

A scenic mountain landscape. In the foreground, a large, leafy green tree stands on a grassy slope. The background features a range of mountains with sharp, rocky peaks and steep, forested slopes. The sky is a clear, pale blue.

Julius Bär

BUSINESS REVIEW FIRST HALF 2014

JULIUS BAER GROUP



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Cover picture:

The Bregaglia Valley is a region of contrasts. The lovely shaped landscape at the slopes of the mountains seems to magnify the harsh, razor-cut summit ridge. Prominent peaks such as Piz Cengalo (front cover), at 3,360 metres, and Piz Badile (flap), one kilometre to the west and 64 metres lower, make it a paradise for alpinists from all over the world. Yet the summit ridge also marks the border between Switzerland and Italy, emphasising Switzerland's geographic position at the centre of Europe and its attractions far beyond tourism.

KEY FIGURES JULIUS BAER GROUP¹

	H1 2014 CHF m	H1 2013 CHF m	H2 2013 CHF m	Change to H1 2013 in %
Consolidated income statement				
Operating income	1,235.7	1,076.7	1,118.0	14.8
Adjusted operating expenses	882.1	758.0	853.5	16.4
Profit before taxes	353.6	318.8	264.5	10.9
Adjusted net profit	287.6	261.4	218.5	10.0
Adjusted EPS for the half year (CHF)	1.32	1.23	1.02	7.7
Cost/income ratio ²	70.8%	69.3%	73.3%	-
Pre-tax margin (basis points)	27.1	30.1	21.5	-
	30.06.2014	30.06.2013	31.12.2013	Change to 31.12.2013 in %
Client assets (CHF bn)				
Assets under management	274.2	217.7	254.4	7.8
Average assets under management	261.4	211.5	246.4	6.1
Net new money (in period)	7.5	3.4	4.1	-
Assets under custody	98.2	85.9	93.3	5.2
Total client assets	372.4	303.6	347.8	7.1
Consolidated balance sheet (CHF m)				
Total assets	73,785.1	67,241.0	72,522.1	1.7
Total equity	5,217.2	4,717.0	5,038.6	3.5
BIS total capital ratio	23.9%	24.5%	22.4%	-
BIS tier 1 capital ratio	22.4%	22.9%	20.9%	-
Return on equity (ROE) annualised	16.2%	15.7%	12.3%	-
Personnel				
Number of employees (FTE)	5,557	4,505	5,390	3.1
<i>of whom Switzerland</i>	3,228	3,165	3,264	-1.1
<i>of whom abroad</i>	2,329	1,340	2,126	9.5
Capital structure				
Number of registered shares	223,809,448	223,809,448	223,809,448	-
Weighted average number of registered shares outstanding	217,807,073	213,295,009	214,241,756	-
Share capital (CHF m)	4.5	4.5	4.5	-
Book value per registered share outstanding (CHF)	24.1	22.5	23.5	2.7
Market capitalisation (CHF m)	8,182	8,256	9,588	-14.7
Moody's rating Bank Julius Baer & Co. Ltd.	A1	A1	A1	-
Listing				
Zurich, Switzerland	SIX Swiss Exchange, under the securities number 10 248 496. Member of the Swiss Market Index SMI.			

¹ Adjusted results derived by excluding from the reviewed IFRS financial statements the integration and restructuring expenses, the amortisation of intangible assets related to previous acquisitions or divestments and in 2013 a CHF 29 million (net of taxes: CHF 22 million) provision in relation to the withholding tax treaty between Switzerland and the UK.

² Calculated using adjusted operating expenses, excluding valuation allowances, provisions and losses.

FOREWORD

Dear Reader

After a hesitant start, the first six months of 2014 brought a continuation of the multi-year bull run in equities as well as an appreciation of fixed income products. Both cases were driven by ongoing loose monetary policy and a broadening economic recovery. This favourable environment as well as strong net new money inflows facilitated further growth to record levels of assets under management. This trend was additionally boosted by our increased stake in Brazilian subsidiary GPS and our rapid progress in integrating Merrill Lynch's International Wealth Management (IWM) business outside the US. While client activity levels improved from the second half of 2013, they remained somewhat below the levels experienced in the first half of last year. At the same time, the restructuring and rightsizing element of the IWM transaction proceeded according to plan and will continue throughout the second half of 2014.

With more than CHF 54 billion of the envisaged IWM assets under management already reported on the Julius Baer platform, the IWM transaction entered its final phase ahead of the original timeline. In the first semester of 2014, we gained a presence in additional European markets via the transfer of the IWM businesses in Dublin and Amsterdam.

‘The favourable market environment as well as strong net new money inflows facilitated further growth to record levels of assets under management.’

Julius Baer's substantially broadened global footprint in established markets as well as in growth regions is rapidly gaining shape and traction. The many new colleagues we welcomed to Julius Baer are by now proud and fully participating members of additional or enlarged teams, united by our shared corporate values of care, passion and excellence. No time was lost in focusing on what we like and do best: catering to our clients' needs and providing them with expert advice and solutions. The former IWM relationship managers already started to substantially contribute to the Group's net new money inflow, which totalled CHF 7.5 billion in the first half of 2014 or 5.9% annualised, at the upper end of the 4–6% medium-term target range.

Assets under management amounted to CHF 274 billion by mid-year 2014, including CHF 6 billion from our Brazilian subsidiary GPS, which was consolidated for the first time following the increase in ownership to 80% in March 2014. This step enables us to gain access to one of the most attractive and promising domestic wealth management markets worldwide and represents another key step in the execution of Julius Baer's focused growth strategy. Total client assets, including assets under custody, amounted to CHF 372 billion at the end of June 2014.

Julius Baer's capital position continued to be very healthy in the first half of 2014, even allowing for the impact of the goodwill payments for the IWM acquisition and taking into account the transaction-related restructuring and integration costs. Aiming to balance the diminishing Basel III capital recognition of Julius Baer Group's outstanding old-style capital instruments, we successfully placed new hybrid tier 1 capital of CHF 350 million in May 2014. With a BIS total capital ratio of 23.9% and a BIS tier 1 capital ratio of 22.4% at the end of June 2014, the Group's capital base continues to be well above its defined minimum levels as well as the required regulatory levels.

We are fully convinced that Julius Baer, as a focused and pure private bank, is well positioned to remain at the forefront of the global wealth management industry and continues to build on its position as a trusted partner of its clients. This conviction rests largely on the enthusiasm and strong commitment of our highly esteemed employees, for which they deserve our sincerest thanks. We would also like to thank our clients, shareholders and investors for their trust in us and look forward to their continued support.



Daniel J. Sauter
Chairman

A handwritten signature in black ink, appearing to read 'D. Sauter'.



Boris F.J. Collardi
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'B. Collardi'.

FINANCIAL PERFORMANCE IN FIRST HALF 2014

In the first six months of 2014, Julius Baer increased assets under management by a further 8% on the back of a net new money result close to the top end of the Group's medium-term target range as well as the first-time consolidation of GPS in Brazil. The gross margin recovered from the levels experienced in the second half of 2013 helped by increased productivity on the assets of the former IWM business¹. Adjusted net profit² improved by 10% to CHF 288 million.



Dieter A. Enkelmann, Chief Financial Officer

At the end of June 2014, total *client assets* amounted to CHF 372 billion, a rise of 7% since the end of 2013. *Assets under management* (AuM) grew by 8%, or CHF 20 billion, to CHF 274 billion. Based on asset values at the applicable transfer dates, this included CHF 54 billion of AuM reported from IWM (end 2013: CHF 53 billion), of which CHF 45 billion were booked on the Julius Baer platforms and paid for (end 2013: CHF 40 billion). At current market values, IWM AuM reported stood at CHF 56 billion and AuM booked at CHF 48 billion at the end of June. The growth in total AuM in the first six months was mainly the result of net new money of CHF 7.5 billion (6% annualised), the inclusion of CHF 6 billion from the first-time consolidation of Brazilian subsidiary GPS (following the increase in ownership from 30% to 80% in March 2014), as well as positive market performance of CHF 5.7 billion, partly offset by a small negative currency impact of CHF 0.4 billion.

