

Julius Bär

## HY 2016 RESULTS AND BUSINESS UPDATE

Presentation for Investors, Analysts & Media  
Zurich, 25 July 2016



# CONTENT

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## **Introduction**

Boris F.J. Collardi, CEO

# PROMISING START TO A YEAR OF INVESTMENTS

Validation of our focused business model – Significant hiring initiative

Encouraging  
AuM and margin  
development,  
given market  
challenges

- Assets under management up 4% to record CHF 311 billion
- Net new money close to 4% – accelerated after slow start to period
- Gross margin 95 bps – down from strong H1 2015 – but up from H2
- H1 cost impact from growth investments balanced by pension credit
- Investments to continue in H2, partly offset by cost measures
- Adjusted cost/income ratio<sup>1</sup> 64.7% (without pension fund impact: 69.1%)
- Adjusted net profit<sup>2</sup> up 5%<sup>3</sup> to CHF 402 million

2016:  
Investments in a  
new phase of  
growth

- Phase of accelerated organic growth started
  - Based on already completed signings, >200 RMs (gross) will join in 2016
  - Net increase for H1 close to 50 - already well above net total of 40 RMs hired in all of 2015
- Realigned organisation further drives market and client focus
- Investments will impact short-term profit growth, but will create value in next years
- Medium-term targets reaffirmed

<sup>1</sup> Calculated using adjusted operating expenses<sup>2</sup>, excluding valuation allowances, provisions and losses | <sup>2</sup> Excluding amortisation of intangible assets, integration and restructuring costs related to acquisitions or divestments | <sup>3</sup> When excluding from the H1 2015 adjusted results the initial USD 350 million (CHF 326 million) provision for the settlement with the US Department of Justice regarding the legacy US cross-border business. When including this provision in the H1 2015 results, the year-on-year increase in adjusted net profit was 270%

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## **Financial Results HY 2016**

Dieter A. Enkelmann, CFO

# SCOPE OF PRESENTATION OF FINANCIALS

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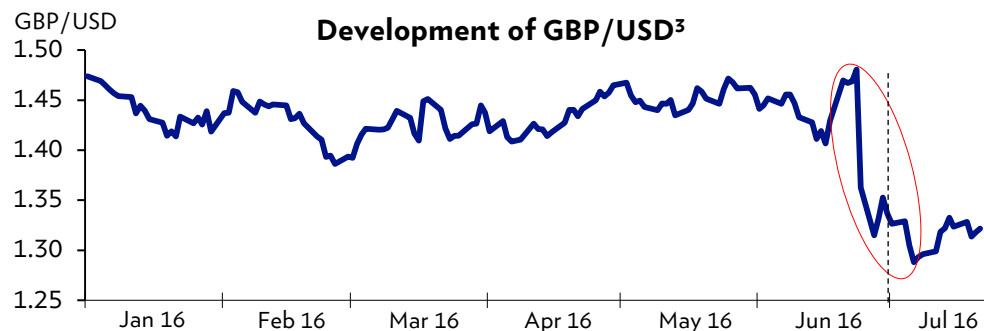
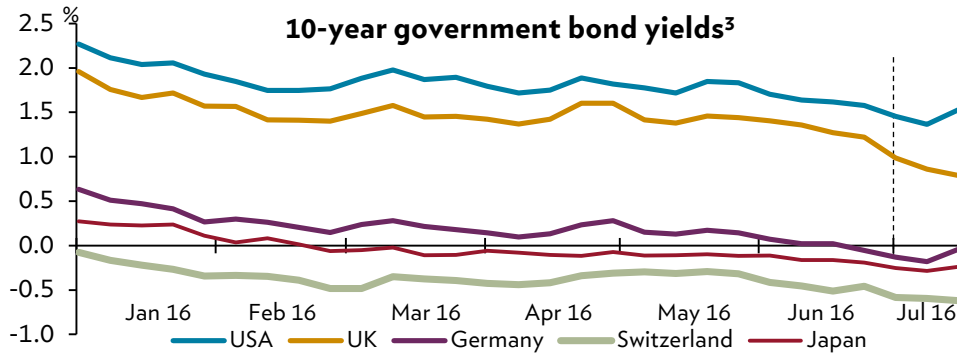
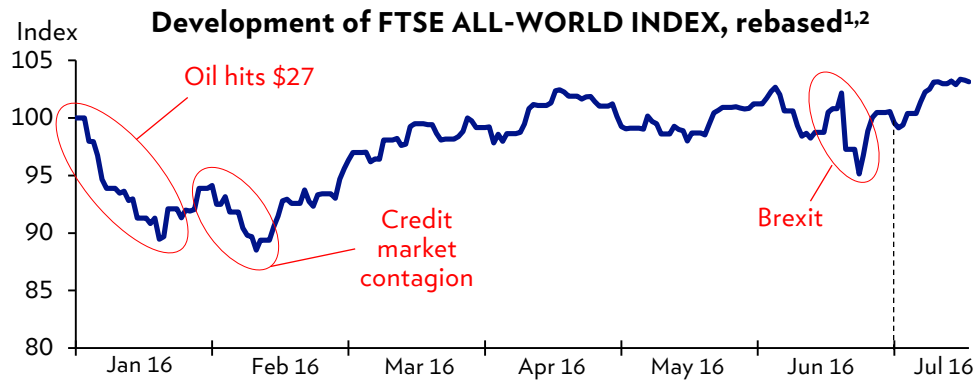
## **Financial results are presented as usual on the adjusted basis**

- *Excluding* integration and restructuring expenses and amortisation of intangible assets related to previous acquisitions or divestments, as well as taxes on those respective items
- In order to ensure a meaningful comparability with the *underlying* business performance in the previous year, certain figures for the previous year are additionally provided excluding the USD 547 million (CHF 521 million) provision taken in 2015 (CHF 326m in H1 2015, CHF 195m in H2 2015) for Julius Baer's settlement with the US Department of Justice concerning Julius Baer's legacy US cross-border business. The final settlement was announced on 5 February 2016.
- Reconciliation from the IFRS results to the adjusted and underlying results is outlined on slide 27
- Please refer to the 2016 Half-year Report<sup>1</sup> for the IFRS results

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

# H1: STOCK MARKETS VOLATILE, FALLING BOND YIELDS

Many clients maintained cautious stance, although FX volumes improved vs. H2 2015



- H1 was characterised by slightly rising equity markets
- However, subject to periods of significant volatility (January, February, June)
  - This volatility kept many clients on the sidelines in terms of stock market investments
- Bond yields continued to fall – in many cases (even further) into negative territory
  - Negative deposit rates in certain cases
- FX volatility not as high as in H1 2015, but increased vs. H2 2015...
- ... also helped by the developments around the Brexit vote in June

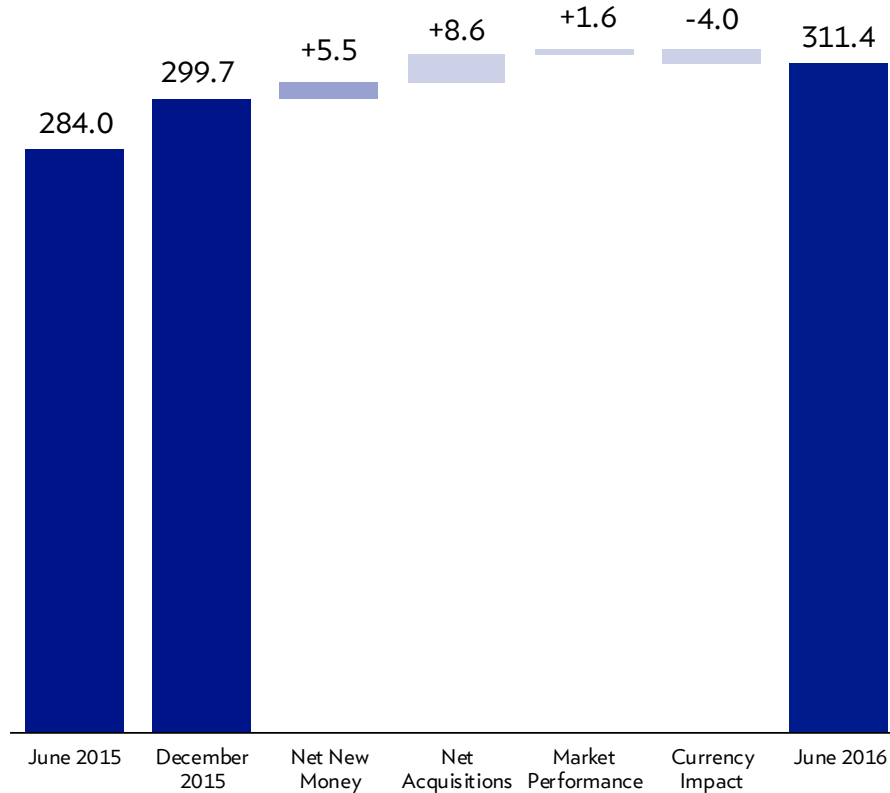
<sup>1</sup> Source: Bloomberg | <sup>2</sup> Starting point is 100 | <sup>3</sup> Source: Datastream

