Julius Bär

THE LEADING SWISS PRIVATE BANKING GROUP

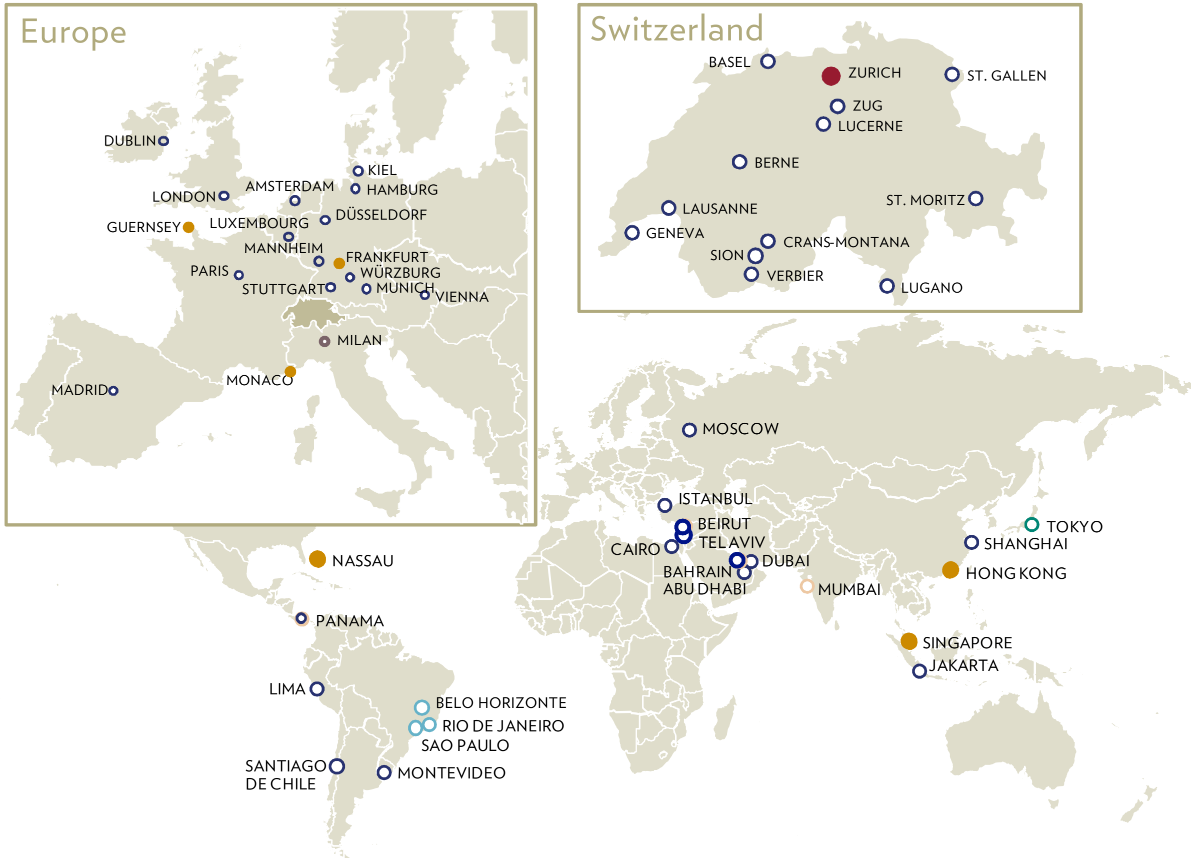
Investor Presentation

Updated to 19 May 2015

(Interim Management Statement first four months of 2015)

JULIUS BAER: PURE-PLAY PRIVATE BANKING GROUP

Well positioned for further growth



Legend

- Head Office
- Location
- Booking Centre
- TFM Asset Management (60%)
- IWM locations still to be integrated[4]
- GPS (80%)
- Kairos Julius Baer SIM SpA, strategic minority participation of 19.9% in parent company Kairos

- Rich heritage – celebrating 125 years in 2015
- Premium brand in global wealth management
- Client-centric approach
- Strong expansion into growth markets
- Present in over 25 countries and 50 locations[1]
- >5,000 highly dedicated staff, incl. more than 1,100 RMs
- Total client assets CHF 376bn[2]
- Asset under management CHF 289bn[2]
- Strongly capitalised:
  - BIS total capital ratio 22.4%[2]
  - BIS tier 1 ratio 21.1%[2]
- Market capitalisation: CHF 11bn[3]

[1] Pro forma for integration of IWM India
[2] At 30 April 2015
[3] At close on 19 May 2015
[4] In the case of IWM India: main office in Mumbai – plus four smaller offices in Bangalore, Chennai, Kolkata, New Dehli

JULIUS BAER GROUP STRATEGY

Consistently executed since launch of new Julius Baer Group in 2009

Pure Private Banking

- Focus on pure private banking business
- Targeting private clients and family offices as well as EAMs

Leverage International Platform

- Switzerland
- Europe
- Asia
- Other

- Leverage global footprint to source AuM growth and enhance client proximity
- Switzerland: gain market share
- Europe: selectively expand offering domestically and out of Switzerland for key markets
- Asia: continue building "second home" in fast-growing market
- Other markets: opportunistic growth in Central and Eastern Europe as well as in Latin America, the Middle East and Indian subcontinent

Generate Growth

- Organic
- M&A

- Generate steady net new money throughout cycle
- Continue careful hiring of experienced relationship managers
- Selective acquisitions to support growth strategy
- Strong balance sheet conservatively managed with low-risk business profile

