Julius Bär

SPEECHES

at the Annual General Meeting 2014
of Julius Baer Group Ltd.

Zurich, 9 April 2014

Chairman's address

Daniel J. Sauter
Chairman of the Board of Directors

Presentation of the business development 2013

Boris F.J. Collardi
Chief Executive Officer

Check against delivery.

Chairman's address
Daniel J. Sauter, Chairman of the Board of Directors

Dear shareholders, guests, fellow members of the Board of Directors, and employees of the Julius Baer Group

I am pleased to welcome you to the Annual General Meeting of Julius Baer Group Ltd. We conclude a financial year today which was challenging but also exciting in many respects:

- The global economy stabilised on the whole last year, and a modest economic recovery began to emerge primarily in the developed economies. Together with the continued ultra-loose monetary policy of the major central banks, this provided a positive environment for the financial markets. But the sudden sharp rise in interest rates in early summer and the quick flattening of capital flows in several growth markets were a clear indication of ongoing risks and unresolved problems on the monetary, economic and geopolitical front.
- The uncertainty related to these circumstances was also reflected in the activity of our clientele – i.e. in the number of transactions – which waned in the second half of the year after a relatively strong and lively first half. At the same time, the regulatory requirements remained high or became even more restrictive in some markets.
- In addition to the normal day-to-day business, the integration of Merrill Lynch's International Wealth Management business (IWM) – more precisely, their private banking business outside the United States and Japan – posed major organisational challenges for us. The Group's senior management and staff took up this task with great energy and commitment at the beginning of last year and mastered it with flying colours.
- Against this challenging backdrop and thanks to continued cost consciousness, our Group produced strong operating performance and

increased the adjusted net profit by 19% to 480 million Swiss francs. 2013 was also an important year mainly because of the implementation of our strategy on our way to becoming the new reference in private banking. Our Chief Executive Officer, Boris Collardi, will take a detailed look at the 2013 business results following my address.

Julius Baer – the new reference in private banking

The acquisition of IWM represents a rare opportunity for Julius Baer to take over a pure wealth management business of international standing and significant size. The scope and complexity of the transaction are extraordinary, involving the transfer and integration into our organisation of mostly employees and clients as well as a select few companies in 25 different countries. To move forward as swiftly as possible, we prioritised the different pieces of the acquisition according to size, importance and location. Hence, by the end of 2013 many key Merrill Lynch locations had completed the transfer process, and the bulk of the assets targeted for acquisition were already advised from the Julius Baer platform by our new colleagues. The volume of acquired assets amounted to 53 billion Swiss francs at the end of 2013, which equates to more than a quarter of the assets managed by Julius Baer at the time the transaction was announced.

Thanks to outstanding preparation as well as the meticulously planned and closely guided transfer to Julius Baer, the reactions of the newly welcomed clients and relationship managers were very positive. The new staff members received a warm welcome and strong support from their Julius Baer colleagues, allowing them to adjust to their new surroundings swiftly and provide their clients with the customary service quality. Around 150 full-time employees from Julius Baer contributed to this success, aided by many colleagues in support functions. I wish to express my highest appreciation for their remarkable dedication.

In view of the extremely complex transaction, this success should not be taken for granted. After announcement of the takeover in August 2012 and in the ensuing months, the market signalled some doubts regarding the feasibility, but we have diffused these doubts in the meantime through good results:

- As we expected, the fit in terms of corporate culture and business model is very good. The acquired Merrill Lynch entities specialise in providing long-term service to wealthy private clients in the same manner as Julius Baer and have just as strong a client focus. The relationship manager is the key contact person and ensures optimal advice and utmost service quality. Many of the new relationship managers at Julius Baer appreciate our open, conflict-free product platform and the added possibilities it provides, for example, in the lending area or in offering specialised products from third-party providers. Julius Baer also has access to outstanding research and investment banking services from Bank of America Merrill Lynch as part of a strategic cooperation agreement. This benefits all our clients.
- Thanks to this business and cultural fit, we were able to persuade the majority of key personnel to join Julius Baer. Private banking is a relationship business; the mutual trust between the client and the relationship manager is the cornerstone. One of the decisive success factors for this transaction was therefore proactive and personal communication. The Merrill Lynch relationship managers needed to be convinced of the potential to provide their clients with high service quality and with the same level of product expertise from the Julius Baer platform. And we succeeded in doing this! In the run-up to the integration, each Merrill Lynch location was visited multiple times by our CEO or by members of the Executive Board. This enabled us to address any reservations actively and to lay the foundation for a joint future under the umbrella of Julius Baer.
- We contacted the various regulators early on and explained the transaction and our planned course of action to them in detail. By the scheduled start of the integration on 1 February 2013, we already had the fundamental approvals from the main regulators.

- The technical migration of the client relationships and the assets under management has gone without a hitch up to now and has been efficiently handled by the Bank's core banking systems. Beneath the surface of this simple statement are enormous efforts for the transfer and opening of thousands of client relationships and accounts involving tens of thousands of security positions traded on exchanges spanning the globe.

Today, more than a year after the beginning of the integration, we can say with satisfaction that the confidence in our know-how and efficiency in handling acquisitions was justified. This testifies to the great momentum and vitality of our organisation, which we are all very proud of.

Successful adjustment to changed operating conditions

The IWM acquisition ideally complements our Group's geographic diversification which began in 2005. We want to be the business partner of choice for our clients, to be seen as an attractive employer by our employees and to offer our shareholders a sustainably competitive and profitable company.

The past few years have brought profound changes in rapid succession. The growth markets have made enormous gains in economic stature and self-confidence. Since the Asia crisis at the end of the 1990s, their share of the global economy has nearly doubled to 38%. Significant wealth creation is taking place mainly in these countries today. Parallel to this, the regulatory requirements at the national and international levels have intensified sharply as a result of the various credit, liquidity and financial crises. This has massively increased the legal and compliance costs for operating in individual markets. To handle these higher expenses cost-effectively, a much higher business volume is needed. This also explains the frequently cited consolidation pressure in our industry.

In this constantly changing environment, the IWM transaction allows us to take a major step forward thanks to the following effects upon completion of the integration:

- Our presence in the growth markets will rise to a level representing around 50% of our assets under management, and our position in the European core markets will be strengthened.
- Julius Baer will have reached critical mass, and we will be able to sustainably increase the profitability of the enlarged Group in the future through realisation of the announced synergy potential.
- We will be operating in an increasingly dwindling segment of major companies focused exclusively on private banking. Our clientele values our broad range of offerings complemented through cooperation partners, our cultural openness and proximity as well as our 125-year history as a private bank with strong Swiss roots.

The pressure to change will continue. For example, the movement towards nearly unlimited international tax transparency has strongly accelerated. Already on 1 July of this year, the US tax legislation FATCA enters into force. It requires foreign financial institutions to disclose information about accounts of US citizens to the US tax authorities. The *FATCA light* agreement between Switzerland and the USA signed at the outset of 2013 allows for administrative and thus also financial simplifications in the implementation process for the reporting Swiss financial institutions. In contrast to the automatic exchange of information, which the OECD recently outlined, this agreement does not provide for reciprocity.

Switzerland is prepared to introduce the automatic exchange of information. Procedural questions still have to be clarified, but our country has done well in getting across its demands for reciprocity, data security and strictly limited access. They are considered a prerequisite so that a change to the automatic exchange of information can be arranged in bilateral agreements. To finally put the past behind us, simultaneous to introducing the automatic exchange of information it would also be desirable to agree on solid rules for legalising untaxed money from the past, along the lines of the final withholding tax agreements with the United Kingdom and Austria which entered into force on 1 January 2013. Bank Julius Baer has proactively approached its clients for some time now on the topic of legalising assets and has set the goal of getting all our European clients tax compliant by 2015 at the latest.

