



Julius Bär

BUSINESS REVIEW 2013

JULIUS BAER GROUP

CONTENTS

2

FOREWORD

4

FINANCIAL PERFORMANCE IN 2013

10

BUSINESS DEVELOPMENT IN 2013

20

INTEGRATION UPDATE

22

COMMUNITY ENGAGEMENT

24

OUR MISSION

26

IMPORTANT DATES AND CORPORATE CONTACTS



Front cover:

Lake Silvaplana is part of a lake system in the Upper Engadine valley of the Swiss Canton of Grisons. Its breathtaking alpine setting and the related thermal lift make it a paradise for kite and wind surfers in summer, while in winter the famous Engadine ski marathon crosses the lake every year. Whatever leads our clients to the lake, they are always welcome in Julius Baer's nearby St. Moritz office.

KEY FIGURES JULIUS BAER GROUP¹

	2013 ² CHF m	2012 ³ CHF m	Change in %
Consolidated income statement			
Operating income	2,194.7	1,737.4	26.3
Adjusted operating expenses	1,611.5	1,247.4	29.2
Profit before taxes	583.3	490.0	19.0
Adjusted net profit	479.8	403.6	18.9
Adjusted EPS (CHF)	2.24	2.00	12.1
Cost/income ratio ⁴	71.3%	72.8%	-
Pre-tax margin (basis points)	25.5	27.0	-
	31.12.13	31.12.12	Change in %
Client assets (CHF bn)			
Assets under management	254.4	189.3	34.4
Average assets under management	229.0	181.1	26.4
Net new money	7.6	9.7	-
Assets under custody	93.3	87.6	6.5
Total client assets	347.8	277.0	25.6
Consolidated balance sheet (CHF m)			
Total assets	72,522.1	54,820.7	32.3
Total equity	5,038.6	4,697.6	7.3
BIS total capital ratio	22.4%	31.6%	-
BIS tier 1 capital ratio	20.9%	29.3%	-
Return on equity (ROE)	13.4%	12.7%	-
Personnel			
Number of employees (FTE)	5,390	3,721	44.9
<i>of whom Switzerland</i>	3,264	2,770	17.8
<i>of whom abroad</i>	2,126	951	123.6
Capital structure			
Number of registered shares	223,809,448	216,707,041	-
Weighted average number of registered shares outstanding	214,241,756	201,938,401	-
Share capital (CHF m)	4.5	4.3	3.3
Book value per registered share outstanding (CHF)	23.5	22.3	5.5
Market capitalisation (CHF m)	9,588	7,006	36.9
Moody's rating Bank Julius Baer & Co. Ltd.	A1	A1	
Listing			
Zurich, Switzerland	SIX Swiss Exchange under the securities number 10 248 496 Member of the Swiss Market Index SMI		
Ticker symbols			
Bloomberg	BAER.VX		
Reuters	BAER.VX		

¹ Adjusted results derived by excluding from the audited 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 The staggered integration of Merrill Lynch's International Wealth Management business outside the US started on 1 February 2013 and is reflected in the financial figures for 2013, making a direct comparison to the 2012 reporting period difficult.

³ Revised IFRS accounting standards related to the Group's pension plan that became effective on 1 January 2013 and are described in the Group's Annual Report 2013 resulted in restatement of certain expense and balance sheet items for the 2012 reporting period.

⁴ Calculated using adjusted operating expenses, excluding valuation allowances, provisions and losses.

FOREWORD

Dear Reader

On the whole, 2013 provided a fairly positive environment for the financial markets. Yet the spike in interest rates and the swift reversal of capital flows out of certain growth markets in early summer were an important reminder that many risks and unresolved issues persist – monetary and economic as well as geopolitical. The related uncertainty also showed in client activity, which, despite the continued strong performance especially of equities, was more subdued in the second half of 2013 after a relatively strong and active first six months. Against this demanding backdrop and supported by continued cost consciousness, our Group maintained very robust operational performance and improved its profits in 2013.

Following five months of intensive preparations, the integration of Merrill Lynch's International Wealth Management Business (IWM) outside the US started on schedule at the beginning of February 2013. The acquisition of IWM complements the multi-year geographic diversification of our Group and is a unique opportunity for us to match the increasingly international requirements of our clientele with an equally global, multifaceted and comprehensive product and services offering. With CHF 53 billion of the targeted IWM assets already reported on the Julius Baer platform at the end of 2013, we launched the restructuring and rightsizing process as announced at the outset of the acquisition. It is an important step in unlocking the full potential of our significantly increased presence in many locations and markets worldwide.

‘Our Group maintained very robust operational performance and improved its profits in 2013.’

New and existing clients entrusted us with net new money of CHF 7.6 billion, helping to increase assets under management (AuM) to CHF 254 billion. Total client assets, including assets under custody, amounted to CHF 348 billion at the end of 2013. This was achieved against a regulatory environment which continued to tighten, especially at the individual market level.

Julius Baer's capital position remained very strong in 2013, even allowing for the impact of the goodwill payments for the IWM assets transferred and booked with the Group and taking into account the IWM-related restructuring and integration costs incurred during the reporting period. With a BIS total capital ratio of 22.4% and a BIS tier 1 capital ratio of 20.9% at the end of 2013, the Group's capital base continues to be comfortably above the Group's targets as well as the required regulatory levels. The Board of Directors proposes to the Annual General Meeting on 9 April 2014 an unchanged dividend of CHF 0.60 per share. The total proposed dividend payout amounts to CHF 133 million.

We are convinced private wealth management will remain an attractive growth industry, with Switzerland continuing to rank among the leading global financial centres, offering good prospects for our enlarged Group. This confidence rests on Julius Baer's strong international standing both in key established and growth markets (with the latter expected to represent about half of our Group's post-integration AuM), on our very competitive and differentiating offering and most importantly on our esteemed employees. It is their strong commitment and creativity that ultimately make a difference for our clients, for Julius Baer as a preferred place to work and for sustainable long-term value creation for our shareholders. For this, our staff deserve our sincerest thanks. We also thank our clients and shareholders for their ongoing trust in us and we promise to do our utmost to continue earning their support.



Daniel J. Sauter
Chairman



Boris F.J. Collardi
Chief Executive Officer

FINANCIAL PERFORMANCE IN 2013

In 2013 Julius Baer significantly grew assets under management following the successful transfer of assets from IWM¹. While subject to volatility during the year, the gross margin for the overall period was unchanged. Despite the large increase in headcount following the transfer of IWM staff, cost efficiency remained strong. Adjusted net profit² increased to CHF 480 million.