Client-centric Business Model

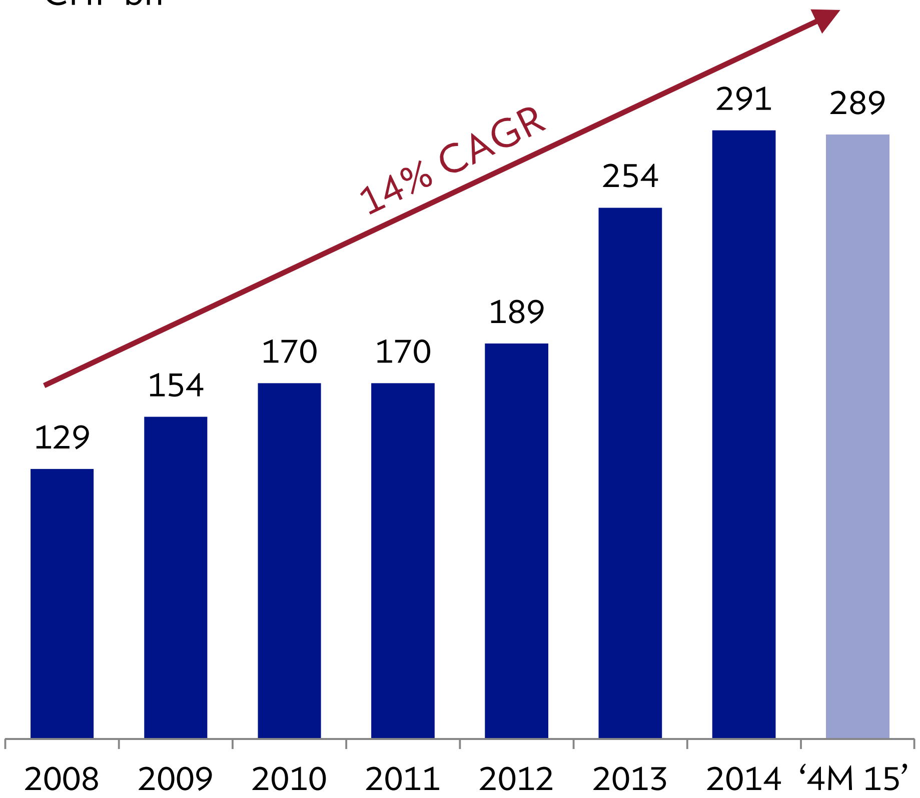
- Client-centric service excellence and management culture
- True open-architecture and innovation as key differentiating factor
- Experienced and committed management team

SIGNIFICANT AUM GROWTH

Supported by continued inflows and acquisitions

Development of Assets under Management

CHF bn



- AuM: from CHF 129bn at end 2008 to CHF 289bn at end of April 2015
    - CAGR 14%

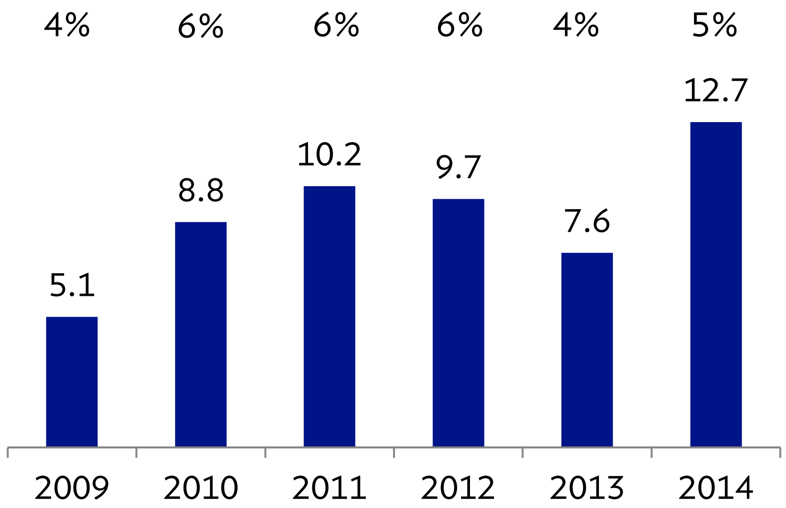
- On back of continued inflows and acquisitions

GROWTH SUPPORTED BY CONTINUED NET INFLOWS

4-6% per annum, in-line with target

Development of Net New Money

in CHF bn and %[1]



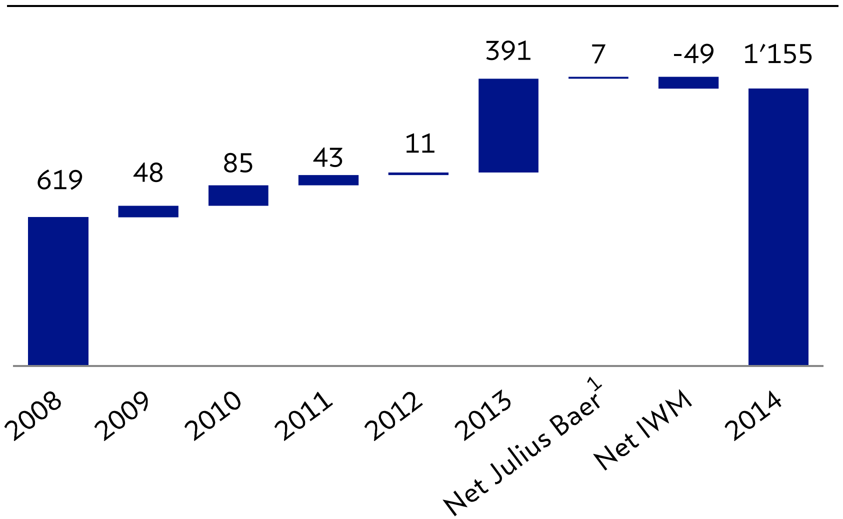
- Continued inflows from growth markets
  - Asia
  - Latin America
  - Middle East
  - Israel
  - Russia/CEE
- Since 2010 also significantly from domestic business in Germany
- Inflows in W. European cross-border business to a large extent balanced by outflows from tax regularisations of legacy assets
- January-April 2015: NNM was at low end of the 4-6% target range