Net new money was driven by continued net inflows from the growth markets and from the local businesses in Switzerland and Germany, while the inflows in the cross-border European business were more than offset by continued tax regularisations of legacy assets. Former IWM relationship managers (RMs) contributed CHF 2 billion to net new money. *Assets under custody* came to CHF 98 billion, up by 5% from the CHF 93 billion at the end of 2013.

Operating income rose to CHF 1,236 million, an increase of 15% compared to the first half of 2013, below the 24% growth rate in monthly average AuM (to CHF 261 billion). As a result, the gross margin for the Group was 95 bps (H1 2013: 102 bps; H2 2013: 91 bps). The decline in the gross margin compared to the first half of 2013 is largely attributable to the significantly higher weight of the AuM from the (former) IWM business in the overall gross margin calculation. At the same time, the increase in gross margin compared to the second half of 2013 is explained by the fact that the operating income of the IWM business was impacted by the intensity of the asset transfer process during that period. This transfer effect dissipated significantly during the first half of 2014.

Net commission and fee income contributed CHF 746 million, up by 25%, slightly above the increase in average AuM. *Net interest and dividend income* rose by 26% to CHF 347 million, which included dividend income on trading portfolios that increased from CHF 33 million to CHF 63 million.

¹ Merrill Lynch's International Wealth Management business outside the US

² Cf. footnote 1 to the table on the next page

CONSOLIDATED INCOME STATEMENT¹

	H1 2014 CHF m	H1 2013 CHF m	H2 2013 CHF m	Change to H1 2013 in %
Net interest and dividend income	346.6	274.8	277.3	26.1
Net commission and fee income	745.7	598.8	677.9	24.5
Net trading income	115.1	184.5	130.4	-37.6
Other ordinary results	28.2	18.7	32.4	50.8
Operating income	1,235.7	1,076.7	1,118.0	14.8
Personnel expenses	591.8	487.9	496.0	21.3
General expenses ²	251.1	225.9	310.1	11.2
Depreciation and amortisation	39.3	44.1	47.4	-10.9
Adjusted operating expenses	882.1	758.0	853.5	16.4
Profit before taxes	353.6	318.8	264.5	10.9
Income taxes	66.0	57.4	46.0	15.0
Adjusted net profit	287.6	261.4	218.5	10.0
Attributable to:				
Shareholders of Julius Baer Group Ltd.	287.0	261.1	218.5	9.9
Non-controlling interests	0.6	0.3	-	-
Adjusted EPS for the half year (CHF)	1.32	1.23	1.02	7.7
Key performance ratios				
Cost/income ratio ³	70.8%	69.3%	73.3%	-
Gross margin (basis points)	94.6	101.8	90.7	-
Pre-tax margin (basis points)	27.1	30.1	21.5	-
Tax rate	18.7%	18.0%	17.4%	-

¹ Adjusted results derived by excluding from the reviewed IFRS financial statements the integration and restructuring expenses, the amortisation of intangible assets related to previous acquisitions or divestments and in 2013 a CHF 29 million (net of taxes: CHF 22 million) provision in relation to the withholding tax treaty between Switzerland and the UK.

² Including valuation adjustments, provisions and losses.

³ Calculated using adjusted operating expenses, excluding valuation allowances, provisions and losses.

Excluding the latter, underlying net interest and dividend income rose by 18% to CHF 284 million on the back of an increase in credit income and modest growth in treasury income. *Net trading income* declined by 38% to CHF 115 million. Including the aforementioned trading portfolios-related dividend income, underlying net trading income decreased by 18% to CHF 178 million as a sharp reduction in currency market volatility drove client-driven FX trading volumes lower. *Other ordinary results* which among other items includes brand licensing income, income from associates, rental income and net gains from the disposal of financial investments from the available-for-sale portfolio, increased by 51% to CHF 28 million.

Adjusted operating expenses went up by 16% to CHF 882 million. The increase in expenses was substantially attributable to the further transfer of the IWM businesses since the first half of 2013. The total number of employees grew by 1,052 full-time equivalents (FTEs), or 23%, to 5,557 FTEs, including a net 1,081 formerly from IWM (up from 553 a year ago) and 111 following the first-time consolidation of GPS. The number of RMs grew by 250 to 1,216, of which 353 formerly from IWM (up from 157 a year ago). As a result, adjusted *personnel expenses* went up by 21% to CHF 592 million. Adjusted *general expenses* rose by 11% to CHF 251 million. This included a net charge of CHF 8 million for valuation allowances,

provisions and losses (H1 2013: CHF 12 million), whereas the costs related to the US tax situation were insignificant in the first six months of 2014 (H1 2013: CHF 16 million).

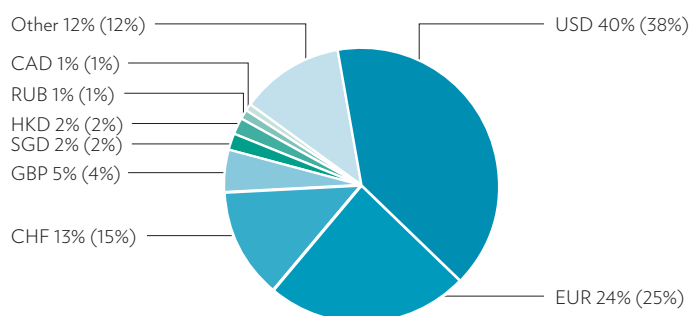
As a result, the adjusted *cost/income ratio*¹ was 70.8% (H1 2013: 69.3%; H2 2013: 73.3%).

Adjusted *profit before taxes* improved by 11% to CHF 354 million. The related income taxes increased to CHF 66 million, representing a tax rate of 18.7%. *Adjusted net profit*² – reflecting the underlying operating performance which allows a meaningful comparison of underlying results over time – improved by 10% to CHF 288 million, and adjusted *earnings per share* by 8% to CHF 1.32.

As in previous years, in the analysis and discussion of the results in the Business Review, adjusted operating expenses exclude integration and restructuring expenses (CHF 60 million, almost entirely related to IWM, down from CHF 99 million in the first half of 2013) as well as the amortisation of intangible assets related to acquisitions (CHF 58 million, up from CHF 48 million one year ago). Additionally, in the first half of 2013 the adjusted operating expenses excluded a provision of CHF 29 million (net of taxes: CHF 22 million) which had been taken in relation to the guarantee payments that Swiss banks were obliged to provide under Swiss law as part of the

Breakdown of assets under management by currency as at 30 June 2014

(30 June 2013)



¹ Calculated using adjusted operating expenses, excluding valuation allowances, provisions and losses.

² Cf. footnote 1 to the table on page 5

ASSETS UNDER MANAGEMENT

	30.06.2014 CHF bn	30.06.2013 CHF bn	31.12.2013 CHF bn	Change to 31.12.2013 in %
Client assets				
Assets under management	274.2	217.7	254.4	7.8
<i>Change through net new money</i>	7.5	3.4	4.1	-
<i>Change through market and currency impacts</i>	5.4	1.4	2.6	-
<i>Change through acquisition</i>	7.0	24.5	29.9	-
<i>Change through divestment</i>	-	-1.0	-	-
Assets under custody	98.2	85.9	93.3	5.2
Total client assets	372.4	303.6	347.8	7.1
Average assets under management	261.4	211.5	246.4	6.1

withholding tax agreement between Switzerland and the UK. IFRS net profit improved by 56% to CHF 179 million, as the aforementioned provision did not recur and as the improvement in operating results and the reduction in the IWM-related integration and restructuring expenses more than offset the increase (as expected) in the amortisation of acquisition-related intangible assets. On the same basis, EPS grew to CHF 0.82, an increase of 53% from the CHF 0.53 achieved in the same period a year ago.