# AUM INCREASE OF CHF 12bn (+4%) TO CHF 311bn

Driven by continued net inflows and first-time consolidation of Kairos

## Development of Assets under Management

CHF bn



- AuM CHF 311bn, +4% vs. year-end 2015
  - Net new money CHF +5.5bn
  - Acquisitions (Kairos) CHF +8.6bn
  - Market performance CHF +1.6bn
  - Currency impact CHF -4.0bn
- Average AuM<sup>1</sup> of CHF 301bn, up +6% from CHF 284bn in H1 2015
- Assets under custody CHF 86bn, unchanged from year-end 2015
- Total client assets CHF 397bn, up 3% from year-end 2015

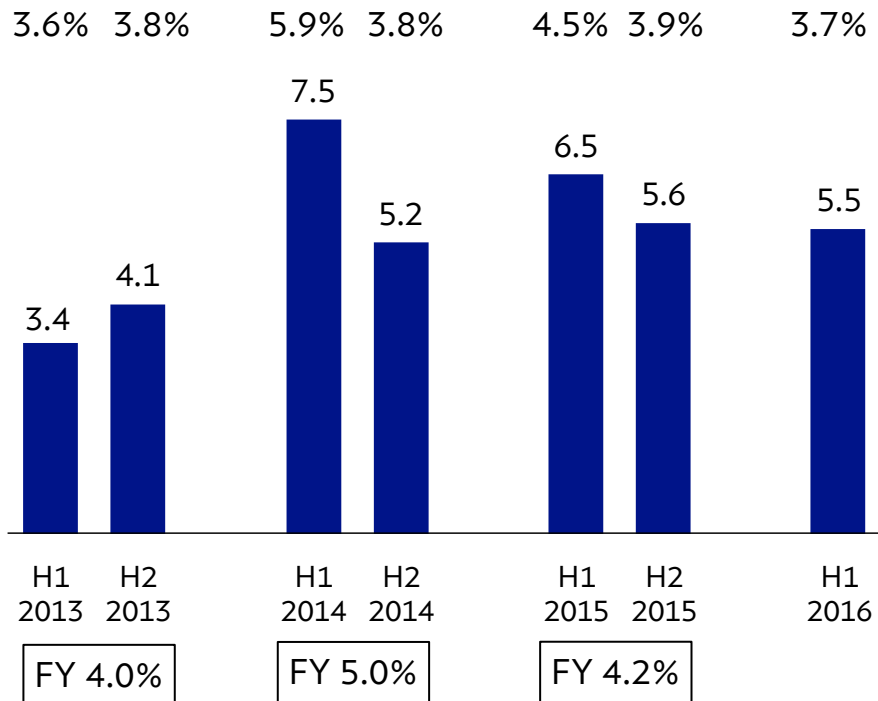
<sup>1</sup> Calculated on the basis of monthly AuM levels

# NET NEW MONEY 3.7% – CLOSE TO TARGET RANGE

Inflows accelerated after slow start to year

## Net New Money

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



- NNM: CHF 5.5bn (3.7% annualised)
- Continued inflows from Asia, Middle East, CEE, local businesses in Switzerland, Germany and Italy, and cross-border European business ...
- ... partly offset by slow momentum in LatAm and some client deleveraging in Asia
- European tax regularisation completed

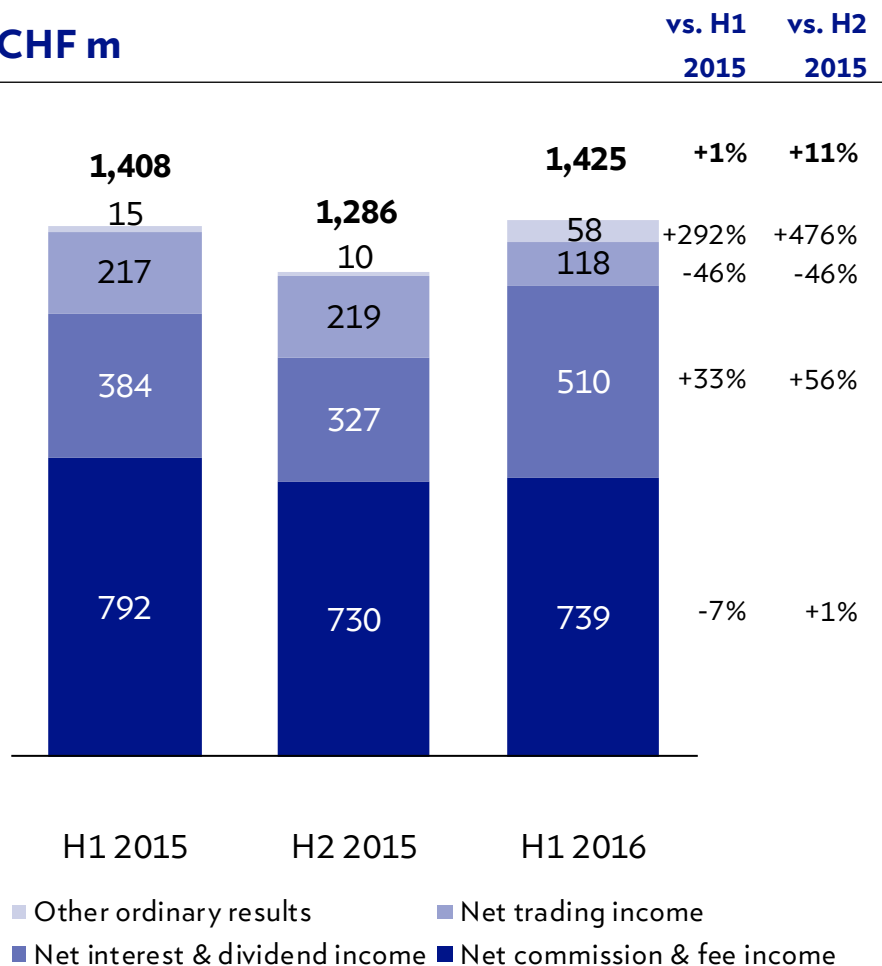
<sup>1</sup> (Annualised) NNM in % of AuM at the beginning of the period



# OPERATING INCOME +1% TO CHF 1.4bn

Supported by higher net interest income and Kairos fair value adjustment

CHF m



## Compared to H1 2015:

### **Net commission/fee income -7% to CHF 739m**

- Mainly on lower brokerage commissions following lower client risk appetite

### **Net interest/dividend income +33% to CHF 510m**

- Excl. dividend income on trading portfolios<sup>1</sup>: +26% to CHF 330m
- Driven by 12% increase in loan book, higher credit spreads and improvement in treasury income ...
- ... and despite net negative impact from negative interest rates

### **Net trading income -46% to CHF 118m**

- Crediting back dividend income on trading portfolios<sup>1</sup>: -12% to CHF 298m
- FX volumes decreased from very strong H1 2015 ...
- ... but clearly improved from H2 2015 levels

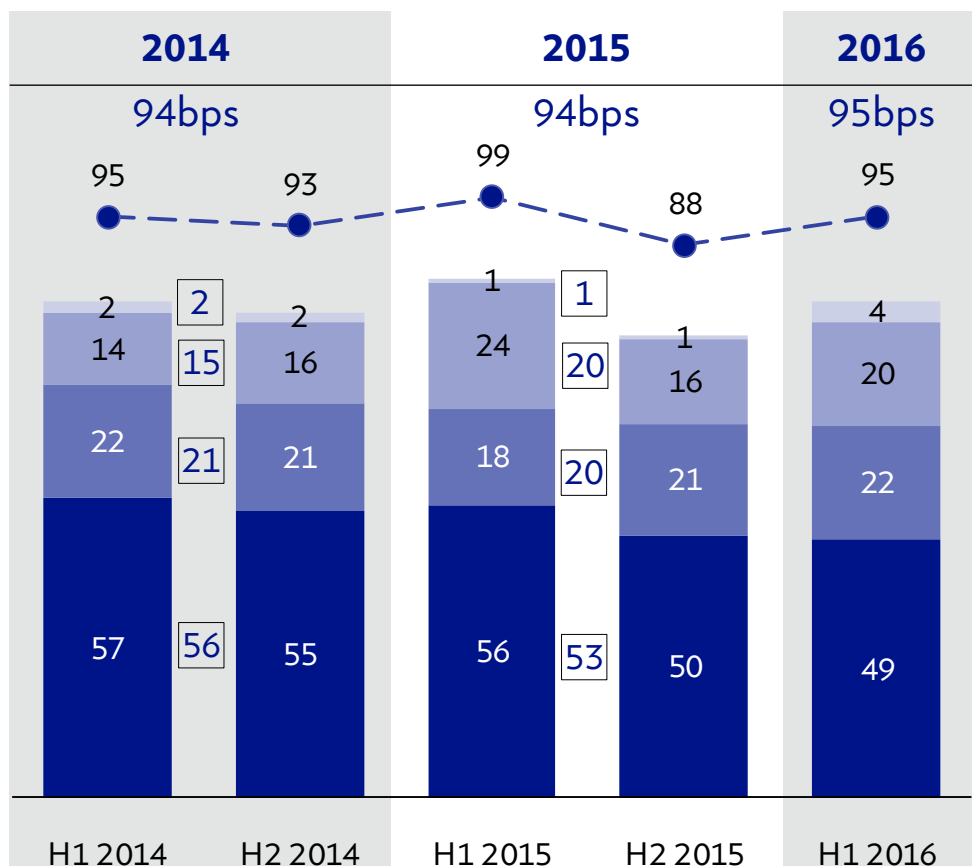
### **Other ordinary results +CHF 48m to CHF 58m**