The regulatory requirements and associated costs for an international bank will not decline in the future. We want to continue offering our clients outstanding products and services. Hence, we will direct our attention more strongly on the quality of client care as we move forward. To the extent possible, relationship managers should be relieved from the burden of administrative duties in favour of making more time available for advising our clients. At the same time, we need to adapt our business model to the requirements of ever more mobile and well-informed clients. We therefore began last year to define the features of a new, modern and flexible core banking platform. We have set ambitious goals with respect to our new IT system and are working energetically to achieve them.

Creating added value

Over the past ten years, the dimensions at Julius Baer have changed substantially. The total number of employees has tripled to 5,400. Alone in Switzerland, we have generated 1,800 additional jobs in the past ten years and thus more than doubled our workforce in this country by the end of 2013. Over the same period, the number of Julius Baer employees in Switzerland without a Swiss passport steadily increased and, similar to the percentage of foreigners living in Switzerland on the whole, exceeded the mark of 20% in 2013 for the first time.

The growing internationalisation of our Group therefore also clearly applies to our workforce. Just like the entire Swiss economy, we benefit from the outstanding professionals from abroad. They not only bring new and valuable momentum, skills and capabilities into our company but also personify the cosmopolitan outlook and enrich our cultural diversity which makes us so internationally unique. This is no contradiction with our Swiss roots or our sense of kinship with our country and our home market, but rather a key part of it. We are very unhappy about the adoption of the *Stop mass immigration* initiative and we hope that the political process underway can lead to a solution which will not sustainably handicap or even isolate the country and does not hamper the competitiveness of the multinational companies operating in Switzerland!

Our reputation as a private bank is reflected both in the numerous awards we have received and in the value of the Julius Baer brand, which has more than quadrupled since 2005 to over 1.7 billion Swiss francs according to relevant market studies. The Julius Baer brand has adopted a new look, which has been in use since the publication of the annual financial results in early February 2014. This further development of our identity not only makes the image of our Group more elegant and contemporary but also in a refreshing way reflects our exclusive focus on private banking as well as the significantly more international emphasis of Julius Baer.

We have successfully created added value over the past ten years and laid the foundation for profitable future growth through the strategic refocusing of the Group. And this added value has benefitted all stakeholder groups. In the past decade, we have paid out dividends totalling 1.1 billion Swiss francs and bought back Julius Baer shares valued at 1.4 billion Swiss francs. We are very proud that over the past ten years, we have handed over 1.1 billion Swiss francs in corporate taxes to the government – proud because the Julius Baer Group has always been able to produce a profit ever since it was founded and even *during* the past crisis years.

New compensation system for the Julius Baer Group

In recent years, intensive public and political discussions have taken place regarding to what extent and according to which criteria members of boards of directors and of executive boards may participate in the created added value.

A year ago, you took a clear stance on this topic. In response to the rejection of last year's Remuneration Report, the Board of Directors reassessed and reshaped the Group's compensation system from the ground up. Through discussions with many shareholders, we learned what we needed to change. The focus centred not only on what shareholders viewed as the premature payment of the IWM integration bonuses – which, by the way, we cancelled this year without replacement – but also on structural deficits and insufficiently detailed explanations of the individual compensation elements.

We looked at all the points of criticism and – with the support of external specialists and in accordance with all legal and regulatory requirements – worked through them in the Compensation Committee of the Board of Directors. This process resulted in a reshaped compensation system.