Dieter A. Enkelmann, Chief Financial Officer

Total *client assets* amounted to CHF 348 billion, an increase of 26% since the end of 2012. *Assets under management* (AuM) grew by 34%, or CHF 65 billion, to CHF 254 billion. This included CHF 53 billion of AuM reported from IWM, of which CHF 40 billion were booked on the Julius Baer platforms and paid for. Outside the contribution from IWM, the increase in AuM was mainly the result of net new money of CHF 7.6 billion and a positive market performance of CHF 7 billion, partly offset by a negative currency impact of CHF 3 billion. The Group realised net inflows of 4%, thereby reaching the lower end of the medium-term target range. Net new money was driven by continued net inflows from the growth markets and from the local business in Germany, while the inflows in the cross-border European business were more than offset by tax regularisations of legacy assets. *Assets under custody* came to CHF 93 billion, up by 6% from the CHF 88 billion at the end of 2012.

Operating income rose to CHF 2,195 million, an increase of 26%, in line with the growth in monthly average AuM (to CHF 229 billion). The full-year gross margin for the Group (including the IWM businesses acquired during the year) therefore remained at 96 basis points (bps). After the end of June 2013, however, client activity declined from the higher levels experienced in the first half of the year, especially in foreign exchange (FX) trading. Furthermore, compared to the rest of the Group, the revenues from the IWM business are presently more sensitive to changes in client activity and were, in the second half of 2013, partly impacted by the intensity of the preparatory work for the asset transfer process during that period. Moreover, following the strong increase in IWM reported assets after the end of June 2013, the weight in the overall gross margin calculation of the lower-yielding IWM business increased considerably in the second half of 2013, as expected. As a result of these factors, the Group's gross margin in the second half of 2013 declined to 91 bps, compared to 102 bps in the first half of 2013.

Net commission and fee income contributed CHF 1,277 million, up by 30%, slightly above the increase in average AuM. *Net interest and dividend income* declined by 1% to CHF 552 million as the benefit of the increase in loan volumes was more than offset by a decrease in dividend income on trading portfolios from CHF 93 million to CHF 38 million. Excluding the latter, underlying net interest and dividend income increased by 10% to CHF 514 million as the rise in credit income was partly offset by an increase in interest expense on debt issued

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

	2013 ² CHF m	2012 ³ CHF m	Change %
Net interest and dividend income	552.1	558.5	-1.1
Net commission and fee income	1,276.6	980.5	30.2
Net trading income	314.9	172.8	82.2
Other ordinary results	51.1	25.6	99.6
Operating income	2,194.7	1,737.4	26.3
Personnel expenses	983.9	819.7	20.0
General expenses ⁴	536.1	348.5	53.8
Depreciation and amortisation	91.4	79.2	15.4
Adjusted operating expenses	1,611.5	1,247.4	29.2
Profit before taxes	583.3	490.0	19.0
Income taxes	103.4	86.4	19.7
Adjusted net profit	479.8	403.6	18.9
Attributable to:			
Shareholders of Julius Baer Group Ltd.	479.5	403.0	19.0
Non-controlling interests	0.3	0.6	-
Adjusted EPS (CHF)	2.24	2.00	12.1
Key performance ratios			
Cost/income ratio ⁵	71.3%	72.8%	-
Gross margin (basis points)	95.9	95.9	-
Pre-tax margin (basis points)	25.5	27.0	-
Tax rate	17.7%	17.6%	-

¹ Adjusted results derived by excluding from the audited 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 The staggered integration of Merrill Lynch's International Wealth Management business outside the US started on 1 February 2013 and is reflected in the financial figures for 2013, making a direct comparison to the 2012 reporting period difficult.

³ Revised IFRS accounting standards related to the Group's pension plan that became effective on 1 January 2013 and are described in the Group's Annual Report 2013 resulted in restatement of certain expense items for the 2012 reporting period.

⁴ Including valuation allowances, provisions and losses.

⁵ Calculated using adjusted operating expenses, excluding valuation allowances, provisions and losses.

as well as by slightly lower treasury income. *Net trading income* increased by 82% to CHF 315 million. Including the aforementioned trading-portfolios-related dividend income, underlying net trading income improved by 33% to CHF 353 million, exceeding the increase in average AuM in a year in which the initial upturn in currency market volatility and client-driven FX trading in the first half was followed by a pronounced slowdown in FX trading volumes in the second half. *Other ordinary results*, which among other items include brand licensing income, income from associates, rental income and net gains from the disposal of financial investments from the available-for-sale portfolio, doubled to CHF 51 million.

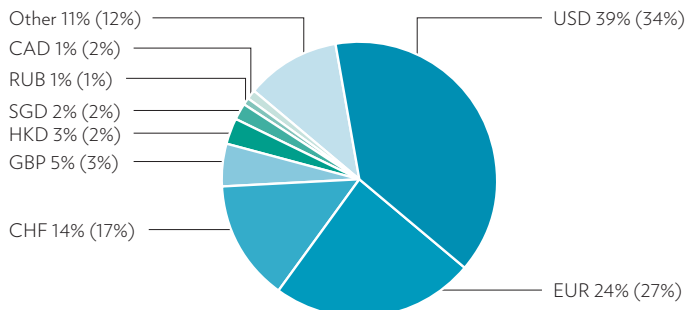
‘Julius Baer’s capital position remained solid, with a year-end total capital ratio of 22.4% and a tier 1 capital ratio at 20.9%.’

As already stated in the presentation of the 2013 half-year results, the revised accounting standards related to the Group’s pension plan (IAS 19 – Employee Benefits) that became effective on 1 January 2013 and are described in the Group’s Consolidated Financial Statements 2013 resulted in a restatement of personnel and tax expenses and certain balance sheet items for the 2012 reporting period. The final assessment increases the originally reported adjusted operating expenses for the full year 2012 by CHF 31 million to CHF 1,247 million and reduces the originally reported 2012 adjusted net profit by CHF 29 million to CHF 404 million, a somewhat larger impact than initially estimated and communicated.