Balance sheet and capital developments

Since the end of 2013, total assets increased by CHF 1.3 billion, or 2%, to CHF 73.8 billion. Client deposits went up to CHF 54.7 billion, an increase of CHF 3.2 billion, or 6%, below the increase in AuM as there was a relative shift in client assets from cash into investment funds. The total loan book grew by CHF 3.1 billion, or 11%, to CHF 30.6 billion (comprising CHF 22.9 billion of collateralised Lombard loans and CHF 7.7 billion of mortgages), resulting in a loan-deposit ratio of 0.56, compared with 0.53 at the end of 2013. Over the same period, total equity rose by CHF 0.2 billion to CHF 5.2 billion.

On 20 May 2014, Julius Baer announced it had successfully placed CHF 350 million of additional tier 1 capital in the form of subordinated, unsecured debt with private and institutional investors. The perpetual non-cumulative additional tier 1 securities carry a coupon of 4.25% and include an optional redemption call on 5 June 2020 and at any interest payment date thereafter. The additional hybrid tier 1

capital will balance the diminishing Basel III capital recognition of Julius Baer Group's outstanding old style capital instruments (preferred securities and lower tier 2 subordinated unsecured bonds).

At 30 June 2014, total eligible capital amounted to CHF 3.9 billion, of which tier 1 capital CHF 3.6 billion. With risk-weighted assets at CHF 16.2 billion, this resulted in a BIS total capital ratio of 23.9% and a BIS tier 1 capital ratio of 22.4%, well above the Group's target ratios of 15% and 12% respectively.

IWM integration in final phase

In the first half of 2014, the IWM integration continued successfully, with the IWM business in Ireland transferring in April and the IWM business in the Netherlands transferring in May. Since the start of the IWM integration process on 1 February 2013, a total of 17 IWM locations have now entered the transfer process. In relation to the transfer of the business in France, a request for regulatory approval has been submitted to the French authorities. The transfer of the business in India is expected to take place in the first half of 2015, after which the IWM integration process will be completed.

At the end of June 2014, based on asset values at the applicable transfer dates, AuM reported from IWM stood at CHF 54 billion (end 2013: CHF 53 billion), of which CHF 45 billion were booked on the Julius Baer platforms and paid for (end 2013: CHF 40 billion). At current market values, IWM AuM reported stood at CHF 56 billion and AuM booked at CHF 48 billion at the end of June. After

the end of June, a further CHF 2 billion of IWM AuM from various locations were transferred to the Julius Baer platforms taking total IWM AuM booked and paid for to CHF 47 billion by mid-July (AuM booked CHF 50 billion at current market values).

The first six months brought significant progress in the productivity of the IWM business. The former IWM relationship managers already started to contribute substantially to net new money, and the extrapolated gross margin on the IWM AuM advanced close to the 2015 target of 85 bps.

The previously communicated restructuring following the completion of the majority of the IWM asset transfers proceeded as planned. During the first six months of 2014, while a further 100 employees transferred from IWM to Julius Baer, the integration-related rightsizing resulted in 260 employees leaving the Group, with a further 103 redundancies already communicated. The 363 realised redundancies compare to a previously announced 2014 full-year gross reduction target of 550-650 FTEs, while the realised net reduction of 263 FTEs represents sizeable progress towards attaining the 2014 net transaction-related synergy target of approximately 400 FTEs. In relation to IWM, a further CHF 60 million of transaction, restructuring and integration costs were incurred in the first half of 2014, taking the total booked since the start of the transaction to CHF 304 million. The previous estimate of approximately CHF 455 million for total transaction, restructuring and integration costs has been revised down to approximately CHF 435 million.

The significant progress on productivity and restructuring means that the Group is well on track to reach the IWM transaction-related targets in 2015.

Event after the balance sheet date

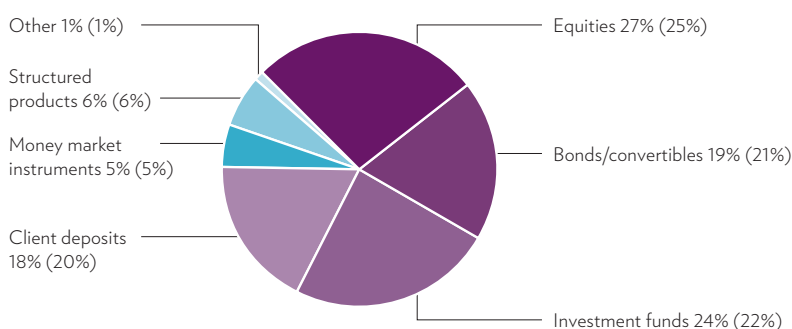
Julius Baer and Bank Leumi (Leumi) announced on 21 July 2014 that they have entered into a strategic cooperation under which Leumi will refer clients with international private banking needs to Julius Baer, while Julius Baer will refer clients to Leumi's domestic banking services in Israel.

In addition, Leumi has decided it will exit the Swiss- and Luxembourg-based private banking businesses and transfer its respective international private banking clients to Julius Baer. In Switzerland this will be in the form of a business transfer from Leumi Private Bank Ltd which has approximately CHF 5.9 billion of AuM. In Luxembourg the intention of the parties is that Julius Baer will purchase Leumi's local subsidiary, Bank Leumi (Luxembourg) S.A., which has approximately CHF 1.3 billion of AuM.

The total transaction goodwill payable is CHF 10 million in cash. The transfer of the client assets is expected to be concluded by the end of 2015 at the latest. The transaction in Switzerland is expected to be EPS neutral in 2015 and should result in a low single-digit percentage accretion from 2016.

Breakdown of assets under management by asset mix as at 30 June 2014

(30 June 2013)



CONSOLIDATED BALANCE SHEET

	30.06.2014 CHF m	30.06.2013 CHF m	31.12.2013 CHF m	Change to 31.12.2013 in %
Assets				
Due from banks	8,230.1	11,522.8	11,455.4	-28.2
Loans to customers ¹	30,595.7	22,908.7	27,536.3	11.1
Trading assets	6,751.5	4,777.7	5,853.5	15.3
Financial investments available-for-sale	14,594.2	12,998.0	13,125.3	11.2
Goodwill and other intangible assets	2,345.0	1,763.8	2,126.9	10.3
Other assets	11,268.6	13,270.0	12,424.6	-9.3
Total assets	73,785.1	67,241.0	72,522.1	1.7
Liabilities and equity				
Due to banks	5,112.8	8,456.3	7,990.5	-36.0
Deposits from customers	54,709.9	45,694.1	51,559.3	6.1
Financial liabilities designated at fair value	5,363.4	3,795.3	4,797.5	11.8
Other liabilities	3,381.9	4,578.2	3,136.2	7.8
Total liabilities	68,568.0	62,523.9	67,483.6	1.6
Equity attributable to shareholders of Julius Baer Group Ltd.	5,197.5	4,714.0	5,037.9	3.2
Non-controlling interests	19.7	3.0	0.6	-
Total equity	5,217.2	4,717.0	5,038.6	3.5
Total liabilities and equity	73,785.1	67,241.0	72,522.1	1.7
Key performance ratios				
Loan-to-deposit ratio	0.56	0.50	0.53	-
Leverage ratio ²	25.7	22.8	24.9	-
Book value per registered share outstanding (CHF) ³	24.1	22.5	23.5	2.7
Return on equity (ROE) annualised ⁴	16.2%	15.7%	12.3%	-
BIS statistics				
Risk-weighted assets	16,246.9	15,218.2	15,908.0	2.1
Eligible tier 1 capital	3,633.9	3,487.9	3,327.9	9.2
BIS total capital ratio	23.9%	24.5%	22.4%	-
BIS tier 1 capital ratio	22.4%	22.9%	20.9%	-

¹ Mostly Lombard lending and mortgages to clients² Total assets/tangible equity³ Based on total equity⁴ Adjusted net profit/average equity less goodwill

BUSINESS DEVELOPMENT IN FIRST HALF 2014

In the first six months of 2014, we made good progress in the integration of Merrill Lynch's International Wealth Management (IWM) business outside the US. The enlarged organisation succeeded in maintaining considerable business momentum. In parallel, we continued to invest in enhancing and refining our service offering to meet the evolving demands of our increasingly international clientele.