- CHF 39m positive fair value adjustment resulting from acquisition of 60.1% stake in Kairos

<sup>1</sup> Dividend income on trading portfolios H1 2016: CHF 180m (H1 2015: CHF 122m, H2 2015: CHF 17m)

# GROSS MARGIN<sup>1</sup> -4bps TO 95bps, IMPROVED FROM H2 2015

Excluding Kairos fair value adjustment: 92bps



- Net commission/fee income 49bps  
(-7bps vs. H1 2015; -1bp vs. H2 2015)
- Net interest income<sup>2</sup> 22bps  
(+4bps vs. H1 2015; +1bp vs. H2 2015)
- Net trading income<sup>2</sup> 20bps  
(-4bps vs. H1 2015; +4bps vs. H2 2015)
- Other ordinary results 4bps  
(+3bps vs. H1 2015; +3bps vs. H2 2015)  
- Helped by Kairos positive fair value adjustment (CHF 39m, 2.6 bps)

■ Net commission & fee income

■ Net trading income

□ Full year

■ Net interest & dividend income

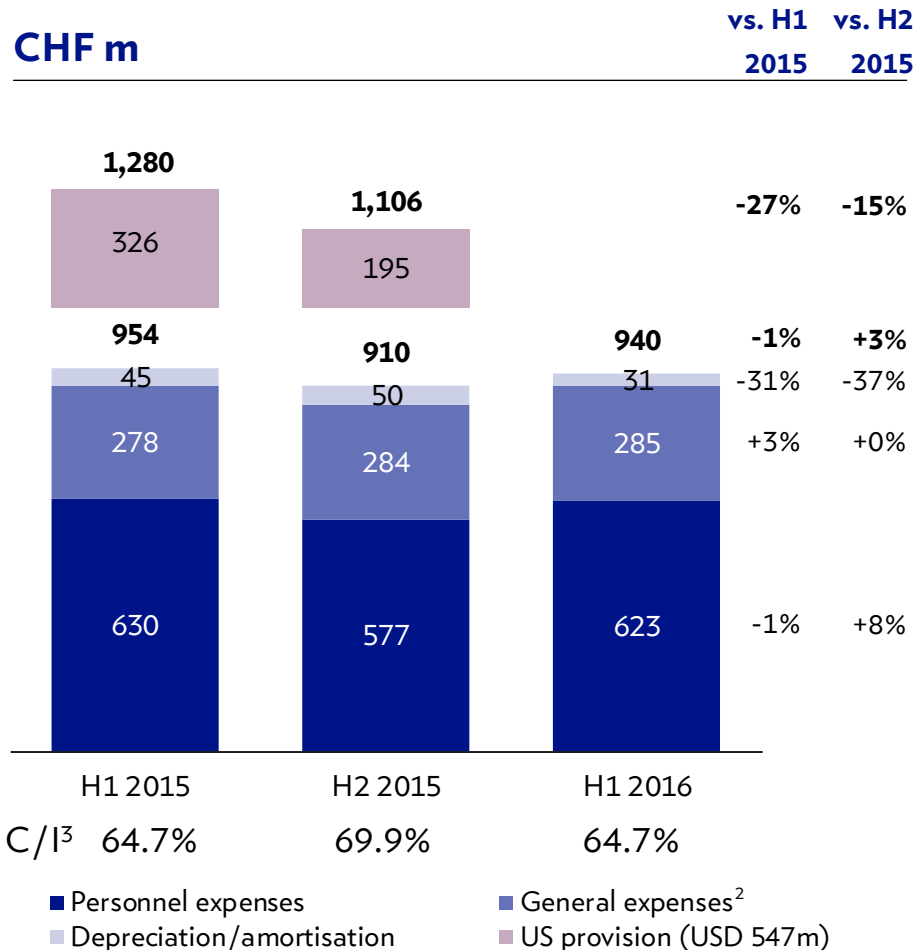
■ Other ordinary results

<sup>1</sup> Operating income divided by average AuM in basis points. Average AuM for H1 2016 was CHF 301bn, up 6% compared to H1 2015 and up 3% compared to H2 2015

<sup>2</sup> Net interest income adjusted to exclude dividends on trading portfolios, net trading income adjusted to include the same  
(H1 2014: CHF 63m, H2 2014: CHF 9m, H1 2015: CHF 122m, H2 2015: CHF 17m, H1 2016: CHF 180m)

# OPERATING EXPENSES<sup>1</sup> -27% TO CHF 0.9bn

Excl. H1 2015 US provision: -1%, helped by CHF 63m positive pension fund impact



## Compared to H1 2015:

### **Personnel expenses -1% to CHF 623m**

- Helped by +CHF 63m impact following pension fund plan amendment in Switzerland
- Excl. pension fund impact: +9% to CHF 686m
- Average FTE +5%, reflecting significant growth investments
- Growth investments will continue in H2, partly offset by cost measures

### **General expenses<sup>2</sup> -53% to CHF 285m**

- Excl. H1 2015 US provision: +3%
- Underlying increase partly reflects investments in technology upgrade
- Valuation allowances, (non-US) provisions & losses down CHF 24m to CHF 18m

### **Cost/income ratio<sup>3</sup> 64.7%**

- Excl. pension fund expense impact: 69.1%

<sup>1</sup> Excluding amortisation of intangible assets, integration and restructuring costs related to acquisitions or divestments | <sup>2</sup> Including valuation allowances, provisions and losses |

<sup>3</sup> Cost/income ratio not considering valuation allowances, provisions and losses

# ADJUSTED NET PROFIT H1 2016 UP 270% TO CHF 402m

Excluding H1 2015 US provision: +5% to CHF 402m

CHF m	H1 2015	H2 2015	H1 2016	Change H1 16/H1 15	Change H1 16/H2 15
Operating income	1,408	1,286	1,425	+1%	+11%
Adjusted operating expenses	1,280	1,106	940	-27%	-15%
<b>Adjusted profit before taxes</b>	<b>128</b>	<b>181</b>	<b>485</b>	<b>+278%</b>	<b>+168%</b>
<b>Adjusted pre-tax margin (bps)</b>	<b>9.0</b>	<b>12.4</b>	<b>32.2</b>	<b>+23.2 bps</b>	<b>+19.9 bps</b>
Income taxes	19	10	83	+326%	+700%
<b>Adjusted net profit for the Group<sup>1</sup></b>	<b>109</b>	<b>170</b>	<b>402</b>	<b>+270%</b>	<b>+136%</b>
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	0.49	0.78	1.84	+274%	+138%
Tax rate	15.2%	5.7%	17.1%	+1.9 pts	+11.4 pts