In 2013, *adjusted operating expenses* went up by 29% to CHF 1,611 million from the restated level of CHF 1,247 million in 2012. The increase in expenses was substantially attributable to the transfer of the IWM businesses in 2013. The total number of employees grew by 1,669 full-time equivalents (FTEs) to 5,390 FTEs, a rise of 45%, including a net 1,220 FTEs from IWM. More than half of this increase occurred in the second half of 2013. At the end of

Breakdown of assets under management by currency as at 31 December 2013

(31 December 2012)



ASSETS UNDER MANAGEMENT

	31.12.13 CHF bn	31.12.12 CHF bn	Change %
Client assets			
Assets under management	254.4	189.3	34.4
<i>Change through net new money</i>	7.6	9.7	-
<i>Change through market and currency impacts</i>	4.0	9.4	-
<i>Change through acquisition</i>	54.5	0.6	-
<i>Change through divestment</i>	-1.0	-0.6	-
Assets under custody	93.3	87.6	6.5
Total client assets	347.8	277.0	25.6
Average assets under management	229.0	181.1	26.4

2013, 151 FTEs out of the total staff were fully assigned to the IWM integration. The expenses related to this group are therefore included in the IWM-related restructuring and integration expenses and excluded from the adjusted results. The number of relationship managers grew by 391 FTEs to 1,197 FTEs, of which 365 FTEs from IWM. As a result, the adjusted *personnel expenses* went up by 20% to CHF 984 million. Adjusted *general expenses* rose by 54% to CHF 536 million. This increase was significantly driven by a shift from a CHF 17 million net release to a CHF 46 million net charge for valuation allowances, provisions and losses, as the release from the general credit reserve in 2012 did not recur in 2013 and following an increase in credit and legal provisions. Excluding valuation allowances, provisions and losses, adjusted general expenses increased by 34% to CHF 490 million following the transfer of the IWM businesses. Adjusted general expenses included CHF 35 million of costs related to the US tax situation (2012: CHF 38 million), of which CHF 15 million was a provision for expected future legal fees.

As a result, the adjusted *cost/income ratio*¹ improved to 71% (2012 restated: 73%). Excluding the expenses related to the US tax situation, the adjusted cost/income ratio was 70% (2012 restated: 71%).

Adjusted *profit before taxes* went up by 19% to CHF 583 million. The related income taxes increased to CHF 103 million, representing a tax rate of 17.7% (2012 restated: 17.6%). *Adjusted net profit*² – reflecting the underlying operating performance which allows a meaningful comparison of underlying results over time – improved by 19% to CHF 480 million, and, following the higher share count after the IWM-related capital increase, adjusted *earnings per share* by 12% to CHF 2.24.

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 199 million, almost entirely related to IWM, up from CHF 57 million in 2012) as well as the amortisation of intangible assets related to acquisitions (CHF 101 million, up from CHF 90 million in 2012). Additionally, concerning the guarantee payments that Swiss banks were obliged to provide under Swiss law as part of the withholding tax agreement between Switzerland and the UK, the Swiss Bankers Association stated on 5 July 2013 that it cannot be ruled out that none or only a small part will be recovered. A provision of CHF 29 million (net of taxes: CHF 22 million) has been taken to cover the expected payment in relation to this. This amount has also been excluded from the adjusted

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

² Cf. footnote 1 to the table on page 5

operating expenses. Including the above items, as presented in the IFRS results in the Group's Consolidated Financial Statements 2013, net profit was CHF 188 million, down 30% from the restated CHF 269 million in 2012, as the improvement in operating results was more than offset by the impact (as planned) of the IWM-related integration and restructuring expenses, the ongoing amortisation of acquisition-related intangible assets, and the UK withholding tax-related provision. On the same basis, and following the higher share count after the capital increases in October 2012 and January 2013, EPS decreased by 34% to CHF 0.88, from the restated CHF 1.33 a year ago.

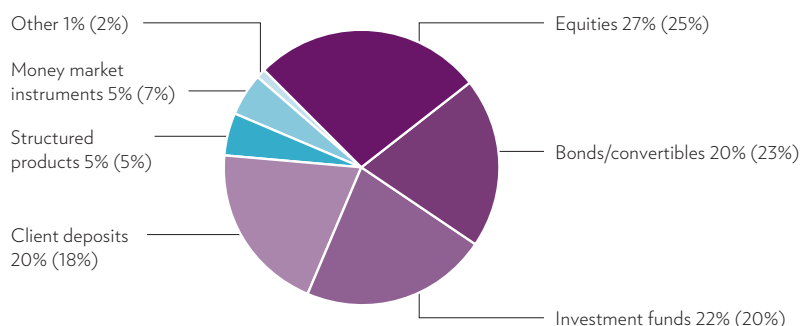
Balance sheet and capital developments

Total assets increased by CHF 17.7 billion, or 32%, to CHF 72.5 billion. Mainly as a result of the business transferred from IWM, client deposits went up by CHF 12.5 billion, or 32%, to CHF 51.6 billion, and the total loan book by CHF 7.8 billion, or 39%, to CHF 27.5 billion (comprising CHF 20.4 billion of collateralised Lombard loans and CHF 7.1 billion of

mortgages), resulting in a continued conservative loan-to-deposit ratio of 0.53, compared with 0.51 at the end of 2012. Financial investments available-for-sale grew by CHF 1.3 billion, or 11%, to CHF 13.1 billion, as the CHF 1.9 billion increase in the allocation to money market instruments, to CHF 2.5 billion, was partly offset by a CHF 0.5 billion decrease in the allocation to debt instruments, to CHF 10.5 billion. Cash, mainly as deposits with the Swiss National Bank, increased by CHF 0.7 billion to CHF 10.2 billion. At the end of 2013, total equity increased by CHF 0.3 billion to CHF 5.0 billion. Total capital amounted to CHF 3.6 billion, of which tier 1 capital CHF 3.3 billion. With risk-weighted assets at CHF 15.9 billion, this resulted in a *BIS total capital ratio* of 22.4% and a *BIS tier 1 capital ratio* of 20.9%. Over approximately the next 12 months, as the final IWM client assets are transferred and paid for in stages and as most of the remaining projected IWM-related transaction, integration and restructuring costs are expensed, the Group's total and tier 1 capital ratios are expected to decrease closer to the medium-term target levels.

Breakdown of assets under management by asset mix as at 31 December 2013

(31 December 2012)



CONSOLIDATED BALANCE SHEET

	31.12.13 ¹ CHF m	31.12.12 ² CHF m	Change %
Assets			
Due from banks	11,455.4	6,023.8	90.2
Loans to customers ³	27,536.3	19,783.3	39.2
Trading assets	5,853.5	4,122.9	42.0
Financial investments available-for-sale	13,125.3	11,775.4	11.5
Goodwill and other intangible assets	2,126.9	1,635.5	30.0
Other assets	12,424.6	11,479.8	8.2
Total assets	72,522.1	54,820.7	32.3
Liabilities and equity			
Due to banks	7,990.5	4,289.8	86.3
Deposits from customers	51,559.3	39,103.8	31.9
Financial liabilities designated at fair value	4,797.5	3,154.7	52.1
Other liabilities	3,136.2	3,574.7	-12.3
Total liabilities	67,483.6	50,123.0	34.6
Equity attributable to shareholders of Julius Baer Group Ltd.	5,037.9	4,695.3	7.3
Non-controlling interests	0.6	2.3	-72.2
Total equity	5,038.6	4,697.6	7.3
Total liabilities and equity	72,522.1	54,820.7	32.3
Key performance ratios			
Loan-to-deposit ratio	0.53	0.51	-
Leverage ratio ⁴	24.9	17.9	-
Book value per registered share outstanding (CHF) ⁵	23.5	22.3	5.5
Return on equity (ROE) ⁶	13.4%	12.7%	-
BIS statistics			
Risk-weighted assets	15,908.0	12,451.1	27.8
BIS tier 1 capital	3,327.9	3,645.0	-8.7
BIS total capital ratio	22.4%	31.6%	-
BIS tier 1 capital ratio	20.9%	29.3%	-

¹ The staggered integration of Merrill Lynch's International Wealth Management business outside the US started on 1 February 2013 and is reflected in the financial figures for 2013, making a direct comparison to the 2012 reporting period difficult.