The core features of the new compensation system are increased transparency, a clear link to performance (i.e. pay for performance) and a longer deferral element for variable compensation:

- Performance-based remuneration has been introduced at the Executive Board level for *all* variable compensation elements.
- The new compensation system comprises – apart from the base salary – a deferred bonus plan, which has already been implemented for the performances of 2013, and an equity performance plan, which is effective as of 2014 and will cliff vest based on the achievement of performance targets over three year periods.
- Clearly defined caps have been established for both programmes. Hence, the target compensation for achieving the stated performance targets should be three times the base salary, but it should never exceed four times the base salary if the performance targets are surpassed.
- Based on detailed benchmarking relative to similarly sized companies, the compensation mix of the Executive Board has also been rebalanced. In the future, a large part of the variable compensation will come from the performance-based, deferred equity plan.
- In addition, share ownership guidelines have been introduced for the members of the Board of Directors and of the Executive Board to document and strengthen their commitment to Julius Baer.

The Board of Directors is convinced that the new compensation system both addresses the reservations expressed a year ago and will allow competitive compensation of our Group's top management in line with current standards. The topic of compensation is here to stay, and we will carefully monitor all developments and make the necessary changes to ensure that the compensation system is viewed by all major stakeholder groups as correct, fair and appropriate as we move forward.

The details of the new compensation concept are described in depth in the Remuneration Report of the Group.

Amendments to the Articles of Incorporation

The *Ordinance against excessive compensation in listed companies* based on the *Minder* initiative requires that certain provisions on compensation also be contained in the Articles of Incorporation, explicitly including the system and the type of compensation of the Board of Directors and of the Executive Board.

The proposed revision of the Articles of Incorporation of Julius Baer Group Ltd. to be voted on today under agenda item 6 complies with the ordinance of the Swiss Federal Council. We view the Articles of Incorporation as a set of rules which governs the principles of our company. Detailed codes of behaviour and guidelines should be derived from them, but they should be set forth in subordinate documents.

Compensation of the members of the Board of Directors consists solely of a base remuneration, whereas the compensation of the members of the Executive Board comprises fixed *and* variable elements. Our Articles of Incorporation prohibit the payment of a variable compensation element to the Board of Directors. And we will abide by this. Let me also point out that the compensation will be described in detail each year in the Remuneration Report and be submitted to the Annual General Meeting as of 2015 for binding approval.

The Julius Baer Group has chosen a dual compensation system in the belief that this is the most appropriate solution for both you as shareholders and for the company:

- The base remuneration of the Board of Directors for the next term of office will be submitted to the Annual General Meeting for approval.
- The fixed compensation of the Executive Board for the financial year following the respective Annual General Meeting will be submitted to the Annual General Meeting for approval. This creates planning certainty for the company.
- The variable compensation of the Executive Board for the financial year preceding the respective Annual General Meeting will be submitted to the Annual General Meeting retrospectively for approval. This ensures that the financial results can be suitably considered and that *you* can cast a binding vote on this basis.

Julius Baer is very well positioned to successfully master the future challenges of our industry. We are facing additional major challenges, whether they are bringing the integration of Merrill Lynch to a successful close, remaining a first-class partner for our clientele in all matters of wealth management or creating sustained added value in the long run for our shareholders.

At the same time, we can count on our excellent and highly motivated employees who have demonstrated outstanding commitment and creativity over the past months. I thank them for this performance. My thanks also go out to our Executive Board. This team, which has remained stable for years now, has done outstanding work in implementing our business strategy.

I also wish to thank all our shareholders and our clientele for the loyalty and devotion as well as their trust in us.

Presentation of the business development 2013
Boris F.J. Collardi, Chief Executive Officer

Ladies and gentlemen

I am pleased to have the opportunity to inform you today about the performance and development of the Julius Baer Group in 2013.

The 2013 financial year was a gratifying one considering the financial market environment and an exciting one in the development of Julius Baer. Regarding the activity of our clientele, 2013 was a year of two halves: the first six months brought very high client activity and trading volumes as well as positive performance for most asset classes in most markets. The tide was then turned by the prospect of central banks reducing liquidity and a resulting rise in interest rates as well as by capital outflows from several growth markets. Although equity investments in particular continued to record significant gains, cautiousness spread among our clients in the second half of the year.

