dividend	-246	-246	-269	+9%
Net profit (IFRS)	362	622	357	-43%
Change in treasury shares	-49	-44	-58	
Treasury shares and own equity derivative activity	2	23	-18	
Other components of equity	153	69	67	
<i>Financial investments available-for-sale</i>	182	28	41	
<i>Remeasurement of defined benefit obligation</i>	-41	19	37	
<i>FX translation differences</i>	13	23	-10	
Others	8	-12	-6	
<b>Equity at the end of the period</b>	<b>5,172</b>	<b>5,354</b>	<b>5,427</b>	<b>+1%</b>
- Goodwill & intangible assets (as per capital adequacy rules)	-1,691	-1,671	-2,242	+34%
- Other deductions	-335	-320	-158	-51%
+ Effects of IAS 19 revised relating to pension liabilities	105	81	33	-59%
<b>= CET1 capital<sup>1</sup></b>	<b>3,251</b>	<b>3,444</b>	<b>3,060</b>	<b>-11%</b>
+ Tier 1 capital instruments	928	1,135	1,145	+1%
- Goodwill & intangible assets as per phase-in rules	-928	-982	-485	-51%
<b>= BIS tier 1 capital<sup>1</sup></b>	<b>3,251</b>	<b>3,597</b>	<b>3,720</b>	<b>+3%</b>
+ Tier 2 capital	273	70	80	+14%
<b>= BIS total capital</b>	<b>3,524</b>	<b>3,667</b>	<b>3,800</b>	<b>+4%</b>

<sup>1</sup> During the phase-in period the amount of intangibles which has to be deducted directly from CET1 increases proportionally over time and the remaining amount of intangibles which is allowed to be deducted from additional tier 1 capital decreases respectively. As soon as the remaining amount of intangibles is lower than the additional tier 1 capital, the CET1 capital becomes lower than the tier 1 capital (as started being the case on 31.12.2016)

# CAPITAL DEVELOPMENT

## Basel III fully applied

CHF m	30.06.2016 Basel III fully applied	31.12.2016 Basel III fully applied	30.06.2017 Basel III fully applied	Change
<b>Equity at the beginning of the period</b>	<b>4,942</b>	<b>4,942</b>	<b>5,354</b>	<b>+8%</b>
Julius Baer Group Ltd. dividend	-246	-246	-269	+9%
Net profit (IFRS)	362	622	357	-43%
Change in treasury shares	-49	-44	-58	
Treasury shares and own equity derivative activity	2	23	-18	
Other components of equity	153	69	67	
<i>Financial investments available-for-sale</i>	182	28	41	
<i>Remeasurement of defined benefit obligation</i>	-41	19	37	
<i>FX translation differences</i>	13	23	-10	
Others	8	-12	-6	
<b>Equity at the end of the period</b>	<b>5,172</b>	<b>5,354</b>	<b>5,427</b>	<b>+1%</b>
- Goodwill & intangible assets (as per capital adequacy rules)	-2,725	-2,784	-2,802	+1%
- Other deductions	-357	-339	-167	-51%
+ Effects of IAS 19 revised relating to pension liabilities	-	-	-	-
<b>CET1 capital</b>	<b>2,090</b>	<b>2,231</b>	<b>2,458</b>	<b>+10%</b>
+ Tier 1 capital instruments	928	1,135	1,145	+1%
<b>= BIS tier 1 capital</b>	<b>3,018</b>	<b>3,366</b>	<b>3,603</b>	<b>+7%</b>
+ Tier 2 capital	128	76	83	+9%
<b>= BIS total capital</b>	<b>3,146</b>	<b>3,442</b>	<b>3,686</b>	<b>+7%</b>