² Revised IFRS accounting standards related to the Group's pension plan that became effective on 1 January 2013 and are described in the Group's Annual Report 2013 resulted in restatement of certain balance sheet items for the 2012 reporting period.

³ Mostly Lombard lending and mortgages to clients

⁴ Total assets/tangible equity

⁵ Based on total equity

⁶ Adjusted net profit/average equity less goodwill

BUSINESS DEVELOPMENT IN 2013

2013 was marked by the beginning and rapid progress of integrating Merrill Lynch's International Wealth Management (IWM) business outside the US. As a result, the Group's exposure to markets in Asia, Latin America and Europe increased significantly. In parallel, we continued to enhance and refine our service offering to meet the evolving demands of our increasingly international clientele.

On the whole, 2013 provided a fairly positive environment for the financial markets. A stabilising macroeconomic picture, low interest rates and abundant central bank liquidity were the main drivers behind the strong performance, especially of equities. Yet the spike in interest rates and the swift reversal of capital flows out of certain growth markets in early summer were an important reminder that many risks and unsolved issues persist – monetary and economic as well as geopolitical.

Against this backdrop, clients' demand for timely and forward-looking assessments remained high and gave us ample opportunity to demonstrate our advisory capacity on an increasingly international scale. The enduring quality and relevance of our products and services are also reflected in the many prestigious awards we received yet again in different geographic regions. On an international level, this was emphasised by the *Global Best Private Bank 2013* award we received from *Global Finance* for the second consecutive year, in addition to being recognised by the renowned Financial Times Group publications *The Banker* and *Professional Wealth Management (PWM)* for the *Best Growth Strategy*.

The ongoing integration of IWM is making Julius Baer a considerably larger and geographically even more diverse Group. Management was therefore realigned towards a more functional structure effective 1 January 2013. The Chief Operating Officer's area was split: Bernhard Hodler refocuses on the role of Chief Risk Officer, including Legal, Compliance and Credit. The function of Chief Operating Officer was assumed by Gregory F. Gatesman, who joined from IWM on 1 February 2013.

On the regulatory side, the final withholding tax treaties between Switzerland and the UK as well as with Austria entered into force on 1 January 2013. The Bank's core banking system was adjusted to cope with these and possible similar future treaties. In the context of the initialled agreement on simplified implementation of the US tax legislation FATCA between Switzerland and the US, the Bank launched a comprehensive IT project to ensure system compatibility by 1 July 2014 when the treaty is expected to enter into force.

'Clients' demand for timely and forward-looking assessments remained high and gave us ample opportunity to demonstrate our advisory capacity.'

The Group continued to enhance its compliance framework in order to keep pace with the rapidly changing regulatory environment and to foster its advanced tax compliance regime. We maintained a constructive stance vis-à-vis our clients supporting them to cope with new and increased regulatory demands and informing them about developments and opportunities to solve potentially outstanding tax issues. In 2013, we also continued with our advanced cooperation with US authorities founding the basis for a settlement of this tax issue of the past.



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.

In order to meet the rising regulatory demands regarding client advisory suitability, the Group's risk management function was refined to include the required tools and advisory processes vis-à-vis clients. The international trend towards formalised control mechanisms continued to accelerate in 2013. While this also added to administrative costs, our focused business model allowed for effective implementation. This shall be further facilitated by a new, singular core banking platform for which the preparatory work was accelerated in a

comprehensive project framework in 2013. The new platform shall be the core around which we will introduce technology as a veritable business enabler, providing us with important operational leverage and helping us to advance client service quality to new levels.

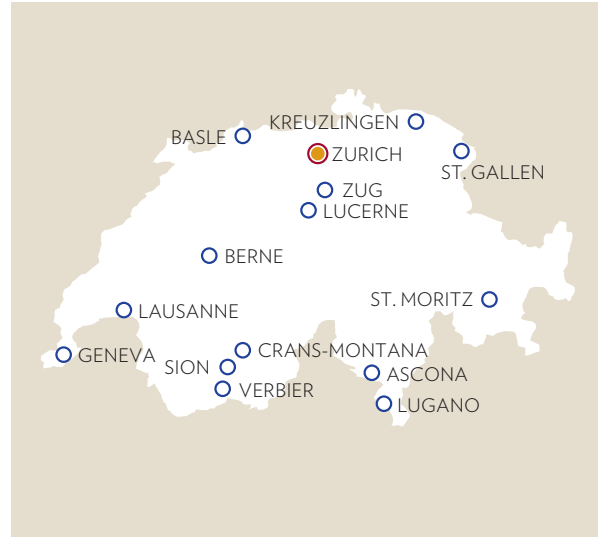
As a result of the IWM integration and in line with our open product and service platform, we further intensified our strategic cooperation with our partners Bank of America Merrill Lynch, Bank of China and Macquarie as well as other best-in-class independent service providers. This allows us to expand the horizon of independent strategic advisory and services offering beyond traditional wealth management in the areas of market risks, financing, corporate finance and investment solutions for ultra-high net worth individuals, business owners and family offices.

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 minority participation of 30%
 - 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

Since January 2013, the private banking business in Switzerland has been under the leadership of Giovanni M.S. Flury, previously responsible for the market Italy. With a comprehensive network comprising 15 locations in all distinct regions, we are well positioned to further increase market share in our home market. The core of our strategy is a dedicated Swiss product offering complemented by tailored regional and segment-specific marketing initiatives. As a consequence, we reorganised the local set-up in parts of French-speaking Switzerland as well as in the country's midland. These efforts took place parallel to process improvements aimed at increasing the time relationship managers (RMs) can dedicate to clients. By establishing institutionalised networks, we increased our reach to attract prospective clients. We broadened our offering beyond our core client segments to target high-potential clients during their initial phase of wealth building. Revenues improved in 2013 on the back of increased asset levels. Our efforts were recognised by the *Best Private Bank Switzerland* award 2013 bestowed on us by the trade publication *CFI Capital Finance International*.

