

Julius Bär

THE LEADING SWISS PRIVATE BANKING GROUP

Investor Presentation

Updated for 10-Months Interim Management Statement
as published on 14 November 2014



CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Forward-looking statements

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JULIUS BAER: PURE-PLAY PRIVATE BANKING GROUP

Presence in more than 50 locations in over 25 countries¹, CHF 285bn AuM²



- Rich heritage (established 1890)
- Premium brand in global wealth management
- Client-centric approach
- Strong expansion into growth markets
- Total client assets CHF 385bn²
- Asset under management CHF 285bn²
- Strongly capitalised³:
 - BIS total capital ratio 24.0%
 - BIS tier 1 ratio 22.6%
- Market capitalisation CHF 10 bn⁴

Legend

- Head Office
- Location
- Booking Centre
- TFM Asset Management (60%)
- IWM locations still to be integrated⁵
- GPS (80%)
- Kairos Julius Baer SIM SpA, strategic minority participation of 19.9% in parent company Kairos

¹ Pro forma for integration (planned 2015) of the India business of Merrill Lynch's International Wealth Management (IWM) business outside the US

² 31 October 2014

³ 30 September 2014

⁴ At close of market on 14 November 2014

⁵ IWM India: main office in Mumbai – plus four smaller offices in Bangalore, Chennai, Kolkata, New Delhi

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

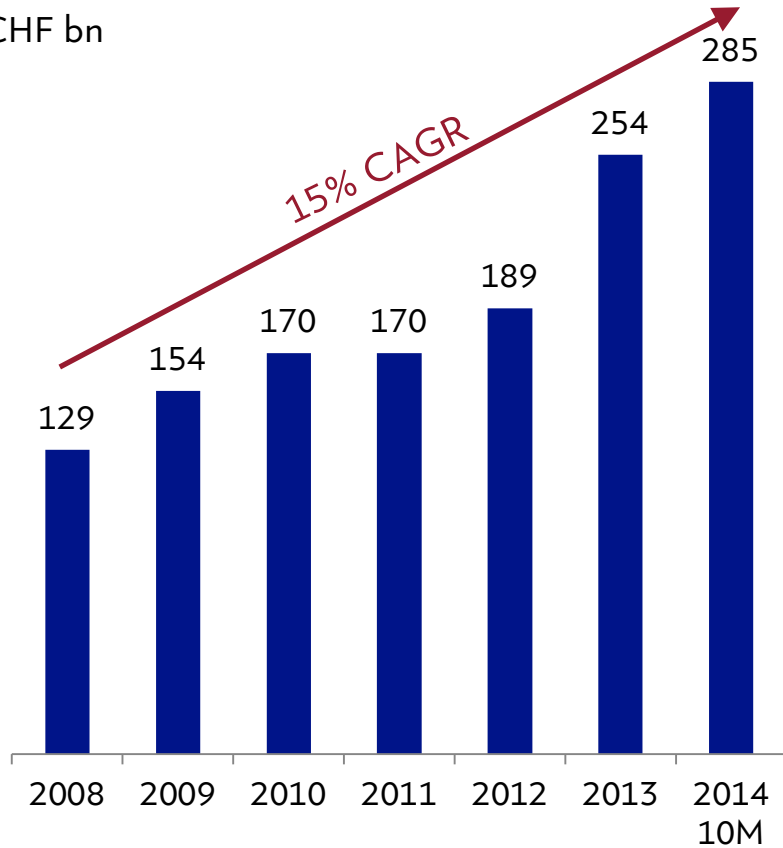
- Client-centric service excellence and management culture
- True open-architecture and innovation as key differentiating factor
- Experienced and committed management team

STRONG AUM GROWTH

Supported by continued inflows and acquisitions

Development of Assets under Management (EOY)