After a slow start in 2014, the first half of the year saw a continuation of the multi-year bull run in equities as well as an appreciation of fixed income products. This positive trend was driven by ongoing loose monetary policy and a broadening economic recovery.

Our Research and Advisory units were kept busy by our clients' strong need for guidance in a world facing massive economic, technological and social change. Relationship managers as well as clients appreciated Julius Baer's holistic approach, which provides timely support and discerning expert advice on the most pressing issues. This was augmented by the many innovative investment themes and opportunities we covered in our *Next Generation* investment framework.

The IWM integration, which began early February 2013, continued to make substantial progress in the first six months of 2014. It has now entered its final phase and is expected to be largely completed by the end of 2014. In many locations where the integration process has come to an end, the remaining integration-related tasks have been handed over to the local management.

As a consequence of Julius Baer's substantially broadened global footprint in growth regions as well as in established markets, most corporate functions have been reorganised and bundled to match the global nature of the Group. The aim is to boost global operating efficiency while simultaneously aligning compliance, risk management and key business processes with growing international trends and rising standards. In connection with this, consolidated supervision of the Group's activities continued to gain importance.

Overall, the growing international trend to client advice suitability is triggering substantial investments in IT tools to support the adapted advisory processes. The revised MIFID (Markets in Financial Instruments Directive II) in the EU and similar draft legislation on the horizon in Switzerland (Federal Financial Services Act) are analysed in a comprehensive project with the aim of identifying the need for process adjustment. Implementation of the US tax legislation FATCA went live for individual accounts on 1 July 2014, with legal entity accounts to follow on 1 January 2015. All relevant Julius Baer entities are FATCA-registered. Back office and front employees have been trained to cope with the new requirements.

The Group continued to strengthen its compliance framework in order to stay ahead of the rapidly changing regulatory environment in individual jurisdictions. Amid the movement towards international tax transparency, we maintained a constructive stance vis-à-vis our clients, supporting them in coping with new and increased regulatory demands and informing them about developments and opportunities to solve potentially outstanding tax issues. In the first half of 2014, we also continued our advanced cooperation with US authorities, laying the foundation for settlement of this historical tax issue.

In tune with the progress of the IWM integration, the Group's compliance framework was rolled out to the IWM locations and entities transferring to Julius Baer. The related training continued for the entire growing Group, particularly for client-facing staff, including mandatory certification programmes and corresponding refresher courses.



The global trend towards formalised control mechanisms continued to accelerate in the first half of 2014. While this also added to administrative costs, our focused business model allowed for effective implementation. This shall be further facilitated by a new core banking platform for which the preparatory work progressed in a comprehensive project framework. The new platform shall be the core around which we will introduce improved technology as a veritable business enabler, providing us over time with important operational leverage and helping us to advance client service quality to new levels.

We continued to intensify our cooperation with our strategic partners Bank of America Merrill Lynch, Bank of China and Macquarie. This allows us to offer advice and services in the areas of financing, corporate finance and investment solutions beyond traditional wealth management to ultra high net worth individuals, business owners and family offices.

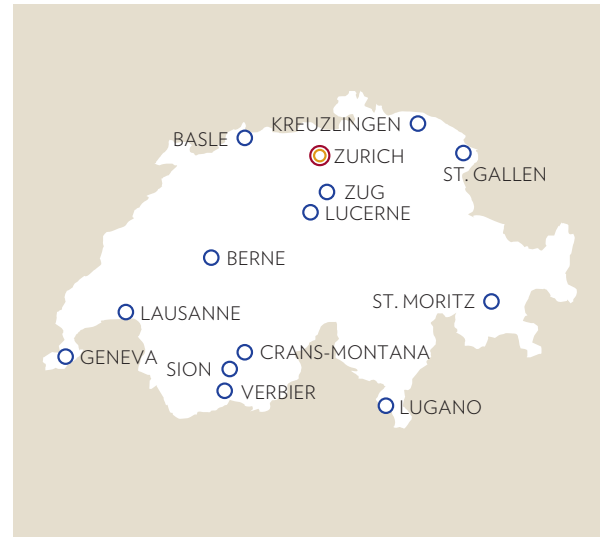
In the 2014 annual ranking by Interbrand, one of the world's leading brand consultancies, Julius Baer improved its brand value by 19% year on year to nearly CHF 2.1 billion, the greatest increase among the 50 most valuable Swiss brands.

GLOBAL PRESENCE

Europe



Switzerland



Our locations in other parts of the world



- Head Office
 - Location
 - Booking centre
 - TFM Asset Management AG, strategic majority participation of 60%
 - GPS, strategic majority participation of 80%
 - Kairos Julius Baer SIM SpA, strategic minority participation of 19.9% in its holding company
- Julius Baer is present in Milan with Julius Baer Fiduciaria S.r.l.

OUR BUSINESS ACTIVITIES

Switzerland

Our home market in the centre of Europe is a geographically and culturally highly diverse region. With a comprehensive network of offices in all distinct parts of the country, we are well positioned to further increase our market share. The core of our strategy is a dedicated Swiss product offering complemented by tailored regional and segment-specific marketing initiatives. As a result of our efforts, revenues and net new money inflows improved in the first half of 2014.

In order to better capture the growth potential identified on the axis Basle – Berne – Lausanne, we reorganised the local set-up in parts of French-speaking Switzerland and created new regional responsibilities in the country's central cantons. These realignments were underlined by management changes and additions, thus empowering local management and increasing the visibility of some peripheral locations. In addition, with the introduction of a Key Client organisation, the requirements of this specific group of clients will be covered and leveraged across the entire Swiss branch network.

We continued to increase our market penetration by deploying our Group's core investment and service capabilities for clearly defined groups of prospective clients. These include high net worth individuals and entrepreneurs who require tailored wealth management solutions with a strong international focus, as well as high-potential clients who are in their initial phase of wealth building. Other targeted segments share common features such as profession or lifestyle. Tailored to regional preferences, the various client events – ranging from investment outlooks, tax advisory forums and real estate conferences to concerts, sport events and art exhibitions – were very well attended by existing and prospective clients.

At the beginning of March 2014, the successful migration of the former Merrill Lynch Bank (Suisse) (MLBS) client positions onto Julius Baer's core banking platform marked the formal completion of the IWM integration in Switzerland. With this step, our full product offering is now available to all former

MLBS clients, and the now redundant technology infrastructure was decommissioned, adding to the IWM transaction's cost synergies.

Europe

Thanks to its large wealth concentration and multifaceted cultural proximity to Switzerland, Europe remains an important pillar in the overall private banking strategy of Julius Baer. With the regulatory environment continuing to undergo substantial changes, regularisation remained an important topic among European clients. Julius Baer continued to encourage clients to actively address potential tax issues of the past and expects European clients to be tax compliant by 2015.

Against a backdrop of industry consolidation, the local German business continued to show very strong momentum in the first semester of 2014. Over the past years, Germany has developed into an important net new money generator for the Group, a trend which also continued in the first six months of the year. The local German business is well on track to reach break-even towards the end of the year.

‘Over the past years, Germany has developed into an important net new money generator for the Group.’