[1] Annualised NNM in % of AuM at the start of the year

INFLOWS HELPED BY ABILITY TO ATTRACT QUALITY RMS

Attractive destination for top professionals in private banking

Number of Relationship Managers



Attractive platform for top private banking talents:

- Independence/pure private banking
- Client-centric approach
- Wide range of first-class products and services
- Strong brand
- Solid capital position and balance sheet

[1] incl. GPS

SELECTIVE M&A FURTHER SUPPORTS GROWTH

Strategic partnerships complement stand-alone offering

Acquisitions

Acquisitions considered on selective basis…

- **Consolidation strategies**, e.g.
  - 2010: ING Bank (Switzerland) Ltd.
  - 2013: Merrill Lynch Bank (Suisse) S.A.
  - 2013-15: IWM[1] Hong Kong, Singapore, Montevideo
  - 2015: Leumi Private Bank AG (Switzerland)
- Transactions to **complement market strategies**, e.g.
  - 2013/Italy: 19.9% in Kairos (Julius Baer SIM contributed to Kairos)
- **New market entry** strategies, e.g.
  - 2011-14/Brazil: GPS (80%)
  - 2013/Japan: 60% stake in TFM Asset Management
  - 2015: IWM India (planned)

… subject to strict criteria:

> **Strategic and cultural fit**

> **Creating shareholder value**

Strategic Partnerships

Bank of America Merrill Lynch

Global, IB support, research

MACQUARIE

Asia, IB support, cross-referrals

中国银行 BANK OF CHINA

Corporate banking support in mainland China, cross-referrals

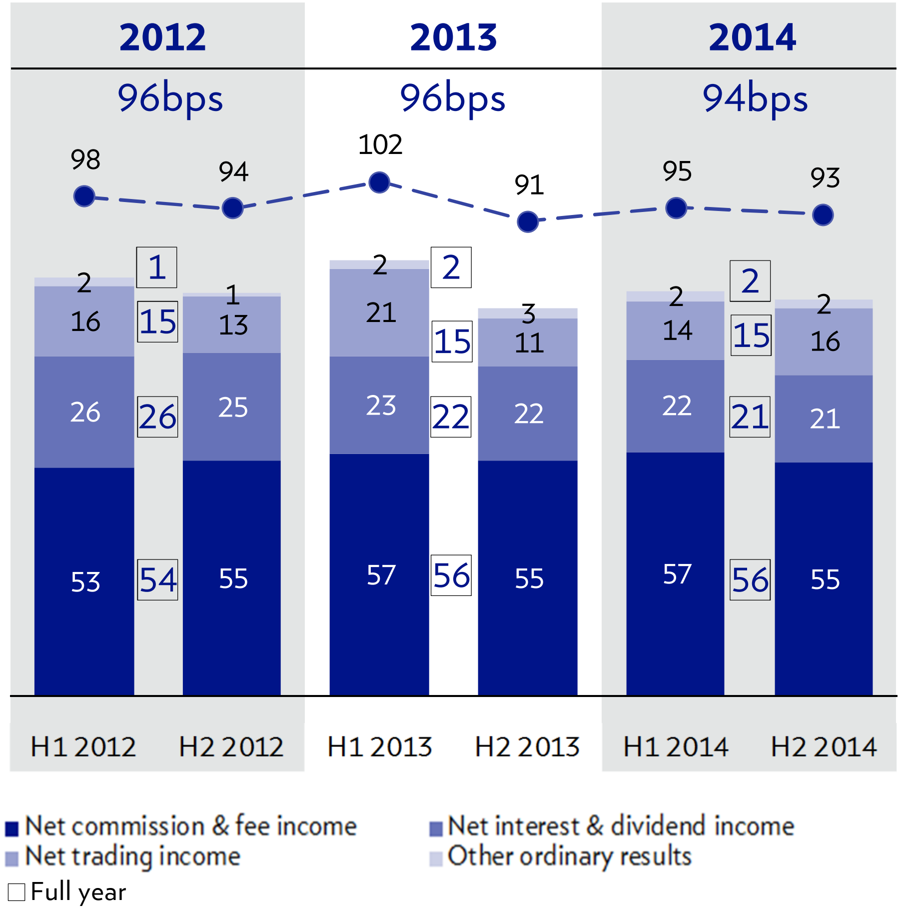
לאומי leumi

Domestic banking support in Israel, cross-referrals

[1] IWM = Merrill Lynch's International Wealth Management business outside the US

GROSS MARGIN[1,2]