CHF bn



- 2008 – Oct 2014: AuM increased from CHF 129bn to CHF 285bn

> Represents CAGR of 15%

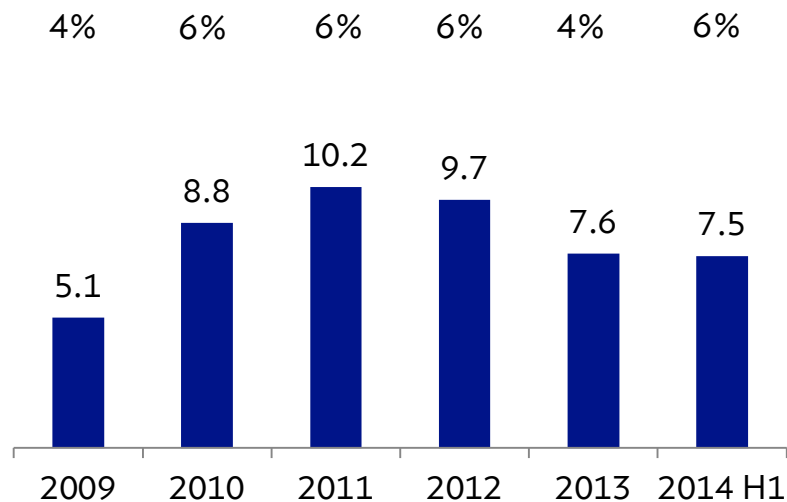
- On back of **continued inflows** and **acquisitions**

GROWTH SUPPORTED BY CONTINUED NET INFLOWS

Last five years: 4-6% per annum, in-line with target

Development of Net New Money

in CHF bn and %¹



- Inflows from all 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 large extent offset by outflows from tax regularisations of legacy assets

- IMS²:
 - First 10 months 2014: NNM¹ in middle of 4-6% target range

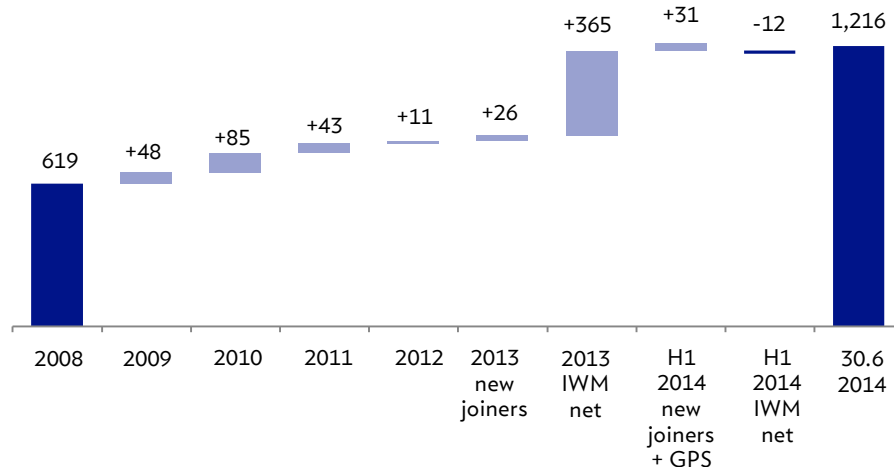
¹ (Annualised) NNM in % of AuM at the start of the year

² Interim Management Statement for the first ten months of 2014 as published on 14 November 2014 – the full statement is available from www.juliusbaer.com

INFLOWS HELPED BY ABILITY TO ATTRACT QUALITY RMS

Attractive destination for top professionals in private banking

Number of Relationship Managers (RMs)



Attractive platform for top private banking talents:

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

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.
- 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: TFM Asset Management (60%)
 - 2015/India: IWM India (planned)

... subject to strict criteria:

- **Strategic and cultural fit**
- **Creating shareholder value**

Strategic Partnerships



Global: IB support, research



Asia: IB support, cross-referrals



Corporate banking support in mainland China, cross-referrals



Domestic banking support in Israel, cross-referrals

IWM INTEGRATION NEARING COMPLETION

Transaction in all locations either completed or proceeding according to plan

- At 31 October 2014 (from IMS):
 - AuM CHF 58bn¹ from IWM o/w CHF 55bn¹ booked on Julius Baer Platforms
 - IWM gross margin² above 2015 target of 85bps
 - 318 (net) FTE synergies realised (close to the communicated 2014 net target of ~400 FTEs)

Priorities:

- Successfully complete transaction in next 6 months
- Continue to realise full potential of IWM transaction