## Compared to 2015 underlying results:

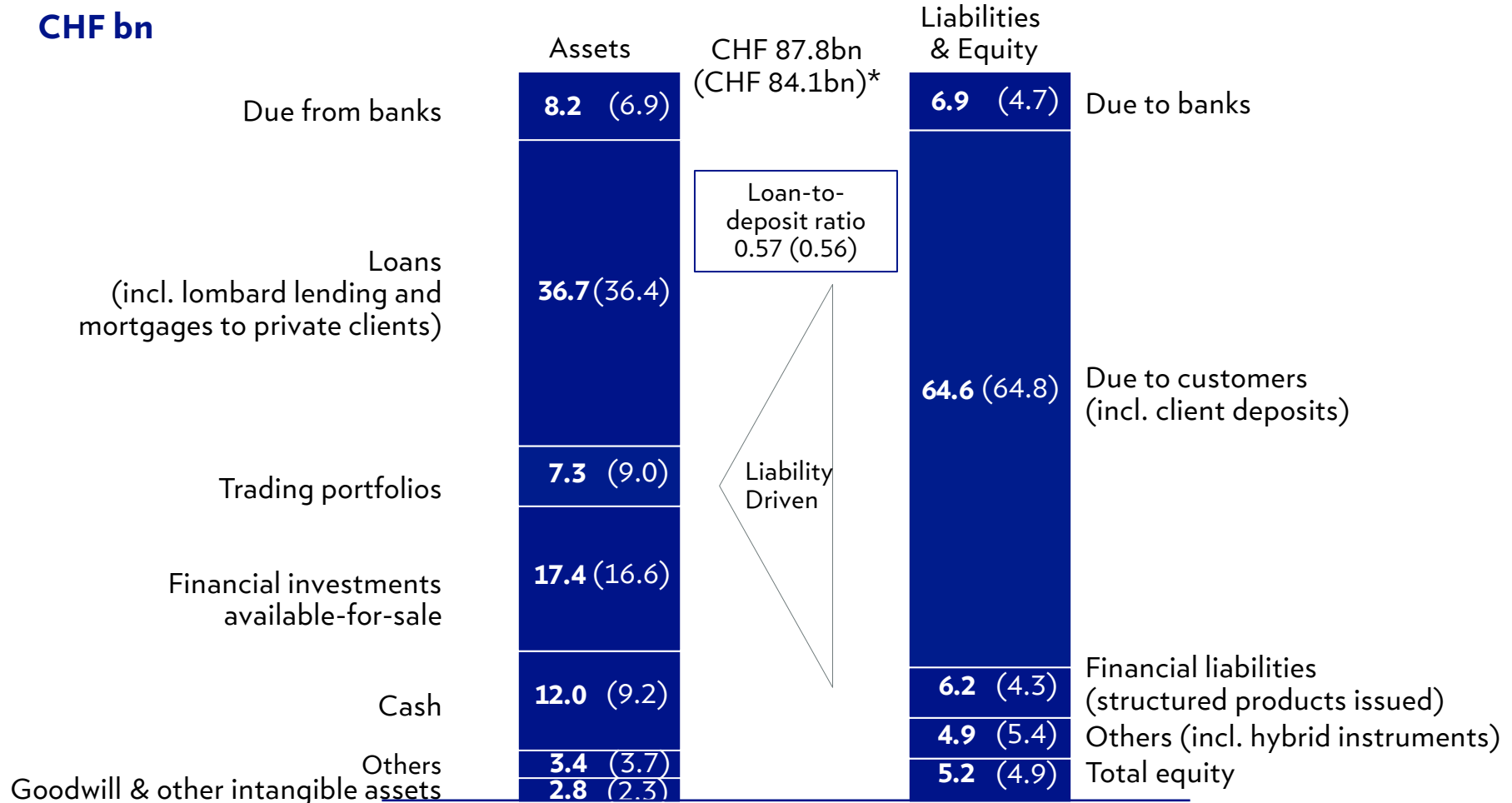
Excluding 2015 US provision: <sup>2</sup>

Adjusted operating expenses	954	910	940	-1%	+3%
<b>Adjusted profit before taxes</b>	<b>454</b>	<b>376</b>	<b>485</b>	<b>+7%</b>	<b>+29%</b>
<b>Adjusted pre-tax margin (bps)</b>	<b>32.0</b>	<b>25.8</b>	<b>32.2</b>	<b>+0.2 bps</b>	<b>+6.5 bps</b>
Income taxes	70	59	83	+18%	+42%
<b>Adjusted net profit<sup>1</sup> for the Group (excl. US provision)</b>	<b>384</b>	<b>317</b>	<b>402</b>	<b>+5%</b>	<b>+27%</b>
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	1.75	1.45	1.84	+5%	+27%
Tax rate	15.5%	15.6%	17.1%	+1.6 pts	+1.5 pts

<sup>1</sup> Excluding amortisation of intangible assets, integration and restructuring costs related to acquisitions or divestments. Including these positions (see also slide 27), the net profit was CHF 362m in H1 2016, up 812% from CHF 40m in H1 2015, and up 337% from 83m in H2 2015 | <sup>2</sup> US provision of CHF 326m in H1 2015 and CHF 195m in H2 2015

# SOLID BALANCE SHEET – LOW RISK PROFILE

High liquidity – Loan to deposit ratio 0.57



Figures as at 30 June 2016, summarised and regrouped from Financial Statements

\* In brackets: figures as at 31 December 2015

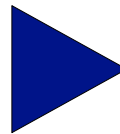
# 17.3% BIS TOTAL CAPITAL RATIO

Significantly above regulatory requirements

BIS approach / CHF m	30.06.2015 Basel III <sup>3</sup> phase-in	31.12.2015 Basel III <sup>3</sup> phase-in	30.06.2016 Basel III <sup>3</sup> phase-in	30.06.2015 Basel III fully applied	31.12.2015 Basel III fully applied	30.06.2016 Basel III fully applied
<b>Risk-weighted positions</b>						
Credit risk	12,790	13,775	14,597	13,128	14,042	14,726
Non-counterparty-related risk	505	510	481	378	373	369
Market risk	758	777	877	758	777	877
Operational risk	4,044	4,233	4,452	4,044	4,233	4,452
<b>Total risk-weighted positions</b>	<b>18,097</b>	<b>19,295</b>	<b>20,407</b>	<b>18,308</b>	<b>19,425</b>	<b>20,424</b>
CET1 capital <sup>1</sup>	3,457	3,534	3,251	2,448	2,368	2,090
Tier 1 capital <sup>1</sup>	3,457	3,534	3,251	3,042	3,277	3,018
- of which tier 1 capital 'preferred securities' <sup>2</sup>	158	0	0	0	0	0
- of which tier 1 capital 'fully eligible Basel III instruments'	593	908	928	593	908	928
Eligible total capital <sup>1</sup>	3,680	3,748	3,524	3,115	3,346	3,146
- of which lower tier 2 instruments <sup>2</sup>	169	171	150	0	0	0
<b>CET1 capital ratio <sup>1</sup></b>	<b>19.1%</b>	<b>18.3%</b>	<b>15.9%</b>	<b>13.4%</b>	<b>12.2%</b>	<b>10.2%</b>
<b>Tier 1 capital ratio <sup>1</sup></b>	<b>19.1%</b>	<b>18.3%</b>	<b>15.9%</b>	<b>16.6%</b>	<b>16.9%</b>	<b>14.8%</b>
<b>Total capital ratio <sup>1</sup></b>	<b>20.3%</b>	<b>19.4%</b>	<b>17.3%</b>	<b>17.0%</b>	<b>17.2%</b>	<b>15.4%</b>
Loan-to-deposit ratio	0.54	0.56	0.57	0.54	0.56	0.57
Liquidity coverage ratio (LCR)	193.5%	172.1%	167.4%	193.5%	172.1%	167.4%
Net stable funding ratio (NSFR)	126.2%	123.7%	124.4%	126.2%	123.7%	124.4%
Leverage exposure (LERA)	77,968	82,458	86,556	77,968	82,458	86,556
Leverage ratio (LERA, tier 1 divided by total exposure)	4.4%	4.3%	3.8%	3.9%	4.0%	3.5%

## Regulatory capital requirements (phase-in)<sup>4</sup>:

- BIS total capital ratio >12.2 %
- BIS CET1 capital ratio >8.0%



## Julius Baer floors (phase-in):

- BIS total capital ratio >15%
- BIS CET1 capital ratio >11%

<sup>1</sup> After dividend | <sup>2</sup> Old style capital instruments, which do not qualify under Basel III. Phase out period is 10 years, straight-line, starting 2013 | <sup>3</sup> In Switzerland the Basel III framework came into effect on 1 January 2013. The Basel III effects but also the effects of IAS 19-revised relating to pension liabilities will be phased in between 2014 and 2018 for the calculation of the eligible capital. Furthermore, non-compatible Basel III tier 1 and tier 2 capital instruments will be phased out between 2013 and 2022 | <sup>4</sup> Includes 0.2% for SNB temporary countercyclical buffer for Swiss mortgages

# 2016 GUIDANCE AND MEDIUM-TERM TARGETS

FY cost/income ratio<sup>1,2</sup> currently expected at 68-69% (vs. 64.7% in H1 2016)

	H1 2016 (adjusted results <sup>1</sup> )	Current guidance for FY 2016 <sup>5</sup> (adjusted results <sup>1</sup> )	Medium-term targets (adjusted results <sup>1</sup> )
Cost/income Ratio <sup>1,2</sup>	64.7%	68-69%	64-68%
Pre-tax profit margin <sup>1,3</sup>	32bps		>30bps
Net new money <sup>4</sup>	3.7%		4-6%

- H1 2016 benefited from two positive items (Kairos, pension fund plan) – without these, CIR would have been 71%
- A year of accelerated investments – H2 2016 will see even stronger RM increase than H1 2016 – investment increase partly offset by cost savings announced last May
- FY 2016 cost/income ratio<sup>2</sup> currently expected in 68-69% range<sup>5</sup> (vs. 64.7% in H1 2016)
- Medium-term targets reaffirmed

<sup>1</sup>Excluding amortisation of intangible assets, integration and restructuring costs related to acquisitions or divestments | <sup>2</sup> Adj. cost/income ratio, calculated excluding valuation allowances, provisions and losses | <sup>3</sup> Adj. pre-tax profit divided by monthly average AuM | <sup>4</sup> (Annualised) net new money as % of AuM at end of previous period | <sup>5</sup> Assuming no significant deterioration in market conditions and currency developments from current levels