Merrill Lynch Bank (Suisse) S.A. in Geneva (including its branches in Zurich and Dubai) was acquired by Julius Baer Group on 1 February 2013. It was merged into Bank Julius Baer & Co. Ltd. on 31 May 2013, adding primarily to the RM teams in Geneva, but also in Zurich. 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. Our Lucerne office celebrated its 15th anniversary.

Europe

Thanks to its large wealth concentration and cultural proximity, 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. Nevertheless, we managed to mitigate related outflows to a large extent. Julius Baer expects European clients to be fully tax compliant by 2015.

The local German business continued to show a very strong business momentum and again recorded healthy net new money inflows. With the opening of a new branch in Mannheim, the number of our offices in Germany increased to eight. In a comprehensive market comparison, renowned *manager magazin* named Julius Baer the *Best Private Banking Provider in Germany*. The local German business is on its way to reach break-even sometime in the foreseeable future.

While the Nordic and Benelux countries remain important contributors to business growth, the IWM integration resulted in additional offices in Luxembourg and Madrid. In London, we significantly expanded our local business volume and are now one of the larger private banks. Parallel to centralising the businesses in one large building in the City, we established another hub of our Investment Solutions Group in July 2013, the third such hub besides Switzerland and Asia. Tailored to local requirements, the Investment Advisory and Discretionary Mandate offerings are our core focus in the UK. Despite the introduction of the final withholding tax agreement between Switzerland and the UK, we were able to keep money outflows to a minimum.

Our new foothold in Spain, combined with our increasing local brand recognition, allows us to offer a vast scope of products and services to the clients in this promising region. Julius Baer is now one of only a few banks in Switzerland to offer Traspaso, a tax-efficient solution for clients domiciled in Spain and booked with Bank Julius Baer Switzerland.

The importance of Frankfurt as one of the Group's booking centres has significantly increased as a result of the IWM acquisition. As most of the client assets from the European IWM locations transferring to Julius Baer are booked on this European cross-border platform, its capacity and functionality were further enlarged.

In Italy, the Kairos transaction announced late in 2012 was approved by the Bank of Italy and closed at the end of May 2013. As part of the transaction, our Italian wealth management company, Julius Baer SIM SpA, was contributed to Kairos Investment Management SpA, a leading independent Italian

wealth manager, and the enlarged business was subsequently renamed Kairos Julius Baer SIM SpA. Julius Baer holds a 19.9% stake in its holding company. Clients of the enlarged entity benefit from a wider range of products and services as well as access to a more international investment universe within a stronger local organisation. The ultimate goal is to leverage the enlarged business and to establish a new private bank in Italy. Julius Baer Fiduciaria continues to conduct its business separately.

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 plan to enter into partnerships and networks in peripheral Eastern European markets. We therefore enlarged our dedicated desks in Singapore, Geneva and Zurich by hiring additional RMs and relocated our Vienna office to new premises. Furthermore, we intend to strengthen our desks in London and Monaco 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.

Asia

Asia continues to feature many of the world's fastest growing countries with regard to financial wealth and high net worth individuals (HNWIs). In this region, our second home market, we focus on three key geographic areas to achieve organic growth: Greater China (the People's Republic of China, Taiwan and Hong Kong), Indonesia as well as India. Moreover, we also see opportunistic growth potential in other Asian markets such as Japan, Malaysia, the Philippines and Thailand. Aside from growing our business and maintaining profitability in our two main booking centres in Singapore and Hong Kong, we continuously enhanced our offering for our clients along the entire wealth management spectrum by leveraging our strategic collaborations with Bank of China (research, products, client events and referrals), Macquarie (investment banking services) and Bank of America Merrill Lynch (global equity research and certain products). In August,

Julius Baer was named *Best Boutique Private Bank in Asia* for the fourth time by *The Asset*, a leading Asian trade publication.

In 2013, we steadily increased our core franchise areas of investment advisory, portfolio management as well as wealth & tax planning, resulting in very healthy net new money inflows, increased asset levels and improved profitability. We also broadened the core management team and hired additional RMs in Singapore, Hong Kong and Dubai.

The IWM asset transfers in Singapore and Hong Kong started at the end of May 2013 and advanced rapidly during the year. The transfer of these two businesses to Julius Baer doubled our assets under management as well as our local staff base in Asia, thereby significantly strengthening our already entrenched position in this important region. To highlight the growing importance of our second home market, we held our inaugural Next Generation Summit 2013 in Bali, Indonesia, with Nobel Laureate Paul Krugman delivering the keynote speech, among other esteemed speakers. The third edition of the *Julius Baer Wealth Report: Asia* provided yet another exclusive analysis of the HNWI landscape in this region. With the Lifestyle Index now expanded to include additional cities in North and South-East Asia, the report underpins our confidence that Asia will remain a significant driver in the creation of financial wealth in the longer term.

The strategic cooperation with Bank of China launched in mid-2012 has been gradually developed and was fully implemented in 2013. It ranges from mutual client referrals, joint research and product offerings (including fiduciary deposits, credit lines, IPOs and new issues) to a series of client events and training programmes and has already generated solid interim results. The research cooperation led to the creation of a joint project team to develop funds for QDII-certified investors.

Thanks to TFM Asset Management AG (TFM), in which we acquired a 60% stake in April 2013, Julius Baer is now rapidly increasing its business activities with Japanese clients, both internationally and on the ground. TFM holds investment advisory and investment management licences from the

Japanese Financial Services Authority and concentrates predominantly on serving Japanese HNWIs by offering discretionary portfolio management and investment advisory services.

In the non-resident Indian market, we continued to grow organically, added RMs in Singapore and Dubai, and successfully launched our first foreign-currency non-resident product.

Eastern Mediterranean, Middle East & Africa (EMMEA)

The EMMEA region is one of the most promising growth regions for Julius Baer, besides Asia, Latin America and RCEE. As Julius Baer is a rather fresh name in this part of the world, HNWIs view us as an interesting alternative to our peers. 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 RMs, not only as a result of the IWM integration but also through strategic hiring initiatives in our existing regional hub in Dubai, complemented by additional RMs based in Abu Dhabi, London and Switzerland.

On 6 December 2013, the IWM businesses based in Lebanon, Bahrain and the UAE transferred to Julius Baer. As a result, we gained new footholds in Beirut and Manama, thus further enhancing our overall position in this promising region. At the same time, we pursued preparatory work for possible local strategic initiatives expected to be launched in 2014 for Turkey, Saudi Arabia and South Africa. Furthermore, we aim to enhance our offering in order to meet the specific client requirements of this region, particularly Sharia-compliant investment solutions.