In view of this difficult environment and the related uncertainties, client demand for timely and forward-looking market assessments remained strong, giving us many opportunities to demonstrate the quality of our expert advice. The sustained quality and relevance of our products and services is also reflected in the many awards which we received once again in the various regions.

We made tremendous progress in the integration of IWM, the International Wealth Management business of Merrill Lynch outside the USA. Since the integration began at the start of February 2013, there has been an impressive transfer of clients, assets and outstanding professionals from IWM to Julius Baer. Compared with the situation 12 months ago, Julius Baer now has a significantly broader geographic reach and is thus well on its way to becoming the new international reference in private banking.

ASSETS UNDER MANAGEMENT AT NEW RECORD HIGH – EARNING POWER MAINTAINED

CHF mn	**2013**	2012	Change
Assets under Management (bn)	**254.4**	189.3	34.4%
Average assets under management (bn)	**229.0**	181.1	26.4%
Adjusted net profit[1]	**479.8**	403.6	18.9%
Operating income	**2 194.7**	1 737.4	26.3%
Adjusted operating expenses[1]	**1 611.5**	1 247.4	29.2%
Cost/income ratio (%)	**71.3**	72.8	-
Number of employees (FTEE)	**5 390**	3 721	44.9%
Relationship Managers (add. from IWM: 365)	**1 197**	806	48.5%
BIS tier 1 capital ratio	**20.9%**[2]	29.3%	-
Market capitalisation (bn)	**9.6**	7.0	36.9%
Moody's Rating Bank Julius Baer & Co. Ltd.	**A1**	A1	-

[1] Excluding amortisation of intangible assets, integration and restructuring costs as well as the provision for UK withholding tax. Including these positions, the net profit was CHF 188 million in 2013, down 30% from CHF 269 million in 2012 .
[2] Decrease due to IWM acquisition

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We produced solid operational performance on the whole in 2013, but the impact of the IWM integration is unmistakeable. IWM accounted for 53 billion of the 65 billion rise in assets under management to 254 billion Swiss francs. Within a year, we thus increased our assets under management beyond the mark of 200 billion as well as the mark of 250 billion Swiss francs – a remarkable development. In addition to IWM, net new money inflows of 7.6 billion and market performance of 7 billion Swiss francs contributed to the growth in assets under management. At the same time, we were hit by a negative currency impact of 3 billion Swiss francs. On a positive note, however, thanks to IWM the currency impact of our cost base in Swiss francs has declined as expected, by 10% up to now to approximately 65% at present. Net new money continued to flow mainly from the growth markets and from the local business in Germany. In contrast, inflows in the cross-border European business were more than offset by tax regularisations of legacy assets.

Despite the strong rise in assets under management, the Group maintained its overall profitability. Operating income thus increased in line with the growth in average assets under management, mainly driven by a slightly above-average rise in net commission and fee income and a strong increase in net trading income, especially in the first half of the year. The transfer of the IWM businesses was also largely responsible for the growth in adjusted operating expenses by 29%. Owing to the staggered transfer of IWM staff, however, personnel expenses grew at a relatively slower pace and were up by 20%. Even so, the total number of employees rose by a strong 45% to 5,390 full-time equivalents, with three quarters of this increase attributable to IWM.

In the wake of these shifts, the adjusted cost/income ratio improved to 71%. Excluding the costs related to the US tax situation, it would have improved to 70%. These costs amounted to 35 million Swiss francs in 2013, including 15 million as a provision for expected future legal fees. We are working closely together with the US authorities and are fundamentally ready to reach a settlement. We are confident that this tax issue of the past can be resolved in the foreseeable future.