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## **Business Update**

Boris F.J. Collardi, CEO



# PREPARING JULIUS BAER FOR THE FUTURE

In a continuously challenging market environment

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## Challenging market environment

- Q1: Deteriorating fundamentals, aggravated by lower oil prices
- Q2: Initial improvement – until Brexit vote and Italian banking problems
- Market uncertainty leading to continued low client activity
- Negative interest rates environment to continue

## Realignment of front organisation

- Client-facing organisation aligned to further improve client orientation, ease regional set-up and enhance market focus to capture growth

## Further enhancing client experience

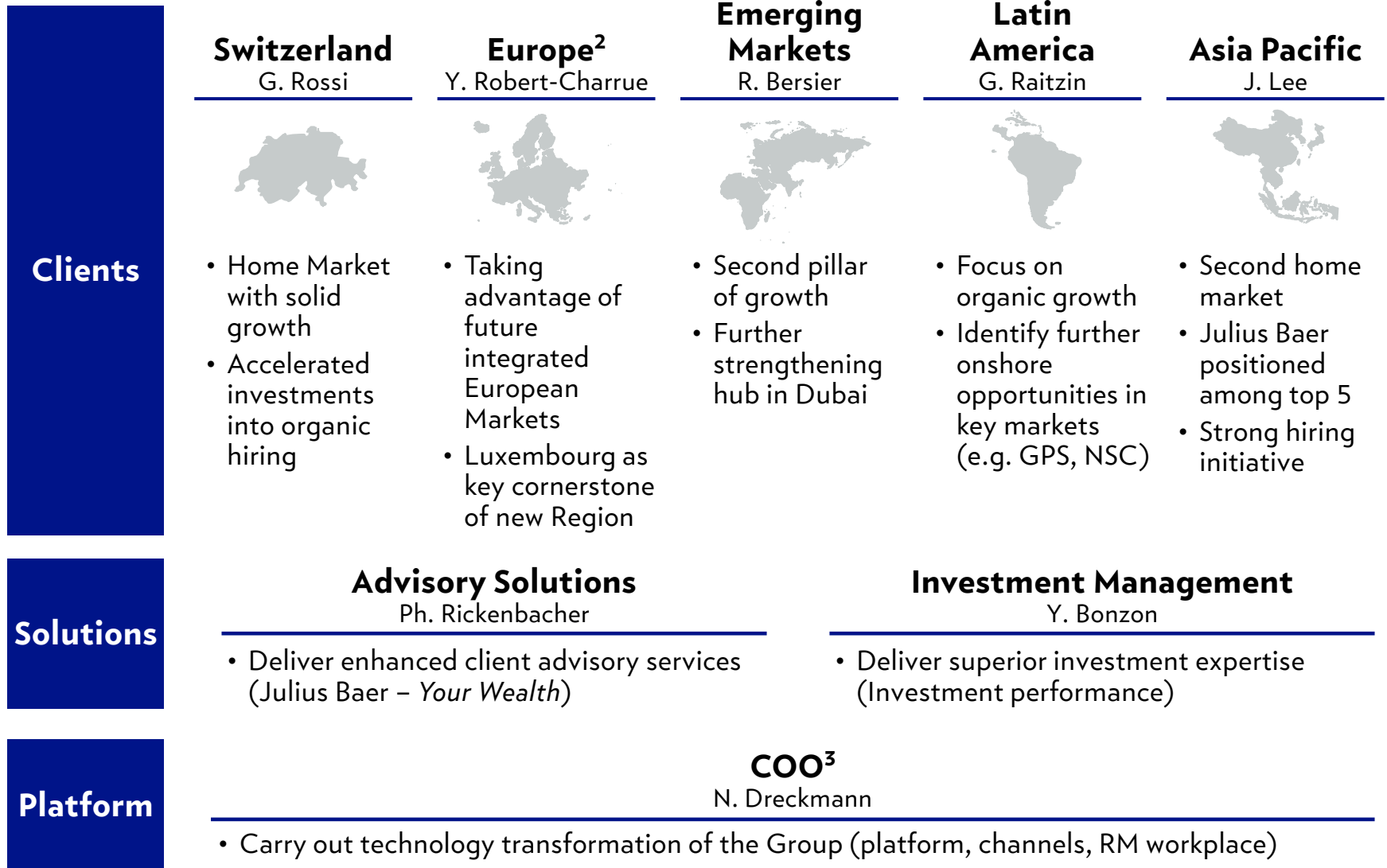
- Product and service capabilities focused to deliver enhanced advisory services and superior investment expertise

## Investing in technology transformation

- Multi-year project with benefits for clients, RMs and the bank on track

# ORGANISATION AND LEADERSHIP

Realigned for the next phase of growth<sup>1</sup>

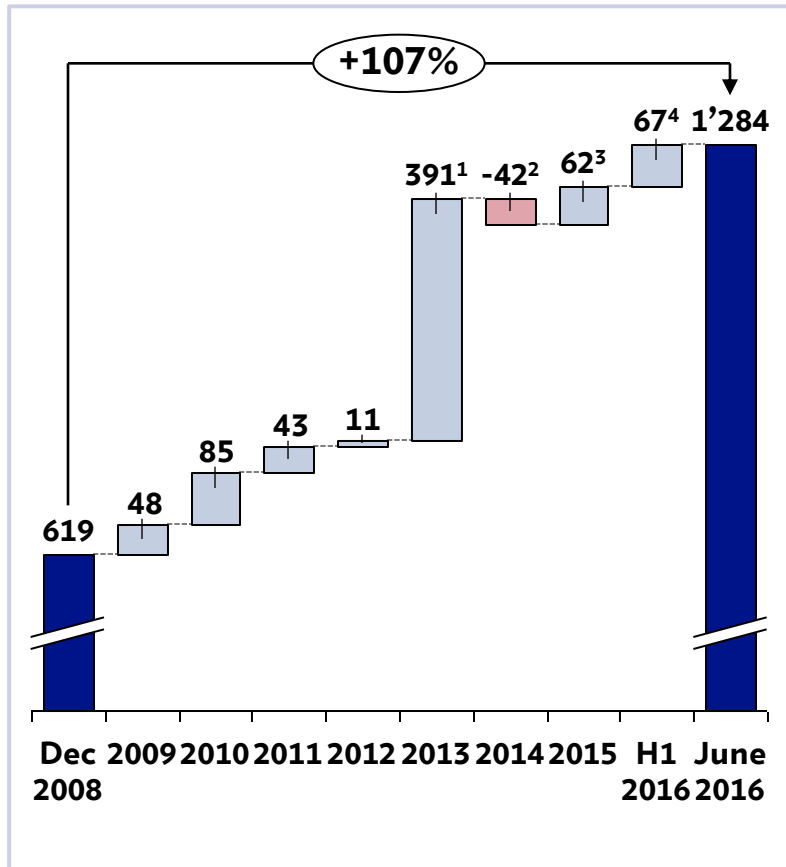


<sup>1</sup> No changes to CFO, CRO, Markets divisions | <sup>2</sup> Europe incl. Israel | <sup>3</sup> including technology transformation projects

# TAKING ADVANTAGE OF HIRING OPPORTUNITIES

Confirming position as employer of choice with >200 new RMs (gross) joining in 2016

**Relationship Managers**  
(# of RMs)



## Accelerated organic growth initiative

- Successfully closed IWM transaction
- Julius Baer brand attractive for RMs/clients
- Sector consolidation and regulatory uncertainty in WM industry facilitate hiring