The transformation of the German domestic booking platform into a booking and service centre for former IWM EU clients continued to make significant progress. It now also serves as the booking platform for all transferred European IWM client assets outside Switzerland and has become an important second business pillar of Bank Julius Bär Europe AG. In a related move, the company's Supervisory Board elected a new Chairman, and its management structure was broadened.

We continued to foster the recognition of the Julius Baer brand through a variety of sponsoring activities and related client events in the areas of art, classical music and high-calibre sports.

The ongoing IWM integration resulted in additional offices in Dublin and Amsterdam. The IWM business in Ireland transferred to Julius Baer in mid-April 2014, creating a new and strong foothold in this growing wealth management market and building on the very good reputation the organisation enjoys among the Irish. One particular focus will be on clients with an international reach and a strong need for global diversification and services, thus leveraging Julius Baer's breadth of international investment capabilities. The new office in Dublin is run as a branch of Julius Baer International Limited based in London.

IWM's business in Amsterdam transferred to the Julius Baer platform in May this year while the integration process in Luxembourg was successfully completed. Thanks to Julius Baer's reputation as a leading private bank with global reach and strong capital ratios, the domestic client base in both markets can benefit from the unique local and international investment knowledge and services as well as the enhanced offering the combined businesses will be able to provide. Both locations offer a solid base for growing our presence in the attractive Benelux market. In mid-June 2014, the team in Amsterdam was further strengthened by the addition of experienced relationship managers.

In London, following the successful transfer of IWM's domestic portfolio management business in July 2014, Julius Baer now ranks among the larger wealth managers. Building on this strong foundation and aiming to be a fully fledged local provider, we enlarged the product offering by introducing

Individual Savings Accounts. In addition, the mortgage offering was streamlined to facilitate the retention of existing clients and the acquisition of new clients, with a particular focus on the Greater London area. Our cooperation with the British Museum was extended to also include the major 2014 exhibition, and the Bank entered a new partnership with The Royal National Theatre.

The domestic client business in Spain was brought under new leadership at the beginning of April 2014, laying the foundation for further growth in this large and promising market. The IWM integration is on track and expected to be completed in autumn 2014.

In Italy, our wealth management activities centre on our partnership with Kairos Julius Baer SIM SpA and progressed well in the first half of 2014. Julius Baer holds a 19.9% stake in its holding company. The ultimate goal is to leverage the enlarged business to become a meaningful player in the Italian domestic market.

Russia, Central & Eastern Europe (RCEE)

Despite the fact that the markets in RCEE are becoming more mature and face a tightening regulatory environment, Julius Baer continues to see above-average growth potential for this large region. In order to increase our market penetration, we are in the process of entering into partnerships and networks in peripheral Eastern European markets.

Complementing our office in Moscow, we continued to strengthen our dedicated RCEE desks in Singapore, London, Monaco, Geneva, Zurich and Vienna in order to serve this attractive region even better. As a result of our increased efforts to promote our service and product offering, the RCEE region saw very good client activity and healthy net new money inflows in the first semester of 2014.

Asia

Asia continues to feature many of the world's fastest growing countries with regard to financial wealth and number of high net worth individuals (HNWIs), making it a very attractive region for a highly focused private banking provider such as Julius Baer.

The IWM integration process in Asia was completed successfully at the beginning of the year, with a very high asset transfer rate of over 80%. As a result, we are now one of the leading international wealth managers in our second home market, which accounts for well over 20% of the Group's assets under management. This brought about significant changes to the set-up of our organisation and our IT and operations capabilities.

'We now are one of the leading international wealth managers in Asia.'

Leveraging our much enlarged footprint in this region, we continued to see an excellent flow of new business in the first half of 2014 and further profitability improvement in our two booking centres in Singapore and Hong Kong. We currently focus on three key geographic areas to achieve organic growth: Greater China (Mainland China, Hong Kong and Taiwan), Indonesia and India. Dedicated initiatives are underway to increase penetration in all of these attractive markets by broadening our relationship manager base and leveraging our local investment capabilities.

We also see opportunistic growth potential in other Asian markets such as Malaysia, the Philippines and Thailand. By leveraging our majority stake in Japan-focused TFM Asset Management AG, we continued to increase our business activities with Japanese clients, both internationally and locally via our Tokyo office.

JOINING FORCES FOR THE NEXT GENERATION

Mankind is facing unprecedented challenges, and most of them represent outright investment opportunities – provided they can be identified and made accessible on time. For that purpose, Julius Baer set up its *Next Generation* investment framework in 2010 with the aim of putting the Group's entire research, market, consulting and wealth planning expertise behind each client's individual goals.

In order to anticipate important future trends even better, Julius Baer entered into strategic cooperation with the *Web for Interdisciplinary Research & Expertise* (W.I.R.E., www.thewire.ch) in May 2014. As one of the leading Swiss think tanks, W.I.R.E. focuses on the holistic analysis of long-term drivers of change and on the early detection of trends. It is associated with the Collegium Helveticum, a joint initiative of the University of Zurich and the ETH Zurich, which promotes transdisciplinary research and knowledge exchange.

W.I.R.E. will deliver analysis and insights on important trends in the areas of business, society, technology and life sciences, thus further enhancing Julius Baer's *Next Generation* investment framework. This will help us to identify and explore forward-looking long-term investment opportunities which provide solid financial returns and are at the same time socially and ecologically responsible, so as not to burden future generations.

The IWM integration process in India was launched in the first half of 2014 and will allow us to position Julius Baer as the true international private banking reference in the global Indian community. In the non-resident Indian markets, we continued to grow organically by adding relationship managers in Singapore and Dubai.

Our efforts in Asia were supported by a number of high-calibre sponsoring activities in art and classical music. In recognition of our achievements and unrelenting client focus, Julius Baer was named *Boutique Private Bank* of the year at the inaugural *WealthBriefingAsia Hong Kong Awards* in June.

Eastern Mediterranean, Middle East & Africa (EMMEA)

The EMMEA region is a promising growth region for Julius Baer. Many markets lack a particular private banking culture, especially on the African continent, offering vast opportunities for Julius Baer to address the emerging class of local entrepreneurs as well as established business owners with a strong international background. The recently integrated IWM business has significantly contributed to the growth in the region during the first six months of 2014, and clients have positively embraced the private banking offering of Julius Baer.

‘We successfully enlarged our market penetration in the Middle East and recorded very good business momentum.’

Despite a difficult political environment in some countries in the Middle East, we successfully enlarged our market penetration and recorded very good business momentum during the period under review. We significantly increased the number of

clients and relationship managers, not only as a result of the successfully concluded IWM integration but also through strategic hiring initiatives in our existing regional hub in Dubai, complemented by additional relationship managers based in Abu Dhabi, London and Switzerland.

Furthermore, we aim to enhance our offering in order to meet the specific client requirements of this region, particularly Sharia-compliant investment solutions.

Israel

The successfully concluded IWM integration resulted in a significantly enlarged domestic business. Our new colleagues from IWM joined their Julius Baer team in the new premises of Julius Baer Financial Services (JBFS) in Tel Aviv at the beginning of the year. JBFS is a financial services company offering local investment advice and portfolio management services. It recently obtained registration as a Foreign Dealer with the Israeli Securities Authority, which gives the designated Swiss relationship managers the possibility to advise JBFS clients on Israeli territory.

On 1 April 2014, the Tel Aviv Representative Office was brought under new leadership. Additional relationship managers joined us in the Zurich and Tel Aviv offices. Our Israeli assets under management continued to grow at a very healthy rate in the first six months of 2014, with net new money inflows exceeding our expectations.

Latin America

In Latin America, we saw positive business momentum in the period under review as a result of our continued efforts over the last few years to build client relationships and brand awareness.