Strong increase in first four months of 2015



- January-April 2015: Gross margin advanced to level moderately **above 100bps**
- Driven by robust client activity, including:
  - Increased volumes in structured products
  - Upturn in equity and fixed income transactions
  - Rise in FX activity
  - Repositioning by Asian investors in March and April
- Increases in volatility and volumes more pronounced in January, following SNB decision (15 January) to discontinue the minimum exchange rate of CHF 1.20 per euro
  - ➢ Exceptionally high gross margin in January
  - ➢ In period *February*-April, gross margin was moderately below 100bps

[1] Operating income divided by period monthly average AuM in basis points. Average AuM for H2 2014 was CHF 283bn, up 15% compared to H2 2013 and up 8% from CHF 261bn in H1 2014
[2] Net interest income adjusted to exclude dividends on trading portfolios, net trading income adjusted to include the same (H1 2012: CHF 90m, H2 2012: CHF 3m, H1 2013: CHF 33m, H2 2013: CHF 5m, H1 2014: CHF 63m, H2 2014: CHF 9m)

COST/INCOME RATIO, PRE-TAX PROFIT MARGIN

In first four months of 2015: benefitting from strong gross margin and IWM synergies

- January-April 2015:

  - **Cost/income ratio**[1] improved to level **just below 65%**-70% target range
    - Driven by:
      - Strong increase in gross margin
      - Full benefits coming through of IWM cost synergy realisation in 2014

  - Valuation allowances, provisions and losses were, on *pro-rata* basis (four months) at approximately the same level as in H2 2014[2]

  - **Pre-tax profit margin**[1] improved to **close to top end of 30-35bps** target range

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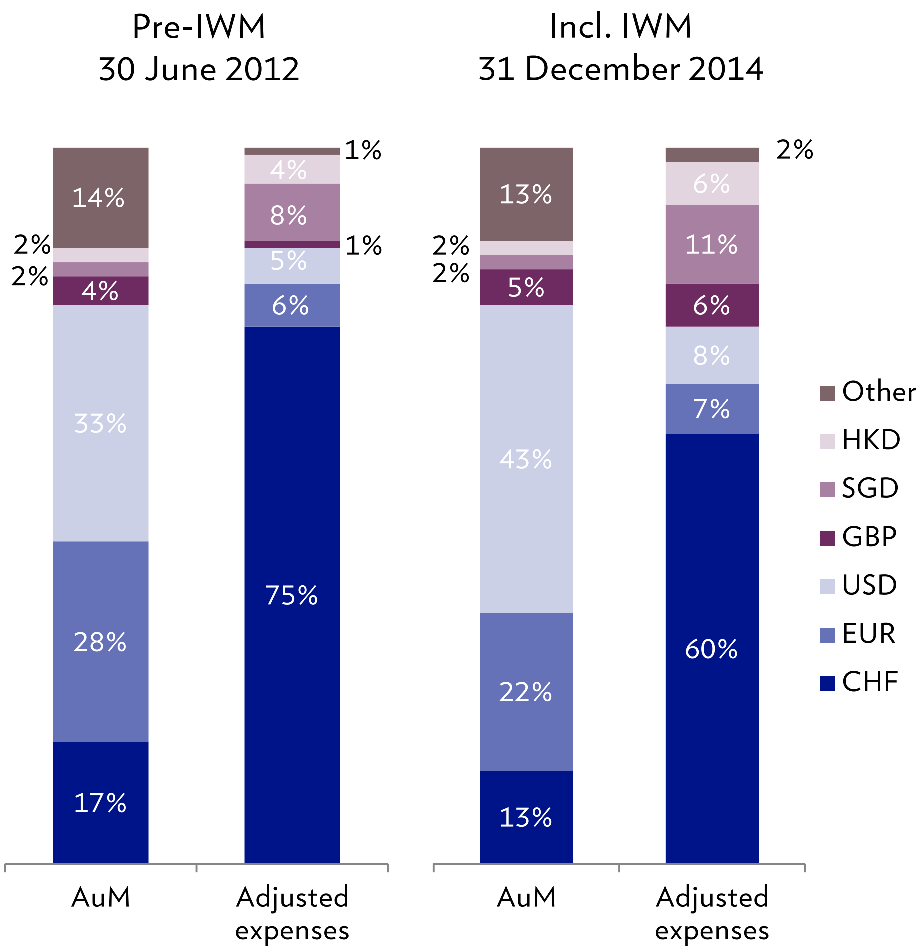
- January exceptionally high gross margin
  - ➢ In period *February*-April, cost/income ratio was *slightly above lower end* of target range and pre-tax profit margin *in middle of* 30-35bps target range

[1] Excluding integration and restructuring expenses, the amortisation of intangible assets related to acquisitions or divestments. For the cost/inome ratio also excluding valuation allowances, provisions and losses ¦ [2] In the second half of 2014, valuation allowances, provisions and losses were CHF 52.5m

STRONGER CHF: MITIGATING ACTIONS UNDERWAY

Continuing with implementation of savings measures of CHF 100m p.a.