Adjusted net profit grew year on year by 19% to 480 million Swiss francs. When we speak of adjustment, we mean the exclusion of a number of costs mainly relating to previous transactions, but also concerning the ongoing IWM acquisition, which are recognised in the current accounting period. In short, these costs are the price for our investments in the future of our company. What is truly of interest to us as the management team – and to you as shareholders of our Group, as well as to the financial analysts – is the performance of the actual operating business. This is the only basis on which a meaningful comparison of the underlying results over time is possible. One consequence of this approach, however, is that the net profit according to the IFRS accounting standards, as it is stated in our Group's 2013 Annual Report, is somewhat lower than the adjusted net profit. In view of the ongoing IWM integration and the considerable related integration and restructuring costs, this difference is particularly noticeable this year.

I would now like to take a look at the development of the Julius Baer Group in the individual markets.

STRONG PROGRESS IN EUROPEAN CORE MARKETS

Switzerland		• Increasing penetration of our home market • Offering full scope of domestic private banking services • Integration of Merrill Lynch Bank (Suisse) S.A. largely completed
Europe	**Germany**	• Strong growth of domestic business • Manager Magazin: *Best Private Banking Provider in Germany* • Transformation of our booking platform in Frankfurt into a European hub
	Italy	• Kairos transaction completed; application for private banking license
	United Kingdom	• From a niche player to one of the bigger private banks

Julius Bär

In Switzerland, our total of 15 locations gives us a broad presence in all distinct language regions. This cultural and linguistic diversity is a cornerstone of our strategy in our home market, which we continued to pursue successfully in 2013 under new leadership. The core of this 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 in 2013.

The integration of Merrill Lynch Bank (Suisse) S.A. in Geneva, with its branches in Zurich and Dubai, is nearly complete.

Consolidation continues in Switzerland's independent asset manager industry, opening up attractive opportunities for us. In mid-November 2013, we announced the merger of our subsidiary Infidar Investment Advisory Ltd. with WMPartners Wealth Management Ltd. By 1 April this year, this move created one of the largest independent asset management companies in Switzerland, with assets under management of nearly 4.5 billion Swiss francs.

Europe was a very dynamic region for us last year. The local business in Germany, under the leadership of Bank Julius Bär Europe AG, continued to show very strong business momentum and again recorded healthy net new money inflows. Following the opening of a new branch in Mannheim, we now have a total of eight locations in Germany. In a comprehensive market comparison, renowned *manager magazin* named Julius Baer the *Best Private Banking Provider in Germany*.

The importance of Frankfurt as one of the Group's booking centres has significantly increased as a result of the IWM acquisition. Most of the client assets from the European IWM locations transferring to Julius Baer – spanning from the United Kingdom, Spain and the Netherlands to Luxembourg – will be or are already booked on this European cross-border platform. Its capacity and functionality were therefore further enlarged.

In May 2013, we closed the Kairos transaction in Italy announced late in 2012. Our Italian wealth management company, Julius Baer SIM SpA, is now part of independent wealth manager Kairos Julius Baer SIM SpA, and Julius Baer holds a 19.9% stake in its holding company. The next step now is to apply for a local private banking license.

The IWM integration brought massive changes in the United Kingdom. In London, we immensely expanded our local business volume, elevating us from a niche player to one of the bigger private banks.

We also continued to invest and make progress in our markets outside Europe:

STRENGTHENING OF OUR MARKET POSITION FROM CENTRAL EUROPE TO THE PERSIAN GULF

Russia, Central & Eastern Europe	• Broadening of our market position spurs strong net new money inflows • Further strengthening of our dedicated desks in Zurich, Geneva, London, Monaco, Singapore and Vienna
Middle East & Eastern Mediterranean	**Middle East** • Strong net new money inflows thanks to ongoing increase of market coverage • Additional local presence in Beirut and Manama through IWM transaction
	Israel • New financial advisory company extends market penetration • IWM transaction complements our local business

Julius Bär

In Russia, Central and Eastern Europe, we further raised the profile of our brand as well as our products and services. This effort brought us substantial net new money inflows.