Applicable local closings of the transaction in 2013:

- Feb: Merrill Lynch Bank Switzerland
- April: Uruguay¹, Chile¹, Luxembourg¹, Monaco¹
- May: Hong Kong², Singapore²
- July: UK^{1,2}, Spain¹, Israel²
- Nov: Panama²
- Dec: Bahrain², Lebanon¹, UAE²

H1 2014:

- April: Ireland²
- May: Netherlands²

H2 2014:

- France¹

Expected in H1 2015:

- India¹

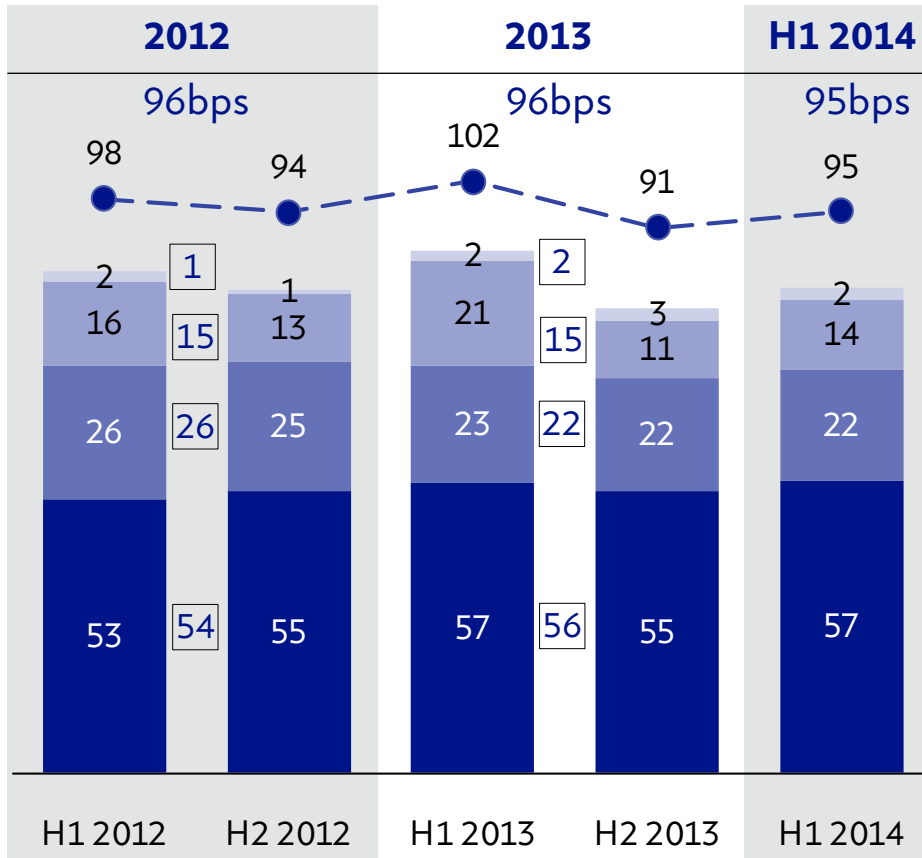
¹ Legal entity acquisition
² Business transfer

¹ AuM at current market values. Based on value at applicable transfer dates: CHF 49bn booked (and paid for)

² Extrapolated gross margin

GROSS MARGIN^{1,2}

10 month gross margin almost maintained at H1 level



- IMS:

- Group gross margin first 10 months: 94bps, maintained almost at H1 level ...
- ... despite seasonal slowdown in August

Extrapolated split (in bps)	H1 2013	H2 2013	H1 2014
Julius Baer stand-alone	102	96	97
IWM	94	70	84
Total	102	91	95

■ Net commission & fee income ■ Net interest & dividend income ● Gross margin
 ■ Net trading income ■ Other ordinary results □ Full year

¹ Operating income divided by period monthly average AuM in basis points. Average AuM for H1 2014 was CHF 261bn, up 24% compared to H1 2013 and up 6% from CHF 246bn in H2 2013