We are currently in the final stage of the asset onboarding of IWM's businesses in Uruguay, Chile and Panama. Post integration, Julius Baer will rank among the largest wealth managers in the region. In Panama, we started to successfully attract highly

qualified relationship managers to provide best-in-class service to our esteemed clients from across Latin America. Over the coming years, we intend to extend our offering and presence in Chile and to develop new locations in the region.

At the beginning of the year, we held the ninth annual Julius Baer conference at Uruguay's famous seaside resort of Punta del Este, with former Florida Governor Jeb Bush as keynote speaker. This event was very well received by more than 900 guests. Shortly afterwards, we held our first Julius Baer private event in Pucón, Chile, with former Colombian President Álvaro Uribe Vélez as guest of honour.

In Brazil, we acquired an additional 50% of São-Paulo-based GPS. This increased Julius Baer's participation in GPS to 80% from the 30% acquired in May 2011. Our majority stake enables us to gain long-term access to one of the most attractive and promising domestic wealth management markets worldwide and represents another key step in the execution of Julius Baer's focused growth strategy. GPS offers advice on domestic and international investments, booked with third-party custodians in Brazil and abroad.

Independent Asset Managers

The business with Independent Asset Managers (IAMs), which has been an organisationally separate unit since 2013, represents a core activity of Julius Baer and has significantly expanded its global footprint in recent months.

In order to leverage our existing strong Swiss market presence, we continued to expand our business activities in Asia and Latin America and entered other selected markets such as Monaco, the United Kingdom and South Africa. At the same time, we further developed the global alignment of our offering, guidelines and business processes for IAMs.

The merger of our subsidiary Infidar Investment Advisory Ltd. with WMPartners Wealth Management Ltd. created one of the largest independent asset management companies in Switzerland. The new company, WMPartners, continues to be independent regarding investment decisions and selection of custodian banks.

In order to better serve our professional partners and clients by ensuring a consistent and timely flow of investment ideas, we continued developing and implementing our global sales management strategy. In addition, given that technology-based tools and processes are key in this particular business area, we continued to enhance the existing IT platform in the various booking centres.

As part of our differentiating business model, we strive to keep IAMs informed about changes in the relevant laws and regulations globally, particularly regarding cross-border issues and regularisation programmes. This has been an ongoing priority and an important part of our risk management processes.

JULIUS BAER'S SCOPE OF INVESTMENT, ADVISORY AND EXECUTION COMPETENCE

The Investment Solutions Group (ISG) is Julius Baer's investment and service competence centre. It provides Julius Baer's clients and relationship managers with investment opinions based on a single, consistent and relevant house view on the financial markets and investment opportunities and it offers advice and tools as well as products based on our truly open, managed product platform.

Apart from its centre in Zurich, ISG maintains growing hubs in Asia, Frankfurt/Europe, the United Kingdom and Latin America with the aim of serving our growing local relationship manager and client population. On 1 March 2014, ISG came under the new leadership of Burkhard Varnholt. With more than 20 years of experience in the Swiss investment management industry, he will build on the Group's sophisticated and robust investment approach while further broadening the range of investment themes covered.

Research

Given the solid performance of risky assets in the first half of 2014, the focus of our research analysts was on spotting the remaining opportunities and identifying increasingly risky areas. In particular, having been a stronghold in the past five years, the non-financial corporate sector shows signs of overheating. In addition, *Next Generation* studies were published on trends in various industries and how investors can benefit from them, such as China's unprecedented urbanisation, passion investing and delaying dementia.

The two *Next Generation* conferences scheduled in London and Shanghai in autumn 2014 will centre on 'Bold ideas – Reimagining our future'. In this context we will launch our inaugural *Julius Baer European Wealth Report* and release the updated *Julius Baer Asia Wealth Report* in cooperation with our strategic partner Bank of China (BOC).

Investment Solutions & Advisory

In order to better leverage our Investment Advisory, Investment Consulting and Mandate Consulting capabilities, these three units have been merged into the single Investment Solutions & Advisory unit. It will act as a truly client-centric point of entry into ISG for all relationship managers globally. The new set-up will ensure a continuous, proactive flow of state-of-the-art investment recommendations and advice, as well as active support during the entire lifecycle of advisory and discretionary mandates.

With clients' demand for tailored advisory mandate services continuing to grow, the Investment Advisory (IA) unit constantly expanded in all our geographic regions. The whole IA Mandate landscape, with direct and indirect Mandates and the Investment Service Mandates, is highly valued by existing clients as well as clients who joined from IWM. This resulted in an increase of almost 50% by mid-year 2014 compared to the volume a year ago.

Managed accounts and solutions

Portfolio Management (PM) is the unit in charge of implementing the Group's sophisticated investment approach in client portfolios and represents a core competence of Julius Baer. Thanks to PM's efforts to sell relationship managers on the undisputed benefits of delegating ongoing investment decisions to the Bank's experts, discretionary mandates saw record inflows, resulting in a rising penetration rate. In parallel, the Group's PM platform was further streamlined, thus laying the groundwork for the successful onboarding of IWM's PM platform.

The Fund Solutions unit further strengthened its offering, consisting of nearly 300 actively monitored funds from more than 80 carefully selected providers. The core offering has been enriched by expanding region-specific investment solutions in line with the evolving markets and the rising demands of our clients. In addition, the Bank further developed and enlarged its Premium Fund Offering for sophisticated asset classes such as hedge funds and private equity. The entire offering is based on our truly open, managed product platform approach and stands for independent and unbiased analysis as well as access to the best investment houses and products.

Wealth & Tax Planning (WTP)

WTP successfully concluded the scheduled transfers of existing wealth management solutions from IWM clients around the globe. WTP's offering was further expanded to cater to our clients' needs, particularly in many of the local markets in the Middle East and Asia. This includes the support for the special programme in cooperation with BOC, where the Bank acts as facilitating partner.

In other regions, our wealth planning capabilities have been increased through the existing and further growing network of approved service providers. Driven by the volumes transferred from IWM as well as a very good inflow of new business, our trust company in Singapore has become one of the largest local providers, mainly serving Asian clients. London and Montevideo have become the latest locations with a dedicated WTP desk.

ISG Asia

ISG's operations in Asia saw an outstanding phase of growth in the first half of 2014, with particularly encouraging development of the WTP unit. The integration of IWM's units in the region is nearly completed, and ISG Asia is now in the process of being streamlined in order to enhance efficiency and introduce the Group's new structural set-up.

ISG Asia achieved another milestone in the collaboration with BOC when Bank Julius Baer was officially appointed as the trust business partner outside Mainland China for BOC's ultra high net worth clients. In addition, BOC selected one of our investment funds as the underlying for a QDII (Qualified Domestic Institutional Investor) investment which is expected to be launched in the second half of the year.

Julius Baer underpinned its strong commitment to China with the addition of another USD 50 million to the existing USD 100 million QFII (Qualified Foreign Institutional Investor) quota received in 2010 as the first private bank. The additional quota will be used to top up the Julius Baer China Fund, which Julius Baer launched in 2011 to offer clients around the world direct access to the growth of the domestic China market and allow them to benefit from the internationalisation of the renminbi.