Julius Baer currency exposure²



At 31 December 2014:

- AuM: 13% denominated in CHF
- Adjusted expenses: 60% in CHF
  - ➢ 47% net mismatch

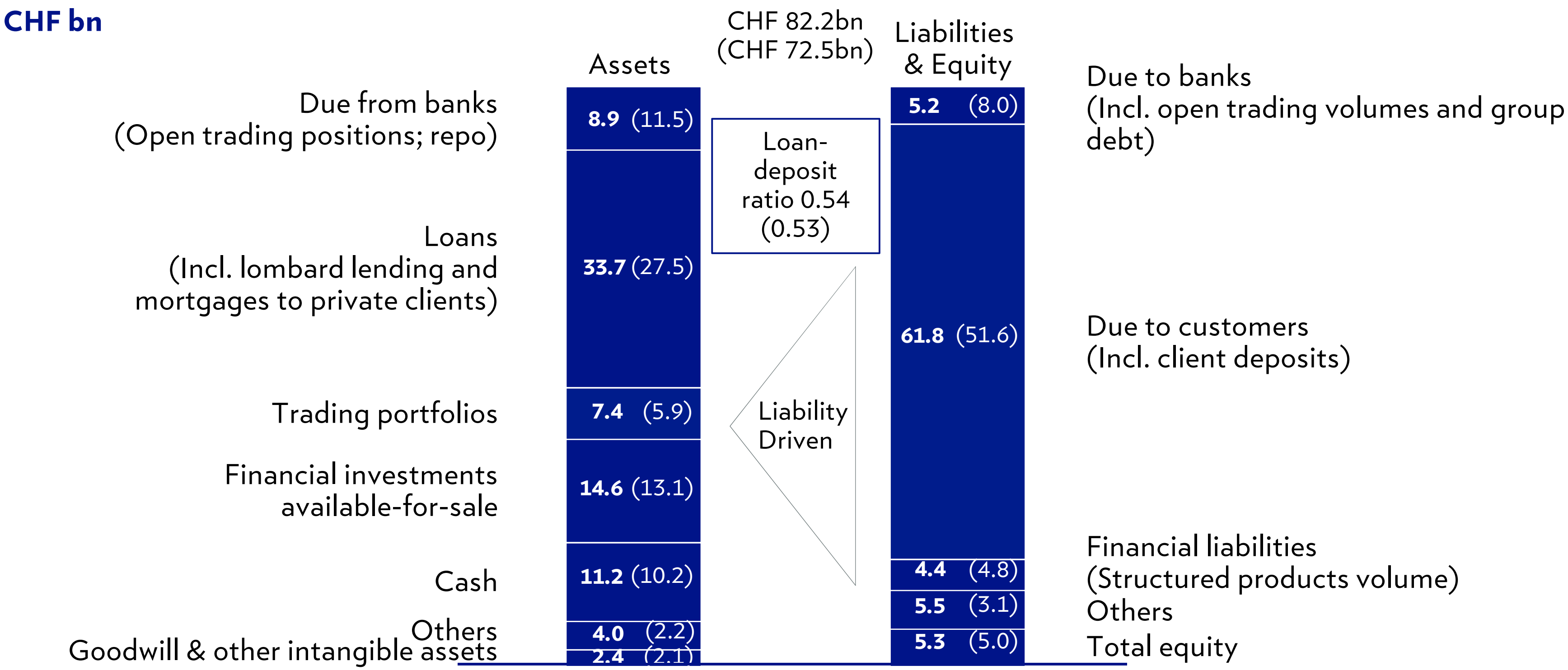
➢ To achieve profitability targets: need for cost measures and enhanced revenue focus

➢ **Initiated savings measures of ~CHF 100m p.a.³ of which ~CHF60m effective in 2015**

¹ adjusted cost/income ratio, calculated excluding valuation allowances, provisions and losses ¦ ² adjusted expenses breakdown is an estimate
³ on top of translation benefit resulting from revaluation of Swiss franc

SOLID BALANCE SHEET – LOW RISK PROFILE

Loan-deposit ratio 0.54



Figures as at 31 December 2014, summarised and regrouped from Financial Statements. In brackets: figures as at 31 December 2013

SOLID CAPITAL POSITION

Targets: total capital ratio >15%, tier 1 ratio >12%

BIS approach / CHF m	31.12.2013 *Basel III* [3]	31.12.2014 *Basel III* [3]	31.12.2013 *Basel III fully applied*	31.12.2014 *Basel III fully applied*
Total risk-weighted positions	**15,908**	**16,978**	**16,223**	**17,205**
CET1 capital [1]	3,328	3,740	2,665	2,713
Tier 1 capital [1]	3,328	3,740	2,913	3,306
- of which tier 1 capital 'preferred securities' [2]	*203*	*180*	*0*	*0*
- of which tier 1 capital 'fully eligible Basel III instruments'	*248*	*593*	*248*	*593*
Eligible total capital [1]	3,561	3,980	2,979	3,380
- of which lower tier 2 instruments [2]	*218*	*193*	*0*	*0*
CET1 capital ratio [1]	**20.9%**	**22.0%**	**16.4%**	**15.8%**
Tier 1 capital ratio [1]	**20.9%**	**22.0%**	**18.0%**	**19.2%**
Total capital ratio [1]	**22.4%**	**23.4%**	**18.4%**	**19.6%**
Loan-to-deposit ratio	0.53	0.54	0.53	0.54
Liquidity coverage ratio (LCR) [4]	110.5%	200.9%	110.5%	200.9%
Net stable funding ratio (NSFR)	121.3%	123.9%	119.0%	122.2%
Leverage ratio (LERA)	4.7%	4.7%	4.1%	4.1%

At 30 April 2015:

- Total capital ratio (phase-in[3]): 22.4%
- Tier 1 ratio (phase-in[3]): 21.1%

[1] After dividend ¦ [2] Old style capital instruments, which do not qualify under Basel III. Phase out period is 10 years, straight-line, starting 2013
[3] 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
[4] In 2014, the definition for the LCR calculation was changed; the LCR shown for 31.12.2014 is therefore not comparable with those of earlier points in time