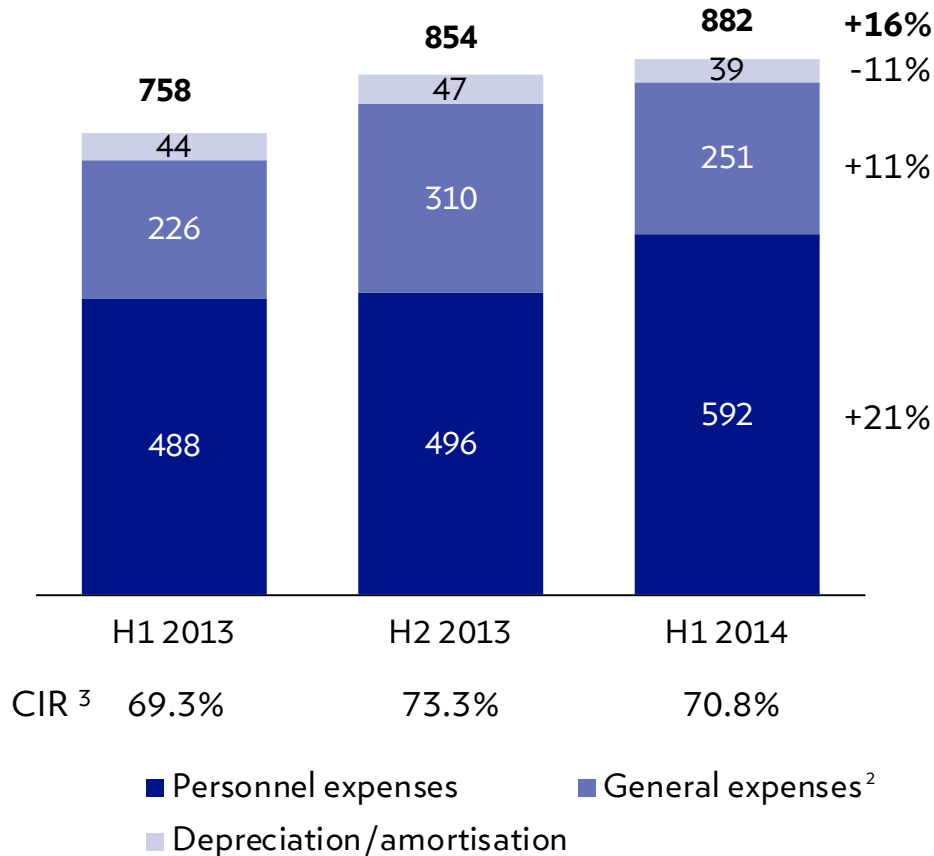
² Net interest income adjusted to exclude dividends on trading portfolios; net trading income adjusted to include the same (H1 2012: CHF 90m, H2 2012: CHF 3m, H1 2013: CHF 33m, H2 2013: CHF 5m, H1 2014: CHF 63m)

OPERATING EXPENSES¹

Reflecting further transfer of IWM businesses

CHF m

vs. H1 13



- IMS:

- Despite modest pressure on gross margin over summer months...
- ... 10 month cost/income ratio³ inside 65-70% medium-term target range
- Earlier than expected: range set as target to be reached from 2015 onwards
- Based on current outlook: valuation allowances, provisions and losses for FY 2014 likely to be close to level of FY 2013 (CHF 46m)

¹ Excluding amortisation of intangible assets, integration and restructuring costs, as well as provision for UK withholding tax treaty (2013)