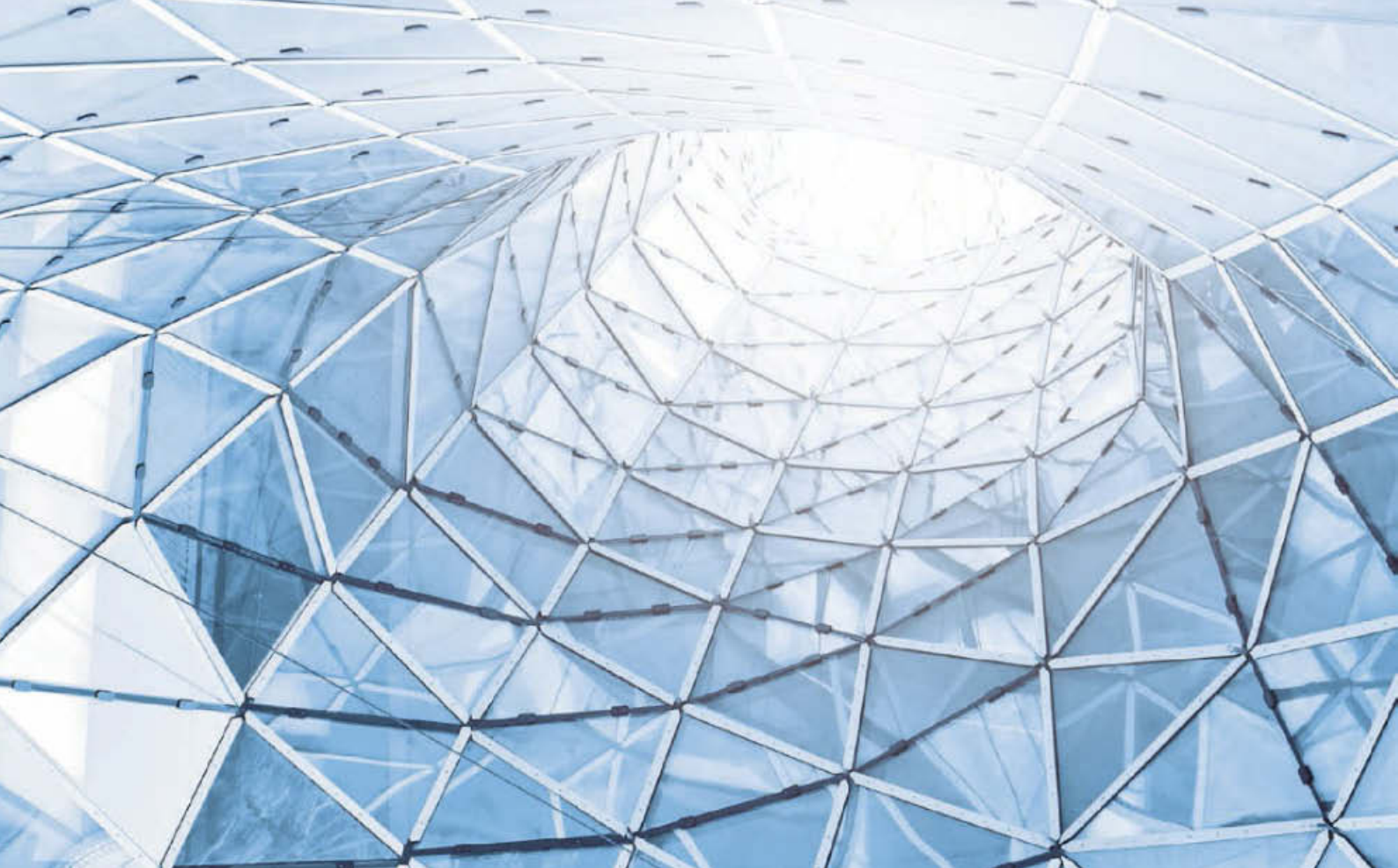
In addition to the strategic markets of China, India, Indonesia, Thailand and Japan, ISG Asia will continue to actively seek opportunities to extend its footprint in other Asian markets.

ISG United Kingdom

ISG's hub in the UK has been realigned to reflect the organisational changes at Group level. With the introduction of the Individual Savings Account, a long-term savings solution and integral part of many former IWM client portfolios, the offering was enhanced by a product of strategic importance and an essential element for future growth. The IWM integration in the UK continued on track, with the transfer of IWM's local Portfolio Management unit completed successfully in July 2014. The client focus of Julius Baer's comprehensive portfolio management and investment advisory mandate together with a good pipeline of new business make the UK entity well positioned for growth.

ISG Latin America

In Latin America, ISG's service model concept is in the process of being established. As part of a new and comprehensive offering, the advisory and special offering capabilities have been defined for the major markets important to our clients. The introduction of Investment Service Mandates with risk monitoring adapted to smaller portfolios met with encouraging demand. In parallel, research capacities are built up, with a particular focus on growth market economies. The IWM asset transfer in Latin America picked up in the first half of 2014.



Markets

The Markets unit focuses on trade execution and product structuring as well as on foreign exchange (FX), precious metals and securities advisory and trading services for the Group's private banking clients and certain direct client segments. In close cooperation with ISG, Markets is the central unit for the distribution of structured products within Julius Baer.

The record run of equity markets in the first half of 2014 was accompanied by strong demand for structured products. At the same time, the comparatively low volatility and narrow trading bands, particularly in FX, hampered trading volumes and client activity. In Asia, the structured products platform was further enhanced, tailored to the requirements of local clients.

In mid-March 2014, Julius Baer successfully launched its real-time online trading platform Julius Baer Market Link. It combines, for the first time, the technological advantages of a state-of-the-art trading platform with the comprehensive personal service and security of a private bank. Julius Baer Market Link gives access to more than 20,000 instruments via web or mobile devices.

Custody

Julius Baer is also a leading dedicated provider of global custody services in Switzerland and Singapore. Our strategy is to offer best-in-class, bespoke services from a single source and to achieve superior growth in a highly competitive market by nurturing a differentiating, private banking-inspired service quality and independence. On the back of strong net new money inflows and compared to the end of 2013, Global Custody increased assets under custody by 5% or CHF 4.8 billion to CHF 98 billion by mid-year 2014.

Julius Baer is well on track with its Global Custody growth strategy and enjoys an excellent market reputation in Switzerland as well as Asia among pension funds, family offices, corporates, insurance companies and investment funds, including private label funds. Our aim is to be among the leading dedicated providers of global custody services in both regions. This ambition rests on our offering of country-specific expertise comprising a professional range of services with client-oriented solutions for the worldwide settlement of transactions, centralised safekeeping, FX trading, securities execution, securities lending and borrowing, portfolio analysis and tailored reporting – from a single source.

OUR EMPLOYEES

The total number of employees (full-time equivalents or FTE) amounted to 5,557 at the end of June 2014, up by 1,052 or 23% from a year ago, including a net 1,081 FTEs formerly from IWM and 111 new colleagues from our Brazilian subsidiary GPS, which was consolidated for the first time following the increase in ownership to 80% in March 2014. The number of relationship managers grew by 250 FTEs to 1,216 FTEs, of which 353 FTEs formerly from IWM.

As a result of Julius Baer's rapid expansion into growth markets in recent years, the share of employees domiciled in our home market of Switzerland continued to decrease in relative terms. Its share in the geographic distribution of staff declined to 58% at the end of June 2014, down from 70% at the end of June 2013 and 81% at the end of 2008. While the share of Middle East and Africa (2%) remained broadly unchanged as at 30 June 2014 compared to a year ago, Asia-Pacific gained 6 percentage points to 20%, Latin America gained 1 percentage point to 5% and the rest of Europe increased by more than half to 13% year on year.

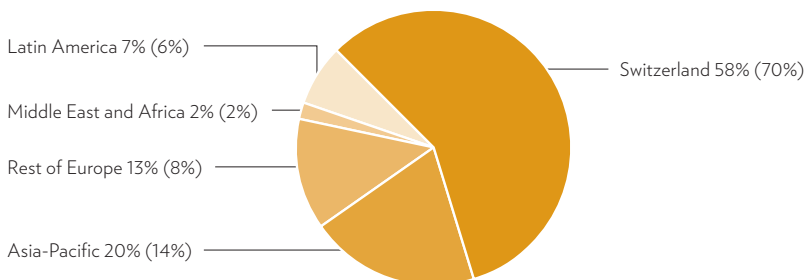
Parallel to the strong progress achieved in the integration of IWM, the restructuring and rightsizing process as announced at the outset of the acquisition started at the end of 2013. The Human Resources

function has a pivotal role in ensuring frictionless adaptation of staffing levels around the globe and across functions. In cases such as duplicate IT systems or overlapping capabilities, affected colleagues were informed at an early stage and closely supported in their specific career development. To facilitate the staffing in the current phase, an internal marketplace has been established where re-employment opportunities are exchanged and vacancies actively matched to existing profiles. As a result, unnecessary turnover and recruiting costs are avoided and precious know-how and experience can be preserved.