Israel

Israel continues to be an important market for Julius Baer. Following the opening of the representative office in Tel Aviv in March 2012, we additionally became operative in June 2013 with our local financial advisory unit, Julius Baer Financial Services (Israel) Ltd., licensed to engage in marketing as well as offer investment advice and portfolio manage-

PRESERVING WEALTH FOR THE NEXT GENERATION

The Next Generation investment philosophy launched in 2010 at Julius Baer focuses on forward-looking structural changes and fundamental imbalances within the economy and society at large and thus looks beyond short-term fads in market sentiment.

By spotting megatrends, such as demographic shifts, ecological balance and technological progress, and by turning our insights into promising investments, we help our clients not only to make a difference in their portfolio but also to preserve wealth for the next generation. Such investments often turn out to be more robust in the long term thanks to better risk-adjusted performance and at the same time contribute to a more sustainable world by representing additional value beyond pure financial ratios.

Julius Baer's Next Generation investment philosophy puts the Group's entire research, market, consulting and wealth planning expertise behind our clients' individual goals. Distinguishing between financial and social returns provides a simple way of navigating investment activities towards suitable solutions. We differentiate between four segments: thematic investing, sustainable investing, impact investing and philanthropy. For more information, please visit our dedicated website or listen to our regular podcasts: www.juliusbaer.com/nextgeneration.

ment services. The IWM business integration increased our domestic business significantly. Assets under management continued to grow at a very healthy rate and the number of mandates rose strongly, confirming the growth potential of this market.

Latin America

In Latin America, we currently focus on our international wealth management offering out of Uruguay, Panama, Chile and Peru. Our continuous efforts to build client relationships led to healthy net new money inflows in the region.

The transfer of the IWM businesses in Montevideo and Santiago de Chile began in April 2013 and allowed us to expand our business significantly on this fast growing continent. In 2013, we held the eighth annual Julius Baer conference at Uruguay's Punta del Este, with former Spanish Prime Minister José María Aznar as keynote speaker, and hosted several client events in this country. Julius Baer is now among the largest wealth managers in Uruguay.

Our business in Panama City operates as a broker-dealer and is regulated by the Superintendency of the Securities Markets of the Republic of Panama. The licence was granted to Julius Baer in August 2013 and was activated on 6 November 2013. Over time, we plan to grow Panama into an administrative hub for the entire Latin American region.

Since acquiring a 30% minority stake in May 2011 in GPS, Brazil's largest independent wealth manager, we have continuously strengthened this strategic cooperation through successful mutual cross-referrals and participation in each other's client events.

Independent Asset Managers

The business with Independent Asset Managers, which together with the custody business has been headed by Yves Robert-Charrue since the beginning of 2013, represents a core activity of Julius Baer. Leveraging our existing strong Swiss market standing, we continued to expand our business activities in Asia, Latin America and other selected markets in 2013.

The merger of our subsidiary Infidar Investment Advisory Ltd. and WMPartners Wealth Management Ltd. announced in November 2013 will create one of the largest independent asset management companies in Switzerland. The new entity will remain autonomous regarding investment decisions and selection of custodian banks.

To assure a consistent flow of timely investment ideas to our professional partners, we initiated a new global business approach and in parallel further enhanced the existing IT platform. Julius Baer was named *External Asset Managers' Choice* by the trade publication *Asian Private Banker* in the *Awards for Distinction* 2013.

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 (RMs) 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.

In order to emphasise the focus on comprehensive investment product advice for the daily interaction of RMs with clients, we established the Investment Consulting & Services unit as a competence centre for all product-related investment needs. In parallel, ISG's service model was realigned to ensure a smooth onboarding of our IWM colleagues.

Research, Investment Consulting and Advisory

Against an improving economic backdrop and prospects of impending normalisation of interest rates, equity themes and rate protection were our Research unit analysts' most demanded topics. Looking at future trends and their implications for today's investment decisions, our Next Generation investment philosophy produced a number of insightful studies covering a variety of business, social and technological developments.

Our Investment Advisory unit launched the Portfolio Review Service, which allows clients without mandate solutions to get an initial taste of the quality provided within a mandate framework and was widely used within all our geographic regions. The Portfolio Review Service includes a review by experienced investment specialists, a portfolio evaluation and selective reinvestment suggestions.

Managed accounts and solutions

All Portfolio Management solutions showed positive performance in absolute terms in all reference currencies (except most fixed income strategies given market development) as well as strong performance relative to peers. This mirrors the robustness of the Group's new investment approach,

focusing on prudent capital preservation instead of relative return. The launch of the tax-compliant offering as well as the new retrocession-free alternative lays a solid foundation for future growth of the discretionary mandate business.

The Bank further strengthened its fund-related offering, which follows a pure open platform approach that draws on a universe of nearly 300 actively monitored funds from more than 80 carefully selected providers. The Bank's fund offering stands for independent advice and access to the best investment houses and products. The core offering has been enriched mainly by adding more emerging market, sustainability and absolute-return-oriented investment solutions from high-quality asset managers. In addition, the Bank successfully launched a new fund offering for sophisticated asset classes such as hedge funds, private equity, real estate and real assets, offering access to exclusive and specialised investment opportunities.

Wealth & Tax Planning (WTP)

Given the evolving and increasingly complex regulatory and tax framework, the requirements for comprehensive wealth assessment and planning continued to rise. Our WTP unit met this demand by delivering outstanding wealth management solutions, thus also strongly contributing to mandate and asset inflows in all of our geographic regions. Furthermore, additional licenses were granted to Julius Baer to establish new comprehensive solutions in areas such as life & pension, private funds, etc.

Given the enlarged number of locations, the WTP unit also expanded advisory services into increasingly complex country-specific and cross-border regulatory aspects. This set of competencies is complemented by a growing global network of specialised external partners. In addition, an attractive offering for wealth planning professionals was established to facilitate the acquisition of clients with complex needs.



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 Private Banking.

Overall, the global FX markets showed more movements in 2013 than in the year before. The major topics were the strong depreciation of the Japanese yen and the occasional pronounced weakness of some emerging market currencies. The sharp price decline in precious metals also resulted in more volatility compared to 2012. As a consequence, the client-related trading volumes in FX and precious metals increased year on year, also resulting in higher revenues, predominantly in H1 2013.

Given the persistent low interest rate environment, clients continued to search for additional yield. Structured products and particularly yield enhancement products therefore enjoyed good demand. As a result, the volume of products issued by Julius Baer increased significantly in 2013.

Custody

Julius Baer is also a leading dedicated provider of global custody services in Switzerland and Singapore, enjoying an excellent market reputation. On the back of strong net new money inflows, Global Custody increased assets under custody by 6% or CHF 5.7 billion to CHF 93 billion at the end of 2013.