MEDIUM-TERM TARGETS

	Current (4M 2015)	Medium-Term Targets
Cost/Income Ratio[1]	Just below low end of target range	65-70%
Pre-Tax Profit Margin[2]	Close to top end of target range	30-35bps
Net New Money[3]	At low end of target range	4-6%

[1] Adjusted cost/income ratio, calculated excluding valuation allowances, provisions and losses
[2] Annualised adjusted pre-tax profit divided by period monthly average AuM, in basis points
[3] Annualised net new money as % of AuM at end of previous period

APPENDIX

Selected slides from FY 2014 results presentation

SCOPE OF PRESENTATION OF FINANCIALS

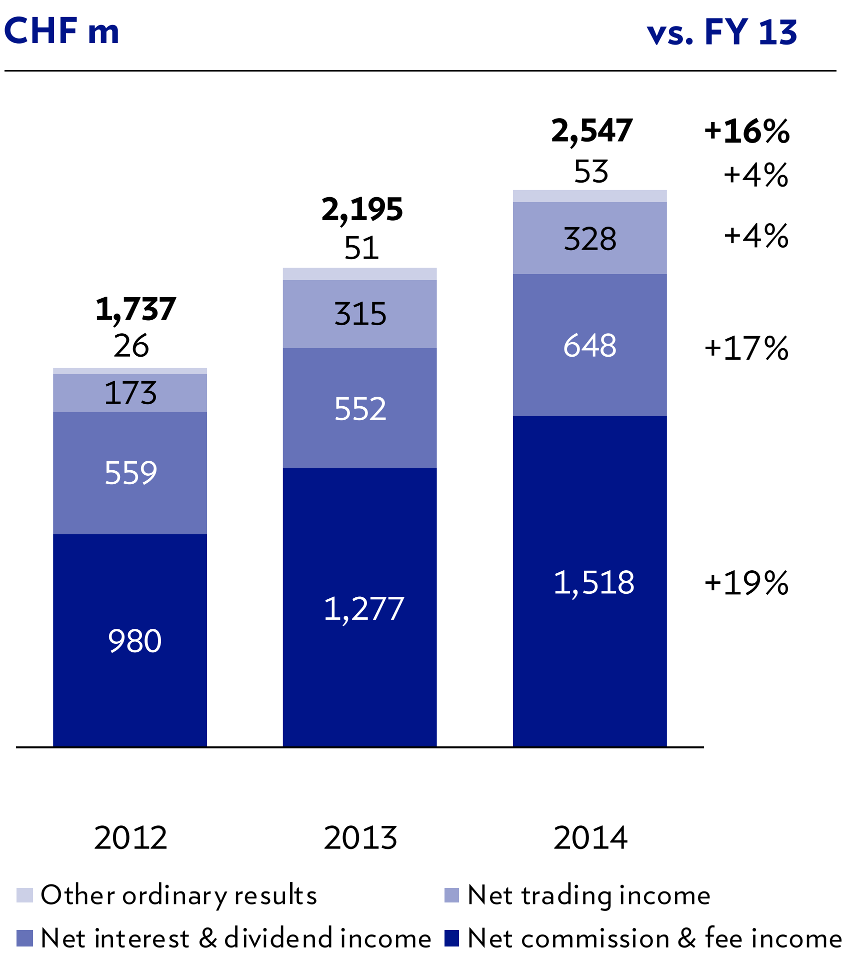
Financial results are presented as usual on the adjusted basis

- *Excluding* integration and restructuring expenses and the amortisation of intangible assets related to previous acquisitions or divestitures as well as, in 2013, a provision in relation to the withholding tax treaty between Switzerland and the UK (CHF 29m before tax, CHF 22m after tax)
- Reconciliation from the IFRS results to the adjusted results is outlined on slide 20
- Please refer to the Consolidated Financial Statements[1] for the full IFRS results

[1] Available from www.juliusbaer.com

2014: OPERATING INCOME +16% TO CHF 2.5bn

Average AuM +19%



Net commission/fee income +19% to CHF 1,518m

- In line with increase in average AuM

Net interest/dividend income +17% to CHF 648m

- Excluding dividend income on trading portfolios[1], underlying NII +12% to CHF 576m ...
- ... on the back of an increase in credit income, partially offset by interest expense on new AT1 bond issued at the end of H1 2014 and a slight decline in treasury income

Net trading income +4% to CHF 328m

- Crediting back dividend income on trading portfolios[1], underlying net trading income +13% to CHF 399m ...
- ... mainly on somewhat lower FX market volatility