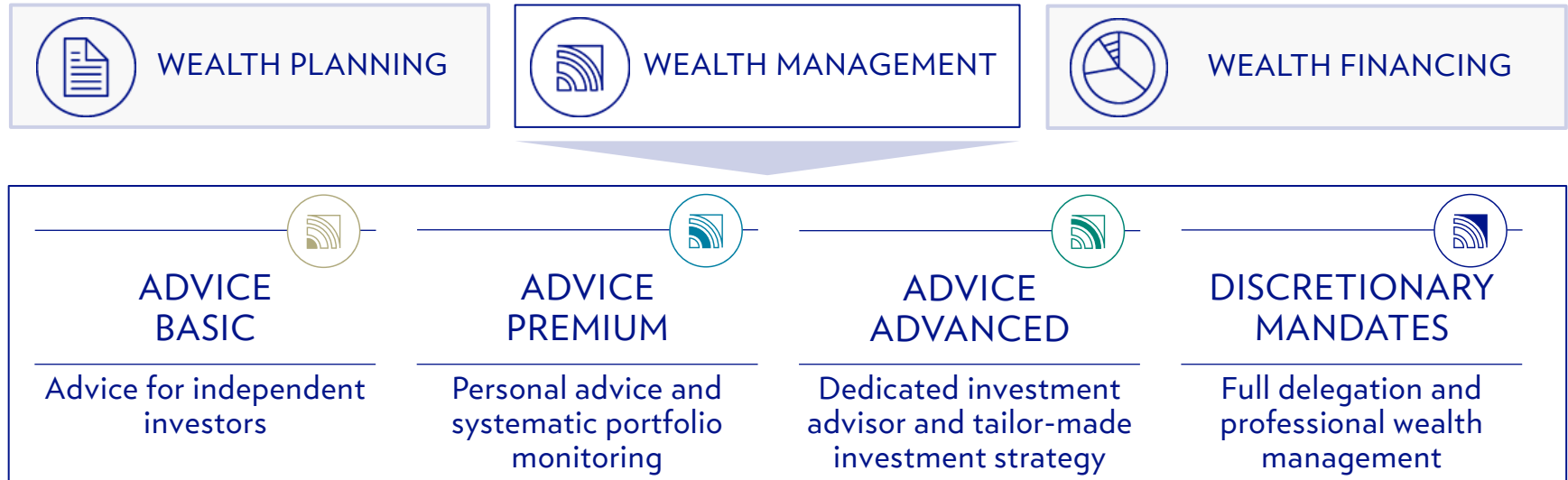
## >200 new RMs joining in 2016

- Based on already completed signings, over 200 RMs (gross) will join this year
- Net increase for H1 is with ~50 already well above 40 RMs (net) hired in all of 2015
- Global initiative with majority joining in Hong Kong, Singapore, Switzerland and Monaco
- Short-term cost income ratio increase...
- ... but expected to significantly support net inflows and revenue growth medium-term

<sup>1</sup> 2013: +391, mostly from RMs transferring in from Bank of America's International Wealth Management business (IWM) outside the US | <sup>2</sup> 2014: -42, driven by IWM transaction-related synergy realisations | <sup>3</sup> 2015: +62, of which net 40 from hiring, remainder from acquisitions | <sup>4</sup> Including 20 RMs joining from Kairos

# JULIUS BAER - YOUR WEALTH

‘What matters to you?’



- Global roll-out of new service models initiated in September 2015 in Switzerland
- Introduction of new service models on-track
- Approximately 40% of total AuM in advisory and discretionary mandates
- Holistic advice as a key differentiator in challenging market environment
- New discretionary investment approach based on active risk management / active asset allocation to be launched by Investment Management shortly

# TECHNOLOGY TRANSFORMATION

Multi-year project to improve client/RM experience and operating efficiency



**Platform**

**Channels**

**RM Workplace**

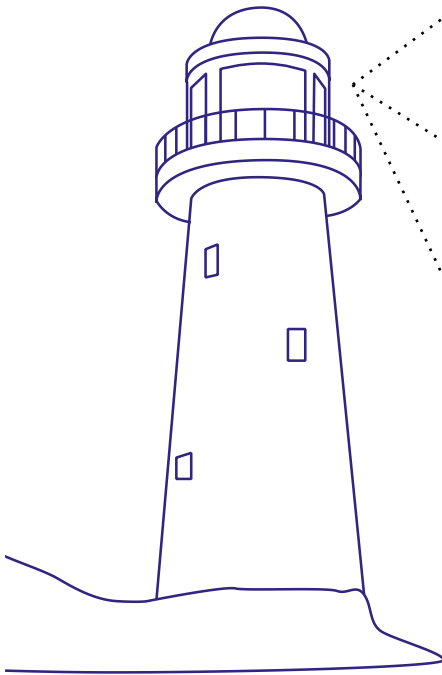
## Major benefits: modern, efficient and scalable system for clients, RMs and the bank

- Platform: harmonised process, implementation in Asia planned for H1 2017 and building on the recent successful integration of CISAL platform for Europe
- Channels: delivered in steps, with first enhanced digital capabilities already implemented in May (upgraded e-banking service in Switzerland)
- RM Workplace: integrating all relevant RM tools into one dedicated workplace
- Targeted efficiency: minimised customisation and maximised standard processing

# PROVEN AND DYNAMIC BUSINESS STRATEGY

Continue to manage the Group for sustainable growth and profitability

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## **Pure private banking**

- Proven business model – also when sector/markets in turmoil
- Trusted brand to attract
  - new clients based on holistic, unconflicted service model
  - private banking talent based on employer of choice status

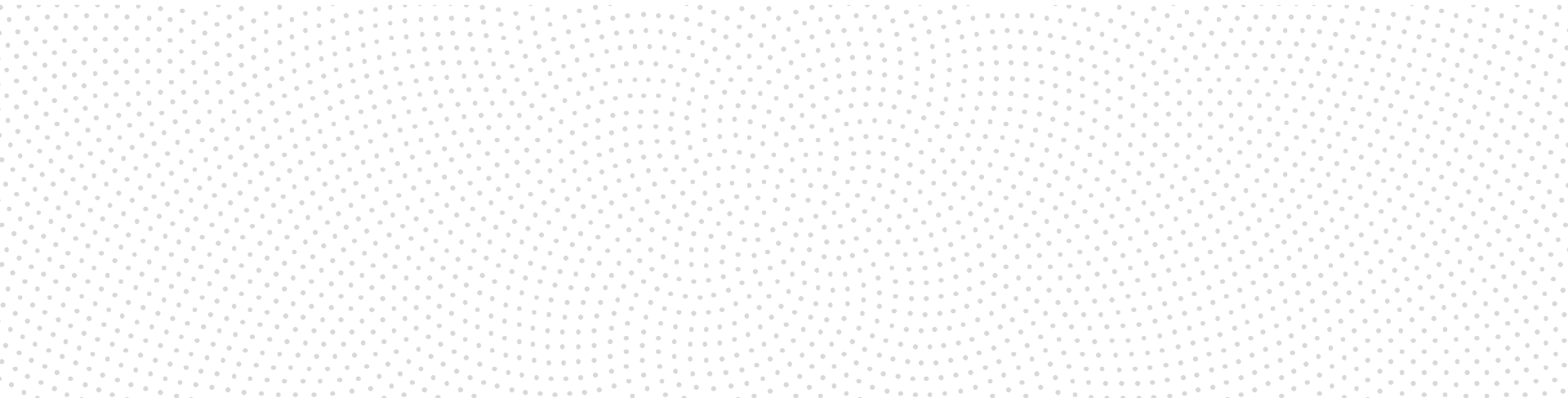
## **Dynamic strategy**

- Organic growth combined with opportunistic M&A
- New organisation aligned with priorities for the years to come
- Global technology transformation over the next 3-5 years leading to improved client experience and operating efficiency

## **Investing for tomorrow**

- Ongoing hiring of front- and back-office talents
- Yet, careful management of running costs
  - Sustainable long-term value creation

Julius Bär



# CONTENT

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## **Appendix**



# ADJUSTED\* FINANCIAL PERFORMANCE

## Half-yearly

CHF m	H1 2015	H2 2015	H1 2016	Change H1 16/H1 15	Change H1 16/H2 15	H1 2016 in %
Net interest and dividend income <sup>1</sup>	384	327	510	+33%	+56%	36%
Net commission and fee income	792	730	739	-7%	+1%	52%
Net trading income <sup>1</sup>	217	219	118	-46%	-46%	8%
Other ordinary results	15	10	58	+292%	+476%	4%
<b>Operating income</b>	<b>1,408</b>	<b>1,286</b>	<b>1,425</b>	<b>+1%</b>	<b>+11%</b>	<b>100%</b>
Personnel expenses	630	577	623	-1%	+8%	66%
General expenses <sup>2</sup>	604	479	285	-53%	-40%	30%
Depreciation and amortisation	45	50	31	-31%	-37%	3%
<b>Operating expenses</b>	<b>1,280</b>	<b>1,106</b>	<b>940</b>	<b>-27%</b>	<b>-15%</b>	<b>100%</b>
<b>Profit before taxes</b>	<b>128</b>	<b>181</b>	<b>485</b>	<b>+278%</b>	<b>+168%</b>	
Pre-tax margin (bps) <sup>4</sup>	9.0	12.4	32.2	+23.2 bps	+19.9bps	
Income taxes	19	10	83	+326%	+700%	
<b>Adjusted net profit for the Group <sup>3</sup></b>	<b>109</b>	<b>170</b>	<b>402</b>	<b>+270%</b>	<b>+136%</b>	
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	0.49	0.78	1.84	+274%	+138%	
Gross margin (bps) <sup>4</sup>	99.2	88.1	94.7	-4.5 bps	+6.6 bps	
Cost/income ratio (%) <sup>5</sup>	64.7	69.9	64.7	-0.0 pts	-5.2% pts	
Tax rate	15.2%	5.7%	17.1%	+1.9% pts	+11.4% pts	
Staff (FTE)	5,378	5,364	5,856	+9%	+9%	
Valuation allowances, provisions and losses	368.5	206.1	18.2	-95%	-91%	
Net new money (CHF bn)	6.5	5.6	5.5	-15%	-2%	
Assets under management (CHF bn)	284.0	299.7	311.4	+10%	+4%	
Average assets under management (CHF bn)	283.9	292.0	300.8	+6%	+3%	