In view of Julius Baer's increased size and geographic scope, a new organisational structure has been introduced for the Julius Baer Academy, our Group's dedicated education centre. The aim is for the organisation to more effectively cope with the many requirements that emanate from regulation, compliance and globalisation, and to mitigate their influence on the operating model. The newly defined areas are Leadership & Talent Management, Functional Education, Learning Management and the Julius Baer Academy in Asia. The latter pays tribute to the massively enlarged employee base in Asia as a result of the IWM integration.

Julius Baer employees (FTE) by geography as at 30 June 2014

(30 June 2013)



COMMUNITY ENGAGEMENT

The community activities of Julius Baer share the same goal we strive for every day as a business enterprise: to consider the specific needs of each individual. That is why we support carefully selected charity projects around the globe, help address topics relevant for society at large and contribute to the communities we are privileged to work and live in.

Julius Baer Foundation

Through the Julius Baer Foundation, we provide long-term support to various projects¹ in Europe, Asia, Africa and Latin America for the benefit of children and young adults.

In Switzerland, the Foundation supports Caritas Switzerland in their quest to promote financial competence, including the creation of a debt-prevention app (see opposite page). In the rural parts of Kosovo, women and minorities are taught how they can mobilise their own resources and continually develop their skills in line with their real needs. In the remote mountain villages of Laos, boarding houses are built for children so that they can attend classes. In the far north-east of Burma, young men and women are given all the skills they need to be able to run their own small businesses. In the mountainous hinterland of Bali, the construction of water collection systems frees villagers from carrying water over very long distances, enabling children to attend school and allowing adults to engage in productive activities such as agriculture or tourism.

In Tanzania, children are helped to attend school, are given hot meals and are supported by volunteer teachers in English and IT classes. In South Africa, township children get school and social support, and they are also encouraged in their sporting ambitions. In Brazil, young people are prepared for the current

job market with the help of study courses in administrative assistance and sales. In Nicaragua, various economic initiatives give young people new prospects for the future, making it possible for them to remain in their rural regions. In China, a playground is built for a large new orphanage that houses 160 children, thus contributing to a more humane childhood.

More than five million children are affected by the crisis in Syria. To help ease their desperate situation, the Julius Baer Foundation made a contribution to UNICEF in support of its efforts to provide assistance.

Additional activities

In mid-May 2014, Julius Baer announced a strategic cooperation initiative with the Swiss think tank W.I.R.E. This organisation will provide analysis and insights on trends in the fields of business, society, technology and life sciences, thus complementing the Bank's *Next Generation* investment framework (see box on page 15).

In the context of our diversity and inclusion efforts, Julius Baer acted as sponsor of this year's flagship event *Female Board Members: WANTED!* of the *HSG Alumni Women's Chapter* of the University of St. Gallen. Several well-known female speakers discussed the controversial topic of quotas for women at board level and the challenges associated with conquering this heavily male-dominated area.

¹ www.juliusbaer.com/donations



JULIUS BAER SUPPORTS APP TO HELP ADOLESCENTS AVOID DEBT

Today's society is increasingly consumption-oriented. As a consequence, the challenges of dealing effectively with one's disposable income are much greater than in the past. Yet adolescents and young adults often have little experience handling money, especially after becoming independent, making them vulnerable to overindebtedness.

The app *Caritas My Money*, developed with support from the Julius Baer Foundation, tackles these challenges. Blending with today's mobile lifestyle, the iOS or Android-based app helps users keep track of their budget and spending so that they always have a clear picture of what is financially possible and what is not.

Together with the network of regional Caritas organisations, Caritas Switzerland gets actively involved in helping people in wealthy Switzerland who are affected by poverty: families, single parents, the unemployed and the working poor.

ORIGINS AND SCOPE OF THE JULIUS BAER FOUNDATION

The Julius Baer Foundation was established in 1965 on the occasion of the 75th anniversary of the Bank. Over the years, both the scope of activities and the geographic reach have changed. Today, the topic of youth is the main guiding principle, inspiring projects in Switzerland and around the world. The foundation currently supports ten projects in ten countries. More information can be found at www.juliusbaer-foundation.org.

OUR MISSION

Julius Baer is the leading Swiss private banking group. We focus on providing high-end services and in-depth advice to private clients based around the world. Our client relationships are built on partnership, continuity and mutual trust. The renowned brand Julius Baer is synonymous with best-in-class investment solutions and comprehensive advice based on a truly open, managed product platform. We manage our company for the long term – going on 125 years now.

Committed to excellence in everything we do, we strive to position our Group at the forefront of the global wealth management industry. Independent in all aspects of our business activities, we pursue a corporate strategy based primarily on six cornerstones:

- a business model dedicated to pure private banking
- a distinct value proposition and service excellence focus
- a truly open and managed product platform
- a client-centric management culture
- a strong brand name
- a rich Swiss heritage and independence since 1890

These cornerstones are complemented by prudent financial and risk management, resulting in a very strong capital base and comparatively low risk

profile. We aim at achieving sustainable and industry-leading profitable growth, thus remaining competitive and highly attractive for our clients, for the relationship managers (RMs) taking care of them, for all other employees and for our Swiss and international shareholder base.

Our strategic priorities centre on capturing the strong wealth creation dynamics of growth markets and on further penetrating the high wealth concentration of our core European markets. This broad international standing combined with a deeply rooted client-centric culture makes us *big enough to matter yet small enough to care*. In addition to fostering organic growth, broadening our base of highly qualified RMs and cooperating with strong partners, Julius Baer is also open to acquisition opportunities provided they offer a convincing strategic and cultural fit and are value-enhancing.

Julius Baer Group Ltd.

Board of Directors

Daniel J. Sauter, Chairman

Executive Board

Chief Executive Officer

Boris F.J. Collardi

Private Banking Representative

Bernard Keller

Chief Financial Officer

Dieter A. Enkelmann

Chief Operating Officer

Gregory F. Gatesman

Chief Risk Officer

Bernhard Hodler

Chief Communications Officer

Jan A. Bielinski

Group General Counsel

Christoph Hiestand

JULIUS BAER ON THE STOCK EXCHANGE

The Julius Baer Group, headquartered in Zurich, ranks among the largest publicly listed financial service providers in Switzerland. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the Group's largest company and main operating entity. It is complemented by a number of specialised companies essential to providing our international clientele with a full array of state-of-the-art wealth management services.

Julius Baer Group Ltd.'s shares are listed on the SIX Swiss Exchange. They are a member of the Swiss Market Index (SMI) which comprises the 20 largest and most liquid blue chip companies traded on the SIX Swiss Exchange. At 30 June 2014, the market capitalisation of the Group's shares was CHF 8.2 billion.

The international rating agency Moody's assigns a solid A1 long-term obligations rating and the highest possible short-term debt rating of Prime-1 to Bank Julius Baer & Co. Ltd.

Performance of Julius Baer registered share (indexed)



IMPORTANT DATES

Publication of Interim Management Statement: 14 November 2014

Publication of 2014 annual results: 2 February 2015

Date of Annual General Meeting: 15 April 2015

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This brief report also appears in German. The English version is prevailing.

The Half-year Report 2014 of Julius Baer Group Ltd. is available at www.juliusbaer.com.



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Lugano, Monaco, Montevideo,
Moscow, Singapore to Tokyo.

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