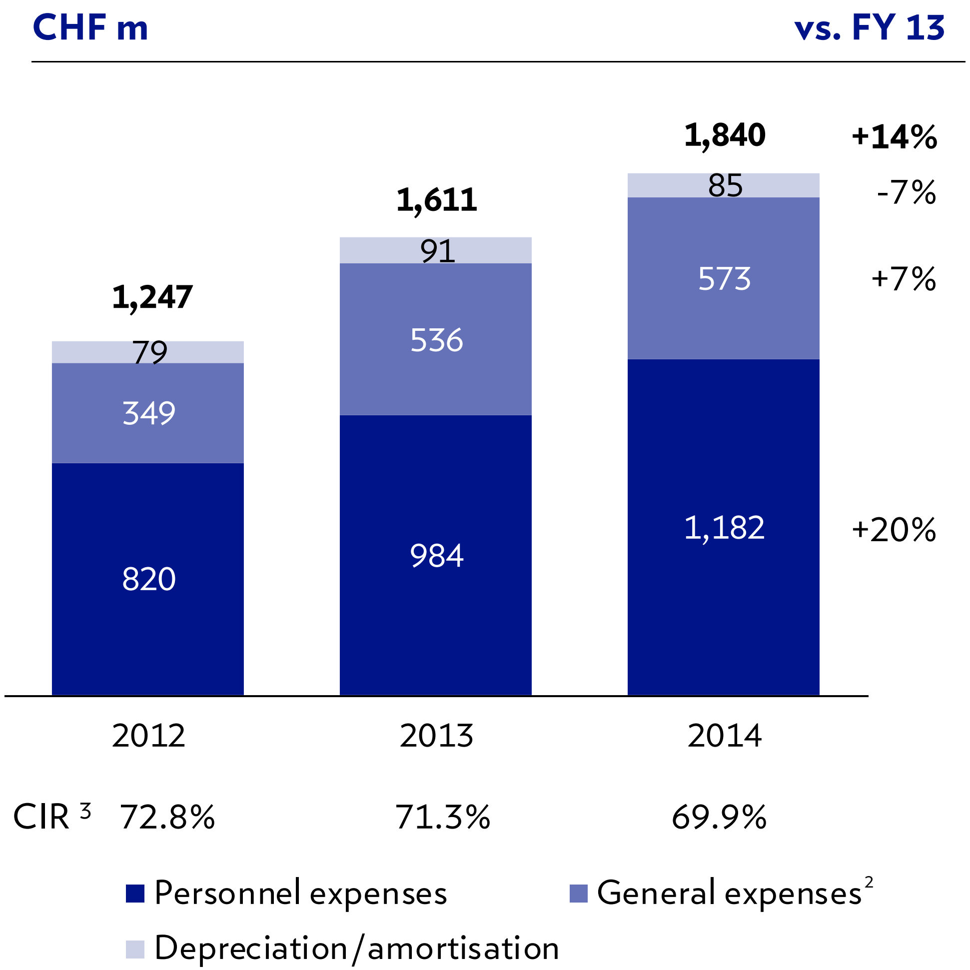
Other ordinary results +4% to CHF 53m

- Includes income from associates, brand licensing income, rental income, gains on AFS disposals

[1] Dividend income on trading portfolios FY 2014: CHF 72m (FY 2012: CHF 93m, FY 2013: CHF 38m)

2014: OPERATING EXPENSES[1] +14% TO CHF 1.8bn

Below the increase in average AuM – Reflecting IWM synergies coming through



[1] Excluding amortisation of intangible assets, integration and restructuring costs, as well as provision for UK withholding tax (2013)
[2] Including valuation allowances, provisions and losses
[3] Cost/income ratio not considering valuation allowances, provisions and losses

Personnel expenses +20% to CHF 1,182m

- Monthly avg #FTEs +17% due to timing of IWM-related net reductions during the year, as well as first-time consolidation of GPS

General expenses[2] +7% to CHF 573m

- Excluding valuation allowances, provisions and losses: +5%
- Increase significantly below growth of business
- Reflects realisation of significant IWM general expense synergies (mainly decommissioning of Geneva platform)

Cost/income ratio[3] just below 70%

- Improving from 71-73% in preceding two years, despite some pressure on gross margin
- Helped by IWM synergies
- CIR in H2 2014: 69%

2014: ADJUSTED* NET PROFIT CHF 586m

CHF m	2012	2013	2014	Change 2014/2013	2014 in %
Net interest and dividend income [1]	559	552	648	+17%	25%
Net commission and fee income	980	1,277	1,518	+19%	60%
Net trading income [1]	173	315	328	+4%	13%
Other ordinary results	26	51	53	+4%	2%
Operating income	**1,737**	**2,195**	**2,547**	**+16%**	**100%**
Personnel expenses	820	984	1,182	+20%	64%
General expenses [2]	349	536	573	+7%	31%
Depreciation and amortisation	79	91	85	-7%	5%
Operating expenses	**1,247**	**1,611**	**1,840**	**+14%**	**100%**
Profit before taxes	**490**	**583**	**706**	**+21%**	
Pre-tax margin (bps) [4]	27.0	25.5	25.9	+0.4 bps	
Income taxes	86	103	121	+17%	
Adjusted net profit [3]	**404**	**480**	**586**	**+22%**	
Adjusted EPS (in CHF)	2.00	2.24	2.68	+20%	
Gross margin (bps) [4]	95.9	95.9	93.5	-2.4 bps	
Cost/income ratio (%) [5]	72.8	71.3	69.9	-1.4% pts	
Tax rate	17.6%	17.7%	17.1%	-0.6% pts	
Staff (FTE)	3,721	5,390	5,247	-3%	
Valuation allowances, provisions and losses	-17.1	45.7	59.9	+31%	
Net new money (CHF bn)	9.7	7.6	12.7	+68%	
Assets under management (CHF bn)	189.3	254.4	290.6	+14%	
Average assets under management (CHF bn)	181.1	229.0	272.2	+19%	

* Excluding the integration and restructuring expenses and amortisation of intangible assets related to acquisitions and divestments, as well as in 2013 the charge in relation to the withholding tax treaty between Switzerland and the UK

1 Net interest income includes dividend income (FY 2012: CHF 93m, FY 2013: CHF 38m, FY 2014: CHF 72m) on trading portfolios