² Including valuation allowances, provisions and losses

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

CAPITAL RATIOS

Capital targets: total capital ratio > 15%; tier 1 capital ratio > 12%

BIS approach / CHF m	30.06.2013 Basel III ³	31.12.2013 Basel III ³	30.06.2014 Basel III ³	30.06.2014 Basel III fully applied
Total risk-weighted positions	15,218	15,908	16,247	16,462
CET1 capital ¹	3,488	3,328	3,634	2,681
Tier 1 capital ¹	3,488	3,328	3,634	3,267
- of which tier 1 capital 'preferred securities' ²	203	203	180	0
- of which tier 1 capital 'fully eligible Basel III instruments'	244	248	586	586
Eligible total capital ¹	3,724	3,561	3,876	3,339
- of which lower tier 2 instruments ²	221	218	193	0
CET1 capital ratio ¹	22.9%	20.9%	22.4%	16.3%
Tier 1 capital ratio ¹	22.9%	20.9%	22.4%	19.8%
Total capital ratio ¹	24.5%	22.4%	23.9%	20.3%
Loan-deposit ratio	0.50	0.53	0.56	0.56
Liquidity coverage ratio (LCR)	106.6%	110.5%	112.5%	112.5%
Net stable funding ratio (NSFR)	114.5%	121.3%	120.2%	118.3%
Leverage ratio (FINMA definition) ⁴	5.1%	4.7%	5.0%	4.6%

- IMS:
 - at end of *September 2014*:
 - BIS total capital ratio 24.0%
 - BIS tier 1 capital ratio 22.6%

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 Based on Basel III framework (tier 1 capital divided by the total of: on-balance sheet exposures net of provisions, minus derivatives and reverse repo exposures, plus securities financing transaction exposures netted, plus derivative exposures netted, plus off-balance sheet items)

CONFIRMING MEDIUM-TERM TARGETS

	Medium-Term Targets		
	Julius Baer stand-alone (former medium-term targets ¹)	IWM, integrated (2015)	Combined entity (from 2015 onwards)
Cost/Income Ratio ²	62-66%	~70%	65-70%
Pre-Tax Profit Margin ³	>35bps	~25bps	30-35bps
Net New Money ⁴	4-6%	4-6%	4-6%

¹ February 2012, before the announcement of the IWM acquisition (announced August 2012)

² Adjusted cost/income ratio, calculated excluding valuation allowances, provisions and losses

³ Annualised adjusted pre-tax profit divided by period monthly average AuM, in basis points

⁴ Annualised net new money as % of AuM at end of previous year

APPENDIX

Selected slides from H1 2014 results presentation¹

¹ As published on 21 July 2014 – the full presentation is available from www.juliusbaer.com

SCOPE OF PRESENTATION OF FINANCIALS

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 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 17
- Please refer to the 2014 Half-year Report¹ for the full IFRS results

¹ Available from www.juliusbaer.com

ADJUSTED* CONSOLIDATED INCOME STATEMENT

Half-yearly

CHF m	H1 2013	H2 2013	H1 2014	Change H1 14/H1 13	Change H1 14/H2 13	H1 2014 in %
Net interest and dividend income ¹	275	277	347	+26%	+25%	28%
Net commission and fee income	599	678	746	+25%	+10%	60%
Net trading income ¹	185	130	115	-38%	-12%	9%
Other ordinary results	19	32	28	+51%	-13%	2%
Operating income	1,077	1,118	1,236	+15%	+11%	100%
Personnel expenses	488	496	592	+21%	+19%	67%
General expenses ²	226	310	251	+11%	-19%	28%
Depreciation and amortisation	44	47	39	-11%	-17%	4%
Operating expenses	758	854	882	+16%	+3%	100%
Profit before taxes	319	264	354	+11%	+34%	
Pre-tax margin (bps) ⁴	30.1	21.5	27.1	-3.0 bps	+5.6bps	
Income taxes	57	46	66	+15%	+43%	
Adjusted net profit ³	261	218	288	+10%	+32%	
Adjusted EPS (in CHF)	1.23	1.02	1.32	+8%	+29%	
Gross margin (bps) ⁴	101.8	90.7	94.6	-7.3 bps	+3.8 bps	
Cost/income ratio (%) ⁵	69.3	73.3	70.8	+1.5% pts	-2.6% pts	
Tax rate	18.0%	17.4%	18.7%	+0.7% pts	+1.3% pts	
Staff (FTE)	4,505	5,390	5,557	+23%	+3%	
Valuation allowances, provisions and losses	12.1	33.5	7.7	-37%	-77%	
Net new money (CHF bn)	3.4	4.1	7.5	+117%	+80%	
Assets under management (CHF bn)	217.7	254.4	274.2	+26%	+8%	
Average assets under management (CHF bn)	211.5	246.4	261.4	+24%	+6%	

* Excluding amortisation of intangible assets, integration and restructuring costs