Despite a difficult political environment in some countries in the Eastern Mediterranean and in the Middle East, we successfully improved our market penetration in this region. We significantly increased the number of clients and RMs, not only as a result of the IWM integration but also through strategic initiatives to hire additional RMs and client relationship teams. At the end of 2013, the IWM businesses based in Lebanon, Bahrain and the UAE transferred to Julius Baer, giving us new locations in Beirut and Manama.

In Israel, where we opened a representative office in 2012, we added a financial advisory unit in 2013. The IWM business integration increased our domestic business significantly.

Extensive changes took place in the growth markets in 2013:

QUANTUM LEAP IN GROWTH MARKETS

Asia	• IWM integration largely completed – lifts us into Asia's top 10 wealth managers • Perfect constellation to tackle new growth in North and South East Asia • The Asset: *Best Boutique Private Bank in Asia* • Successful cooperation with our partners – Bank of China: mainland China – Macquarie: investment banking and corporate finance – Bank of America: research and products (globally)
	Japan • 60% majority stake in TFM Asset Management AG
Latin America	• Regional coverage from different locations • Panama to be established as regional hub • Julius Baer will rank among the largest pure-play private banks in Latin America after the IWM integration • Successful collaboration with GPS in Brazil, 80% stake

Julius Bär

In Asia, the nearly complete transfer of IWM businesses doubled our assets under management as well as our local staff base in this region. About a quarter of Julius Baer's total assets under management are now managed in Asia by the over 1,000 employees located there in the meantime. We are one of the leading international wealth managers in the region today and cover its biggest markets from our locations in Singapore, Hong Kong, Shanghai and Jakarta. This presence is complemented by our cooperation with Bank of China. And further cooperation agreements exist with Macquarie and Bank of America, the latter on a global basis. In Japan, we gained a foothold in April 2013 through the 60% stake in TFM Asset Management AG. This allows us to expand our business activities with Japanese clients, both internationally and on the ground. In August 2013, Julius Baer was named the *Best Boutique Private Bank in Asia* for the fourth straight time by *The Asset*, a leading Asian trade publication.

In the highly competitive Latin American market, we are currently focusing on our international wealth management offering out of Uruguay, Chile, Peru and recently added Panama. We plan for Panama to eventually serve as a regional hub in Latin America for our Group. Upon completion of the IWM integration, we will be one of the largest private banks in the region. The integration process is moving somewhat less swiftly here, but it is still within the targeted time frame. Our continuous efforts to build client relationships led to healthy net new money inflows in the region in 2013. In Brazil, our cooperation with GPS is progressing well. It is the country's largest independent wealth manager and growing significantly faster than the overall market. The Julius Baer Group acquired a 30% minority stake in 2011 and increased it to 80% majority participation at the end of March this year.

Whereas 2013 was dominated by the IWM integration and the geographic diversification of Julius Baer, our focus in 2014 – apart from integrating the few remaining IWM entities – will be firmly on improving the cost efficiency of our rapidly growing business. At the end of 2013, we therefore launched the restructuring and rightsizing process as announced at the outset of the acquisition. Parallel to this, we will scrutinise all operational issues relating to client focus, structure and efficient workflows for our significantly enlarged organisation as we prepare for a new core banking platform. We will thus lay the operational foundation for our future growth as well as for a level of service quality which clearly distinguishes us from the international competition – as the new reference in private banking.

We all have reason to be optimistic about the future. Our industry is undergoing pivotal changes, but it offers outstanding growth opportunities for providers such as Julius Baer who have a broad geographic footprint and a clear focus. We will continue to exploit these advantages, aided by our strong financial base and a staff that distinguished itself yet again over the past months through exemplary commitment and supreme effort. I wish to take this opportunity to thank you again, dear colleagues, for this job well done.

This brings me to the end of my comments. Thank you for listening.