2 Including valuation allowances, provisions and losses

3 Including non-controlling interests (FY 2012: CHF 0.6m, FY 2013: CHF 0.3m, FY 2014: CHF 1.8m)

4 Calculated on monthly average AuM

5 Not considering valuation allowances, provisions and losses

ADJUSTED* CONSOLIDATED INCOME STATEMENT

Half-yearly

CHF m	H2 2013	H1 2014	H2 2014	Change H2 14/H2 13	Change H2 14/H1 14	H2 2014 in %
Net interest and dividend income [1]	277	347	301	+9%	-13%	23%
Net commission and fee income	678	746	772	+14%	+4%	59%
Net trading income [1]	130	115	212	+63%	+85%	16%
Other ordinary results	32	28	25	-22%	-11%	2%
Operating income	**1,118**	**1,236**	**1,311**	**+17%**	**+6%**	**100%**
Personnel expenses	496	592	590	+19%	-0%	62%
General expenses [2]	310	251	322	+4%	+28%	34%
Depreciation and amortisation	47	39	46	-3%	+18%	5%
Operating expenses	**854**	**882**	**958**	**+12%**	**+9%**	**100%**
Profit before taxes	**264**	**354**	**353**	**+33%**	**-0%**	
Pre-tax margin (bps) [4]	21.5	27.1	24.9	+3.4 bps	-2.2bps	
Income taxes	46	66	55	+19%	-17%	
Adjusted net profit [3]	**218**	**288**	**298**	**+37%**	**+4%**	
Adjusted EPS (in CHF)	1.02	1.32	1.37	+34%	+3%	
Gross margin (bps) [4]	90.7	94.6	92.6	+1.9 bps	-2.0 bps	
Cost/income ratio (%) [5]	73.3	70.8	69.1	-4.2% pts	-1.7% pts	
Tax rate	17.4%	18.7%	15.5%	-1.9% pts	-3.2% pts	
Staff (FTE)	5,390	5,557	5,247	-3%	-6%	
Valuation allowances, provisions and losses	33.5	7.7	52.2	+56%	+579%	
Net new money (CHF bn)	4.1	7.5	5.2	+27%	-30%	
Assets under management (CHF bn)	254.4	274.2	290.6	+14%	+6%	
Average assets under management (CHF bn)	246.4	261.4	283.1	+15%	+8%	

* Excluding the integration and restructuring expenses and amortisation of intangible assets related to acquisitions and divestments, as well as in 2013 the charge in relation to the withholding tax treaty between Switzerland and the UK

1 Net interest income includes dividend income (H2 2013: CHF 5m, H1 2014: CHF 63m, H2 2014: CHF 9m) on trading portfolios

2 Including valuation allowances, provisions and losses

3 Including non-controlling interests (H2 2013: CHF -0.0m, H1 2014: CHF 0.6m, H2 2014: CHF 1.2m)

4 Calculated on monthly average AuM

5 Not considering valuation allowances, provisions and losses

2014: IFRS PROFIT[1] UP BY 96% TO CHF 367m

Reconciliation consolidated financial statement (IFRS) to adjusted net profit

CHF m	2012	2013	2014	Change 2014/2013
Profit after tax per consolidated Financial Statements (IFRS)	**268.5**	**187.8**	**367.4**	**+96%**
Amortisation of intangible assets related to the UBS transaction	74.0	74.0	74.0	
Amortisation of intangible assets related to the ING transaction	16.3	16.3	16.3	
Amortisation of intangible assets related to the IWM transaction	-	10.7	28.4	
Amortisation of intangible assets related to the GPS transaction	-	-	4.5	
Integration and restructuring costs	57.3	199.1	113.0	-43%
Switzerland/UK agreement on withholding tax	-	28.6	-	
Tax impact	-12.6	-36.6	-17.8	
Net impact	**135.0**	**292.0**	**218.4**	**-25%**
Adjusted net profit	**403.6**	**479.8**	**585.8**	**+22%**

- Amortisation of intangibles: CHF 74.0m p.a. (until 2015[2]) for the 2005 UBS transaction and CHF 16.3m p.a. (until 2019) for the 2010 ING transaction
- Amortisation of intangibles related to IWM transaction was CHF 28.4m in 2014
- Amortisation of intangibles related to GPS transaction was CHF 4.5m in 2014

1 Please see detailed financial statements in the Consolidated Financial Statements 2014

2 The UBS transaction-related amortisation of CHF 74.0m p.a. started in December 2005 and will end at end of November 2015 In 2015 this amortisation amount will therefore amount to CHF 67.8m

AUM BREAKDOWN

Asset mix	**31.12.2012**	**31.12.2013**	**31.12.2014**
Equities	25%	27%	26%
Bonds (including Convertible Bonds)	23%	20%	19%
Investment Funds [1]	20%	22%	24%
Money Market Instruments	7%	5%	4%
Client Deposits	18%	20%	21%
Structured Products	5%	5%	5%
Other [2]	2%	1%	1%
Total	**100%**	**100%**	**100%**

Currency mix	**31.12.2012**	**31.12.2013**	**31.12.2014**
CHF	17%	14%	13%
EUR	27%	24%	22%
USD	34%	39%	43%
GBP	3%	5%	5%
SGD	2%	2%	2%
HKD	2%	3%	2%
RUB	1%	1%	1%
CAD	2%	1%	1%
Other	12%	11%	11%
Total	**100%**	**100%**	**100%**

[1] Includes, amongst other asset classes, further exposure to equities and bonds
[2] Including alternative investment assets

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