¹ Net interest income contains dividend income (H1 2013: CHF 33m, H2 2013: CHF 5m, H1 2014: CHF 63m) on trading portfolios

² Including valuation allowances, provisions and losses

³ Including non-controlling interests of CHF 0.3m for H1 2013 and CHF 0.6m for H1 2014

⁴ Based on period monthly average AuM

⁵ Not considering valuation allowances, provisions and losses

RECONCILIATION CONSOLIDATED FINANCIAL STATEMENT H1 2014¹ TO ADJUSTED NET PROFIT

CHF m	H1 2013	H2 2013	H1 2014	Change H1 14/H1 13	Change H1 14/H2 13
Profit after tax per consolidated Financial Statements (IFRS)	114.3	73.5	178.9	+56%	+143%
Amortisation of intangible assets related to the UBS transaction	37.0	37.0	37.0	-	-
Amortisation of intangible assets related to the ING transaction	8.2	8.2	8.2	-	-
Amortisation of intangible assets related to the IWM transaction	2.9	7.7	12.6	+334%	+64%
Integration and restructuring costs	98.9	100.2	59.8	-40%	-40%
Swiss and UK agreement on withholding tax	28.0	0.6	-	-	-
Tax impact	-27.9	-8.7	-9.0	-68%	+3%
Net impact	147.0	145.0	108.6	-26%	-25%
Adjusted net profit	261.4	218.5	287.6	+10%	+32%

- Amortisation of intangibles: CHF 74.0m p.a. (until 2015) for the 2005 UBS transaction² and CHF 16.3m p.a. (until 2019) for the 2010 ING transaction
- Amortisation of intangibles related to IWM transaction was CHF 12.6m in H1 2014 and will further increase in 2014 as more IWM AuM are transferred and paid for

¹ Please see detailed financial statements in the Half-year Report 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

SOLID BALANCE SHEET – LOW RISK PROFILE

Loan-deposit ratio 0.56

CHF bn	Assets		Liabilities & Equity	
Due from banks (Open trading positions; repo)	8.2 (11.5)	CHF 73.8bn (CHF 72.5bn)	5.1 (8.0)	Due to banks (Incl. open trading volumes and Group debt)
Loans (Incl. lombard lending and mortgages to private clients)	30.6 (27.5)	Loan-deposit ratio 0.56 (0.53)	54.7 (51.6)	Due to customers (Incl. client deposits)
Trading portfolios	6.8 (5.9)	Liability- driven balance sheet		
Financial investments available-for-sale	14.6 (13.1)			
Cash	9.3 (10.2)		5.4 (4.8)	Financial liabilities (Structured products volume)
Others	2.0 (2.2)		3.4 (3.1)	Others
Goodwill & other intangible assets	2.3 (2.1)		5.2 (5.0)	Total equity

Figures as at 30 June 2014, summarised and regrouped from Financial Statements. In brackets: figures as at 31 December 2013

- Deposits (+6%) grew less than AuM (+8%): reflects moderate shift from cash to investment funds
- Loans (+11%) grew more than AuM: partly reflects credit take-up by former IWM clients

BREAKDOWN OF JULIUS BAER GROUP AUM

Including the AuM of the transferred IWM businesses

Asset mix	30.06.2013	31.12.2013	30.06.2014
Equities	25%	27%	27%
Bonds (including Convertible Bonds)	21%	20%	19%
Investment Funds ¹	22%	22%	24%
Money Market Instruments	5%	5%	5%
Client Deposits	20%	20%	18%
Structured Products	6%	5%	6%
Other ²	1%	1%	1%
Total	100%	100%	100%

Currency mix	30.06.2013	31.12.2013	30.06.2014
CHF	15%	14%	13%
EUR	25%	24%	24%
USD	38%	39%	40%
GBP	4%	5%	5%
SGD	2%	2%	2%
HKD	2%	3%	2%
RUB	1%	1%	1%
CAD	1%	1%	1%
Other	12%	11%	12%
Total	100%	100%	100%

¹ Includes further exposure to equities and bonds through equity funds and bond funds

² Including alternative investment assets

Julius Bär