Julius Baer Global Custody offers country-specific expertise comprising a professional range of services with customer-oriented solutions for the worldwide settlement of transactions, centralised safekeeping, FX trading, securities execution, securities lending & borrowing, portfolio analysis and tailored reporting – from one source.

Global Custody is well on track with the implementation of its growth strategy. The key targeted client segments are pension funds, family offices, corporates, insurance companies as well as investment funds, including private label funds.

OUR EMPLOYEES

The total number of employees (full time equivalents or FTE) increased by 1,669 or 45% to 5,390 at the end of December 2013. The number of employees working outside Switzerland more than doubled to 2,126 by the end of 2013, after 951 a year ago. 1,220 new colleagues joined Julius Baer from IWM in the course of the year, including 365 relationship managers (RMs). The total number of Julius Baer RMs rose to 1,197 by the end of 2013.

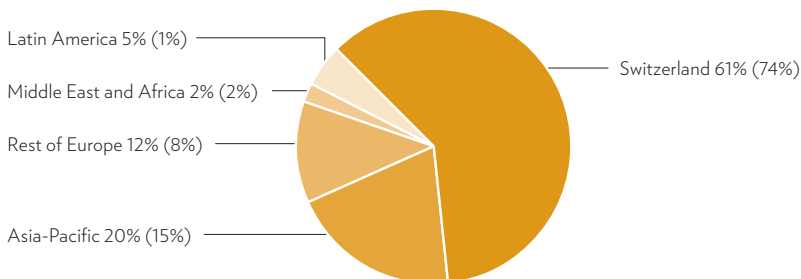
As a result of Julius Baer's rapid expansion into growth markets in recent years, further accelerated by the ongoing IWM integration, the share of employees domiciled in our home market of Switzerland continued to decrease. Its share in the geographic distribution of staff declined to 61% at the end of 2013, down from 74% at the end of 2012 and 81% at the end of 2008. While the share of Middle East and Africa (2%) remained broadly unchanged, Asia-Pacific gained 5 percentage points to 20%, Latin America quintupled to 5% and the rest of Europe increased by half to 12% year on year.

In order to attract new talents at an early stage and retain them on a long-term basis, our programme for graduates was extended to recruit high-performing talents from the best universities around the world. The existing scheme was extended into a new two-year global graduates programme comprising two nine-month stages in different areas of the Group and a six-month international assignment abroad. The first batch of ten university graduates joined Julius Baer in the areas Private Banking, Investment Solutions Group, Corporate Functions as well as Information Technology in October 2013. The second batch is planned to start their programme in October 2014.

Given the rapidly growing local employee base in Asia as a result of the IWM integration, the decision was taken to also establish a local offshoot of the Julius Baer Academy, our Group's dedicated education centre, in our second home market. In addition to supporting the ongoing IWM onboarding activities, its focus will be on combining the specific training needs and people development requirements into a comprehensive offering on the ground.

Julius Baer employees (FTE) by geography as at 31 December 2013

(31 December 2012)



INTEGRATION UPDATE

In August 2012, Julius Baer announced the acquisition of Merrill Lynch's International Wealth Management Business (IWM) outside the US. The transaction consists of a combination of legal entity acquisitions and business transfers across more than 20 locations. The integration started on 1 February 2013 and progressed rapidly over the course of the year.

The IWM integration started with the Principal Closing of the transaction on 1 February 2013, at which date Merrill Lynch Bank (Suisse) S.A. in Geneva (including branches in Zurich and Dubai) was transferred to us together with its assets under management (AuM). On 1 April 2013, the IWM entities in Montevideo, Santiago de Chile, Monaco and Luxembourg entered the transfer process. The end of May 2013 saw the initial asset transfers in

Hong Kong and Singapore, followed by the entry into the transfer process of the IWM entities in London, Madrid and Tel Aviv in July 2013, Panama City in November 2013, and the businesses in Beirut, Manama and Dubai in December 2013. Since the start of the IWM integration process on 1 February 2013, a total of 15 IWM locations have now entered the transfer process.

IWM INTEGRATION BY LOCATION

Started in 2013		Planned to start as from 2014
Beirut*	Monaco	Amsterdam*
Dubai	Montevideo	Dublin*
Geneva	Panama City*	India*, ¹
Hong Kong	Santiago de Chile	Milan
London	Singapore	(to partner company Kairos)
Luxembourg*	Tel Aviv	Paris
Madrid*	Zurich	
Manama*		

* IWM locations where Julius Baer was not yet present.

¹ India includes Bangalore, Kolkata, Chennai, Mumbai and New Delhi.

Following the successful local integration, about a quarter of our total AuM are now managed in our second home market, Asia, and the number of local employees has doubled, which makes Julius Baer one of the leading international wealth managers in the region. In London, the acquisition has elevated Julius Baer from a niche player to one of the bigger private banks. In Latin America, with the new location in Panama City and the increased presence in Montevideo and Santiago de Chile, Julius Baer will rank among the largest international pure-play private banks in the region post integration. With the new location in Madrid, we have gained a significant franchise in the local Spanish market. In the Middle East, through the new footholds in Beirut and Manama and the strengthened presence in Dubai, we expanded our footprint in the important and growing Middle Eastern wealth management market.

IWM development and targets

The agreed transaction price is 1.2% of IWM AuM transferred, payable as and when these AuM are booked on one of the Julius Baer booking platforms. In the case of business transfers, the IWM AuM are transferred, booked and paid for in steps. In situations where IWM legal entities have been acquired but the client custody of the AuM is still on the platform of Bank of America Merrill Lynch (BAML), Julius Baer is allocated the full revenues and expenses in relation to these AuM and is charged with platform costs by BAML.

In the first half of 2013, CHF 24 billion of IWM AuM were transferred to Julius Baer, of which CHF 12 billion booked on the Julius Baer platforms and paid for. In the second half of 2013, over CHF 28 billion of IWM AuM were additionally transferred to Julius Baer, taking total IWM AuM reported to CHF 53 billion by the end of 2013, of which CHF 40 billion were booked on the Julius Baer platforms and paid for. The total number of IWM staff at Julius Baer has increased to 1,220 full-time equivalents (FTEs), of which 365 FTEs are relationship managers. As a

result of the successful transfer rate in 2013 and based on the current expectations for the remainder of the integration process, it is envisaged that by the end of the integration process in early 2015, the Group will achieve the asset transfer target, towards the lower end of the CHF 57 billion to CHF 72 billion range, which would thereby accordingly reduce the maximum total transaction price.