\* Excluding amortisation of intangible assets, integration and restructuring costs

<sup>1</sup> Net interest income contains dividend income (H1 2015: CHF 122m, H2 2015: CHF 17m, H1 2016: CHF 180m) on trading portfolios

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

<sup>3</sup> Including non-controlling interests of CHF 1.0m for H1 2015, CHF 0.9m for H2 2015 and CHF 1.2m for H1 2016

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

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

# ADJUSTED\* (EXCL. 2015 US PROVISION) FINANCIAL PERFORMANCE

## Half-yearly

CHF m	H1 2015	H2 2015	H1 2016	Change H1 16/H1 15	Change H1 16/H2 15	H1 2016 in %
Net interest and dividend income <sup>1</sup>	384	327	510	+33%	+56%	36%
Net commission and fee income	792	730	739	-7%	+1%	52%
Net trading income <sup>1</sup>	217	219	118	-46%	-46%	8%
Other ordinary results	15	10	58	+292%	+476%	4%
<b>Operating income</b>	<b>1,408</b>	<b>1,286</b>	<b>1,425</b>	<b>+1%</b>	<b>+11%</b>	<b>100%</b>
Personnel expenses	630	577	623	-1%	+8%	66%
General expenses <sup>2</sup>	278	284	285	+3%	+1%	30%
Depreciation and amortisation	45	50	31	-31%	-37%	3%
<b>Operating expenses</b>	<b>954</b>	<b>910</b>	<b>940</b>	<b>-1%</b>	<b>+3%</b>	<b>100%</b>
<b>Profit before taxes</b>	<b>454</b>	<b>376</b>	<b>485</b>	<b>+7%</b>	<b>+29%</b>	
Pre-tax margin (bps) <sup>4</sup>	32.0	25.8	32.2	+0.2 bps	+6.5bps	
Income taxes	70	59	83	+18%	+42%	
<b>Adjusted net profit for the Group (excl. US provision)</b>	<b>384</b>	<b>317</b>	<b>402</b>	<b>+5%</b>	<b>+27%</b>	
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	1.75	1.45	1.84	+5%	+27%	
Gross margin (bps) <sup>4</sup>	99.2	88.1	94.7	-4.5 bps	6.6 bps	
Cost/income ratio (%) <sup>5</sup>	64.7	69.9	64.7	-0.0% pts	-5.2% pts	
Tax rate	15.5%	15.6%	17.1%	+1.6% pts	+1.5% pts	
Staff (FTE)	5,378	5,364	5,856	+9%	+9%	
Valuation allowances, provisions and losses	42.5	10.8	18.2	-57%	+68%	
Net new money (CHF bn)	6.5	5.6	5.5	-15%	-2%	
Assets under management (CHF bn)	284.0	299.7	311.4	+10%	+4%	
Average assets under management (CHF bn)	283.9	292.0	300.8	+6%	+3%	

\* Excluding amortisation of intangible assets, integration and restructuring costs and excluding US provision

<sup>1</sup> Net interest income contains dividend income (H1 2015: CHF 122m, H2 2015: CHF 17m, H1 2016: CHF 180m) on trading portfolios

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

<sup>3</sup> Including non-controlling interests of CHF 1.0m for H1 2015, CHF 0.9m for H2 2015 and CHF 1.2m for H1 2016

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

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

# RECONCILIATION ON HALF-YEAR BASIS

IFRS to adjusted net profit and (2015) underlying net profit for the Group

CHF m	H1 2015	H2 2015	H1 2016	Change H1 16/H1 15	Change H1 16/H2 15
<b>Profit after tax for the Group</b> per consolidated Financial Statements (IFRS) <sup>1</sup>	<b>39.7</b>	<b>82.8</b>	<b>362.1</b>	<b>+812%</b>	<b>+337%</b>
Amortisation of intangible assets related to the UBS transaction	37.0	30.8	-	-	-
Amortisation of intangible assets related to the ING transaction	8.2	8.2	8.2	-	-
Amortisation of intangible assets related to the IWM transaction	16.8	17.7	18.1	+8%	+3%
Amortisation of intangible assets related to the GPS transaction	2.4	2.0	2.1	-13%	+4%
Amortisation of intangible assets related to the Leumi transaction	0.3	0.5	0.5	+50%	+0%
Amortisation of intangible assets related to the Fransad transaction	-	0.2	0.5	-	-
Amortisation of intangible assets related to the Kairos transaction	-	-	4.4	-	-
Integration and restructuring costs	10.1	36.2	11.4	+13%	-69%
Tax impact	-5.7	-7.8	-5.3	-8%	-33%
<b>Net impact</b>	<b>69.1</b>	<b>87.6</b>	<b>39.8</b>	<b>-42%</b>	<b>-55%</b>
<b>Adjusted net profit for the Group</b>	<b>108.8</b>	<b>170.4</b>	<b>402.0</b>	<b>+270%</b>	<b>+136%</b>
US settlement, provision	326.0	195.3	-	-	-100%
Tax impact	-50.8	-48.2	-	-	-100%
<b>Net impact</b>	<b>275.2</b>	<b>147.1</b>	<b>-</b>	<b>-</b>	<b>-100%</b>
<b>Underlying net profit for the Group (2015)</b>	<b>384.0</b>	<b>317.5</b>	<b>402.0</b>	<b>+5%</b>	<b>+27%</b>

Note:

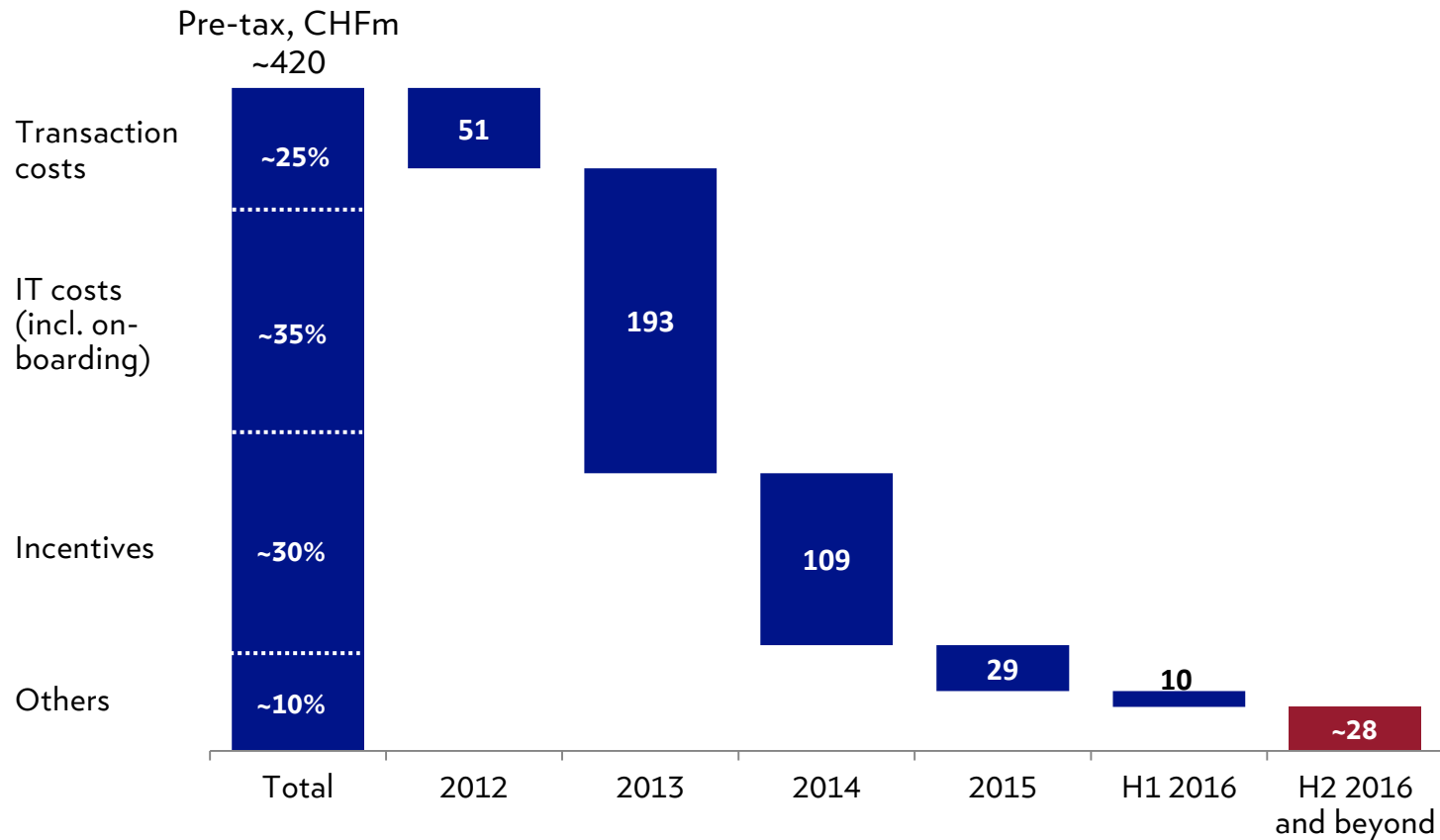
- UBS transaction-related amortisation of CHF 74.0m p.a. started in December 2005 and ended in November 2015
- Kairos transaction-related amortisation started in April 2016 and will end in March 2026; for April-June 2016 it amounted to CHF 4.4m