# BALANCE SHEET – FINANCIAL INVESTMENTS AFS

CHF m	30.06.2016	31.12.2016	30.06.2017	in %	Change vs. 31.12.2016		
<b>Money market instruments</b>	<b>2,723</b>	<b>3,785</b>	<b>2,969</b>	<b>18%</b>	<b>-22%</b>		
<b>Debt instruments</b>	<b>14,518</b>	<b>14,316</b>	<b>13,182</b>	<b>81%</b>	<b>-8%</b>		
Government and agency bonds	3,411	3,477	2,509	15%	-28%		
Financial institution bonds	6,406	6,296	6,155	38%	-2%		
Corporate bonds	4,649	4,500	4,505	28%	+0%		
Other bonds	51	44	13	0%	-69%		
<b>Equity instruments</b>	<b>156</b>	<b>166</b>	<b>185</b>	<b>1%</b>	<b>+12%</b>		
<b>Total financial investments available-for-sale</b>	<b>17,397</b>	<b>18,267</b>	<b>16,336</b>	<b>100%</b>	<b>-11%</b>		
Cash with central banks	11,928	13,571	12,058		-11%		
<b>Debt instruments by credit rating classes (excluding money market instruments)</b>	<b>Fitch, S&amp;P</b>	<b>Moody's</b>	<b>30.06.2016</b>	<b>31.12.2016</b>	<b>30.06.2017</b>	<b>in %</b>	<b>Change vs. 31.12.2016</b>
1–2	AAA – AA-	Aaa – Aa3	9,300	9,491	8,646	66%	-9%
3	A+ – A-	A1 – A3	4,717	4,459	4,297	33%	-4%
4	BBB+ – BBB-	Baa1 – Baa3	411	267	176	1%	-34%
5	BB+ – BB-	Ba1 – Ba3	44	52	19	0%	-63%
Unrated <sup>1</sup>			46	47	43	0%	-8%
<b>Total</b>			<b>14,518</b>	<b>14,316</b>	<b>13,182</b>	<b>100%</b>	<b>-8%</b>

<sup>1</sup> New issues or unrated bonds from top rated issuers

# HOLISTIC ‘YOUR WEALTH’ OFFERING

Implementation in Switzerland nearly complete, progressive roll-out to all Regions

## WEALTH PLANNING

### Preserving and growing Your Wealth

Holistic, in-depth advice by experts and solutions at every stage of a client's life cycle

## WEALTH MANAGEMENT

### Advise

Supervision and provision  
of recommendations

### Manage

Full delegation to Julius Baer

Advice Basic

Multi-/Single-asset class mandates

Advice Premium

Mandates with regional focus

Julius Baer in-house funds   Kairos

Advice Advanced

Bespoke and combined mandate solutions  
(incl. offering for UHNWIs)

- Successfully rolled out new “Advisory Models” to vast majority of Swiss-booked clients

**31% of AuM**

- New investment approach based on active risk management & asset allocation

**16% of AuM**

## WEALTH FINANCING

### Lombard lending

against eligible collateral

### Mortgages

**Mandates: 47% of total AuM**

**By end 2018 vast majority of direct clients expected to be served along ‘Your Wealth’ approach**

# AUM BREAKDOWN

<b>Asset mix</b>	<b>30.06.2016</b>	<b>31.12.2016</b>	<b>30.06.2017</b>
Equities	26%	27%	27%
Bonds (including Convertible Bonds)	20%	19%	19%
Investment Funds <sup>1</sup>	24%	24%	25%
Money Market Instruments <sup>2</sup>	3%	3%	3%
Client Deposits <sup>2</sup>	20%	20%	19%
Structured Products	5%	5%	6%
Other, including alternative investment assets	2%	2%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Currency mix</b>	<b>30.06.2016</b>	<b>31.12.2016</b>	<b>30.06.2017</b>
USD	44%	45%	45%
EUR	23%	22%	22%
CHF	11%	11%	11%
GBP	4%	4%	4%
HKD	2%	3%	3%
INR	2%	2%	3%
SGD	2%	2%	2%
BRL	1%	2%	1%
JPY	1%	1%	1%
AUD	1%	1%	1%
CNY	1%	1%	1%
CAD	1%	1%	1%
Others	5%	5%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> Includes, amongst other asset classes, further exposure to equities and bonds | <sup>2</sup> Reversal of a restatement as of 31.12.2016

# JULIUS BAER: PURE PRIVATE BANKING GROUP

## Well positioned for further growth



### Legend

- Head office
- Location
- Booking centre
- GPS (100%)
- Kairos (80%)
- NSC (40%)

- World's largest pure private banking Group
- Premium brand in global wealth management
- Client-centric approach
- Balanced exposure to traditional and growth markets
- Present in more than 50 locations
- >6,000 highly dedicated staff, incl. almost 1,400 RMs
- AuM CHF 355bn<sup>1</sup>
- Strongly capitalised:
  - BIS total capital ratio 18.5%<sup>1</sup>
  - BIS CET1 capital ratio 14.9%<sup>1</sup>
- Moody's long-term deposit rating Bank Julius Baer & Co. Ltd: Aa2 / stable outlook
- Market capitalisation: CHF 11bn<sup>2</sup>

<sup>1</sup> At 30 June 2017, phase-in ratios | <sup>2</sup> At 21 July 2017 | <sup>3</sup> Additional advisory locations in Bangalore, Chennai, Kolkata and New Delhi

# CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

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**Julius Bär**