Compared to the rest of the Group, the revenues from the IWM business are presently more sensitive to changes in client activity and they were impacted to some extent by temporary disruptions in 2013 given the intensity of the preparatory work for the asset transfer process in the second half of the year.

Before the end of 2013, the Group started sequentially implementing the required restructuring and rightsizing measures with an objective to achieve the previously stated profitability improvement targets for 2014 and 2015. The estimate for the total IWM-related restructuring and integration costs to be borne by Julius Baer remains at CHF 455 million, of which CHF 244 million was booked in 2012 and 2013.

‘We are well on our way to creating the new reference in private banking.’

A transaction of this size not only requires careful planning and disciplined implementation but also the full commitment and dedication of managers and employees from both IWM and Julius Baer. This includes comprehensive and targeted training programmes for the IWM staff ranging from company culture, business model and investment strategy to products, processes and compliance as well as specific requirements of the integration process.

COMMUNITY ENGAGEMENT

The community as well as the sponsoring activities of Julius Baer share the same goal towards which we strive every day as a business enterprise: to consider the specific needs of each individual. That is why we support carefully selected charity projects as well as cultural and sports events that have made a strong impression on us because of their dynamics, impact and innovation.

Through the Julius Baer Foundation, we participate in international projects for the benefit of children and young adults by providing long-term support to various projects in Europe, Asia, Africa and Latin America¹. As a new initiative in Switzerland, in cooperation with Dancing Classrooms, the Foundation supports dance lessons for primary school children, thereby facilitating social interaction between children from different backgrounds.

Other projects in cooperation with various charity organisations include, among others, the construction of boarding houses for children in Laos, education for young people in Myanmar, hot meals as well as lessons in English and IT for children in Tanzania, study courses in administrative assistance and sales in Brazil and finally a sport and social programme for township children in South Africa.

Our sponsoring activities specifically focus on art, classical music and high-calibre sports. Fostering young people and talents is a particular goal of all our engagements. In the area of classical music, we brought the Verbier Festival Chamber Orchestra on a tour of China for the first time, while the Verbier Festival in Switzerland celebrated its 20th anniversary. Also in Switzerland, we continued our engagement with the Lucerne Festival at the Piano, started supporting the Orpheum Foundation to foster young soloists and continued sponsoring the summer festival Live at Sunset in Zurich.

Furthermore, we backed the Gustav Mahler Youth Orchestra in Vienna, the Berne Symphony Orchestra and the International Opera Studio of the Zurich Opera House.

As art is one of our main sponsoring pillars, we supported the Sovereign Asian Art prize for the third time, again backed the Swiss Photo Award – ewz.selection in 2013, increased our engagement in the Städel Museum in Frankfurt, Germany, and continued our partnership with Art Basel. In Cologne, Germany, we supported the Wolfgang-Hahn award for modern and contemporary art for the third year. In summer, we entered into a new, exciting commitment with the British Museum in London, sponsoring the exhibition ‘Beyond El Dorado: power and gold in ancient Columbia’, which runs until 23 March 2014. In Abu Dhabi, we not only supported the Art Fair but organised an exhibition showcasing Swiss artworks from our corporate collection, selected for the Abu Dhabi Art event. Another Julius Baer selection was also exhibited in Lugano, Switzerland, at the Museo Cantonale d’Arte.

With regards to sport, we launched the Julius Baer Beach Polo Cup in Dubai and continued the Julius Baer Beach Polo World Cup in Sylt, Germany. We also supported various sporting events such as the Formula 1 in Monaco and Abu Dhabi and the L’Ormarins horse racing event in Cape Town.

¹ www.juliusbaer.com/donations



JULIUS BAER SUPPORTS YOUTH EMPOWERMENT IN NICARAGUA

Young people in the rural areas of Nicaragua are confronted with high unemployment and limited infrastructure. Hence, it is vital to improve their living conditions, because otherwise many would be forced to leave their villages. SWISSAID gives these youth prospects for a future within their region by training them in sustainable agriculture, diversification of cultivated crops, biological pest control, optimum storage and rearing livestock. By selling beans, manioc, bananas and vegetables, additional income can be generated that enables them to provide for their families and even attend further training courses.

SWISSAID, one of the leading aid organisations in Switzerland, has received backing from the Julius Baer Foundation since 2012. With its projects around the globe, SWISSAID supports small-scale, self-assistance projects for the poorest parts of the population, implemented with the help of local organisations and the people involved.

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 charity 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 servicing and advising sophisticated private clients from 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 opportunistic acquisitions provided they offer a convincing strategic and cultural fit and are value-enhancing.

Julius Baer Group Ltd.

Board of Directors
Daniel J. Sauter, Chairman

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

General Counsel
Christoph Hiestand

Executive Board

JULIUS BAER ON THE STOCK EXCHANGE

The Julius Baer Group, headquartered in Zurich, is one of the leading 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 Leader Index (SLI) and the Swiss Market Index (SMI), the latter of which comprises the 20 largest and most liquid blue chip companies traded on the SIX Swiss Exchange. At 31 December 2013, the market capitalisation of the Group's shares was CHF 9.6 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 in 2013 (indexed)



IMPORTANT DATES

Annual General Meeting: 9 April 2014
Publication of Interim Management Statement: 14 May 2014
Publication of 2014 half-year results: 22 July 2014

CORPORATE CONTACTS

Group Communications

Jan A. Bielinski
Chief Communications Officer
Telephone +41 (0) 58 888 5777

Investor Relations

Alexander C. van Leeuwen
Telephone +41 (0) 58 888 5256

Media Relations

Jan Vonder Muehl
Telephone +41 (0) 58 888 8888

International Banking Relations

Kaspar H. Schmid
Telephone +41 (0) 58 888 5497

This brief report is intended for informational purposes only and does not constitute an offer of products/services or an investment recommendation. The content is not intended for use by or distribution to any person in any jurisdiction or country where such distribution, publication or use would be contrary to the law or regulatory provisions. We also caution readers that risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved.

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

The Annual Report 2013 of Julius Baer Group Ltd. containing the audited IFRS financial accounts of the Julius Baer Group for the year 2013 is available at www.juliusbaer.com as of 3 March 2014.



JULIUS BAER GROUP

Head Office
Bahnhofstrasse 36
P.O. Box
8010 Zurich
Switzerland
Telephone +41 (0) 58 888 1111
Fax +41 (0) 58 888 5517
www.juliusbaer.com

The Julius Baer Group
is present in over
40 locations worldwide.
From Zurich (Head Office),
Dubai, Frankfurt, Geneva,
Hong Kong, London,
Lugano, Monaco, Montevideo,
Moscow, Singapore to Tokyo.

03.02.2014 Publ. No. PU00062EN
© JULIUS BAER GROUP, 2014