<sup>1</sup> Please see detailed financial statements in the Half-year Report 2016

# IWM: INTEGRATION COSTS

Transaction, restructuring & integration costs estimate unchanged at CHF ~420m

## Update and estimated breakdown over time



# CAPITAL DEVELOPMENT

## Basel III phase-in

CHF m	30.06.2015 Basel III phase-in	31.12.2015 Basel III phase-in	30.06.2016 Basel III phase-in	Change
<b>Equity at the beginning of the period</b>	<b>5,338</b>	<b>5,338</b>	<b>4,942</b>	<b>-7%</b>
Julius Baer Group Ltd. dividend	-224	-224	-246	+10%
Net profit (IFRS)	40	123	362	+196%
Change in treasury shares	-36	-40	-49	
Treasury shares and own equity derivative activity	-14	10	2	
Other components of equity	-221	-261	153	
<i>Financial investments available-for-sale</i>	-34	-85	182	
<i>Remeasurement of defined benefit obligation</i>	-109	-98	-41	
<i>FX translation differences</i>	-79	-77	13	
Others	-3	-4	8	
<b>Equity at the end of the period</b>	<b>4,880</b>	<b>4,942</b>	<b>5,172</b>	<b>+5%</b>
- Goodwill & intangible assets (as per capital adequacy rules)	-2,102	-2,131	-2,613	+23%
- Other deductions	-211	-318	-341	+7%
+ Effects of IAS 19 revised relating to pension liabilities	139	133	105	-21%
+ Tier 1 instruments	751	908	928	+2%
<b>= BIS tier 1 capital<sup>1</sup></b>	<b>3,457</b>	<b>3,534</b>	<b>3,251</b>	<b>-8%</b>
+ Tier 2 capital	223	214	273	+28%
<b>= BIS total capital</b>	<b>3,680</b>	<b>3,748</b>	<b>3,524</b>	<b>-6%</b>

<sup>1</sup> The phase-in BIS Basel III tier 1 capital at the end of 30 June 2016 was the same as the phase-in BIS Basel III CET1 (common equity tier 1) capital and includes additional tier 1 capital which offsets the required deductions for goodwill and other intangible assets. During the phase-in period the amount of intangibles which has to be deducted directly from CET1 increases proportionally over time and the remaining amount of intangibles which is allowed to be deducted from additional tier 1 capital decreases respectively. As soon as the remaining amount of intangibles is lower than the additional tier 1 capital, the CET1 capital will be lower than the tier 1 capital and consequently disclosed on a separate line.

# CAPITAL DEVELOPMENT

Basel III fully applied

CHF m	30.06.2015 Basel III fully applied	31.12.2015 Basel III fully applied	30.06.2016 Basel III fully applied	Change
<b>Equity at the beginning of the period</b>	<b>5,338</b>	<b>5,338</b>	<b>4,942</b>	<b>-7%</b>
Julius Baer Group Ltd. dividend	-224	-224	-246	+10%
Net profit (IFRS)	40	123	362	+196%
Change in treasury shares	-36	-40	-49	
Treasury shares and own equity derivative activity	-14	10	2	
Other components of equity	-221	-261	153	
<i>Financial investments available-for-sale</i>	-34	-85	182	
<i>Remeasurement of defined benefit obligation</i>	-109	-98	-41	
<i>FX translation differences</i>	-79	-77	13	
Others	-3	-4	8	
<b>Equity at the end of the period</b>	<b>4,880</b>	<b>4,942</b>	<b>5,172</b>	<b>+5%</b>
- Goodwill & intangible assets (as per capital adequacy rules)	-2,228	-2,269	-2,725	+20%
- Other deductions	-202	-304	-357	+17%
+ Effects of IAS 19 revised relating to pension liabilities	-	-	-	-
<b>CET1 capital</b>	<b>2,448</b>	<b>2,368</b>	<b>2,090</b>	<b>-12%</b>
+ Tier 1 instruments	593	908	928	+2%
<b>= BIS tier 1 capital</b>	<b>3,042</b>	<b>3,277</b>	<b>3,018</b>	<b>-8%</b>
+ Tier 2 capital	73	69	128	+86%
<b>= BIS total capital</b>	<b>3,115</b>	<b>3,346</b>	<b>3,146</b>	<b>-6%</b>

# BALANCE SHEET – FINANCIAL INVESTMENTS AFS

CHF m	30.06.2015	31.12.2015	30.06.2016	in %	Change vs. 31.12.2015
<b>Money market instruments</b>	<b>2,104</b>	<b>2,298</b>	<b>2,723</b>	<b>16%</b>	<b>+18%</b>
<b>Debt instruments</b>	<b>12,578</b>	<b>14,177</b>	<b>14,518</b>	<b>83%</b>	<b>+2%</b>
Government and agency bonds	1,993	3,560	3,411	20%	-4%
Financial institution bonds	6,641	6,187	6,406	37%	+4%
Corporate bonds	3,920	4,388	4,649	27%	+6%
Other bonds	24	42	51	0%	+20%
<b>Equity instruments</b>	<b>83</b>	<b>97</b>	<b>156</b>	<b>1%</b>	<b>+60%</b>
<b>Total financial investments available-for-sale</b>	<b>14,765</b>	<b>16,573</b>	<b>17,397</b>	<b>100%</b>	<b>+5%</b>
Cash with central banks	10,829	9,154	11,928		+30%

Debt instruments by credit rating classes (excluding money market instruments)	Fitch, S&P	Moody's	30.06.2015	31.12.2015	30.06.2016	in %	Change vs. 31.12.2015
1-2	AAA – AA-	Aaa – Aa3	7,536	9,122	9,300	64%	+2%
3	A+ – A-	A1 – A3	4,512	4,662	4,717	32%	+1%
4	BBB+ – BBB-	Baa1 – Baa3	327	287	411	3%	+43%
5-7	BB+ – CCC-	Ba1 – Caa3	42	43	44	0%	+3%
8-9	CC – D	Ca – C	0	4	0	0%	-100%
Unrated <sup>1</sup>			160	59	46	0%	-23%
<b>Total</b>			<b>12,578</b>	<b>14,177</b>	<b>14,518</b>	<b>100%</b>	<b>+2%</b>

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

# BREAKDOWN OF AUM

<b>Asset mix</b>	<b>30.06.2015</b>	<b>31.12.2015</b>	<b>30.06.2016</b>
Equities	27%	27%	26%
Bonds (including Convertible Bonds)	19%	19%	20%
Investment Funds <sup>1</sup>	24%	23%	24%
Money Market Instruments	3%	4%	3%
Client Deposits	21%	21%	20%
Structured Products	5%	5%	5%
Other <sup>2</sup>	1%	1%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<b>Currency mix</b>	<b>30.06.2015</b>	<b>31.12.2015</b>	<b>30.06.2016</b>
USD	45%	46%	44%
EUR	21%	21%	23%
CHF	13%	12%	11%
GBP	5%	4%	4%
HKD	3%	3%	2%
INR	0%	2%	2%
SGD	2%	2%	2%
JPY	1%	1%	1%
BRL	1%	1%	1%
AUD	1%	1%	1%
CNY	1%	1%	1%
CAD	1%	1%	1%
Others	6%	5%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> Includes, amongst other asset classes, further exposure to equities and bonds

<sup>2</sup> Including alternative investment assets



# JULIUS BAER: PURE-PLAY PRIVATE BANKING GROUP

Well positioned for further growth



## Legend

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

- Rich heritage – celebrated 125 years in 2015
- Premium brand in global wealth management
- Client-centric approach
- Strong expansion into growth markets
- Present in more than 50 locations
- >5,800 highly dedicated staff, incl. almost 1,300 RMs
- Total client assets CHF 397bn<sup>1</sup>
- AuM CHF 311bn<sup>1</sup>
- Strongly capitalised:
  - BIS total capital ratio 17.3%<sup>1</sup>
  - BIS CET1 ratio 15.9%<sup>1</sup>
- Moody's long-term deposit rating Bank Julius Baer & Co. Ltd: Aa2
- Market capitalisation: CHF 9bn<sup>2</sup>

<sup>1</sup> At 30 June 2016, phase-in ratios | <sup>2</sup> At 22 July 2016 | <sup>3</sup> Additional advisory locations in Bangalore, Chennai, Kolkata and New Delhi

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