



Julius Bär

The Leading Swiss Private Banking Group

Boris Collardi
Chief Executive Officer

Morgan Stanley European Financials Conference
London, 21 March 2013

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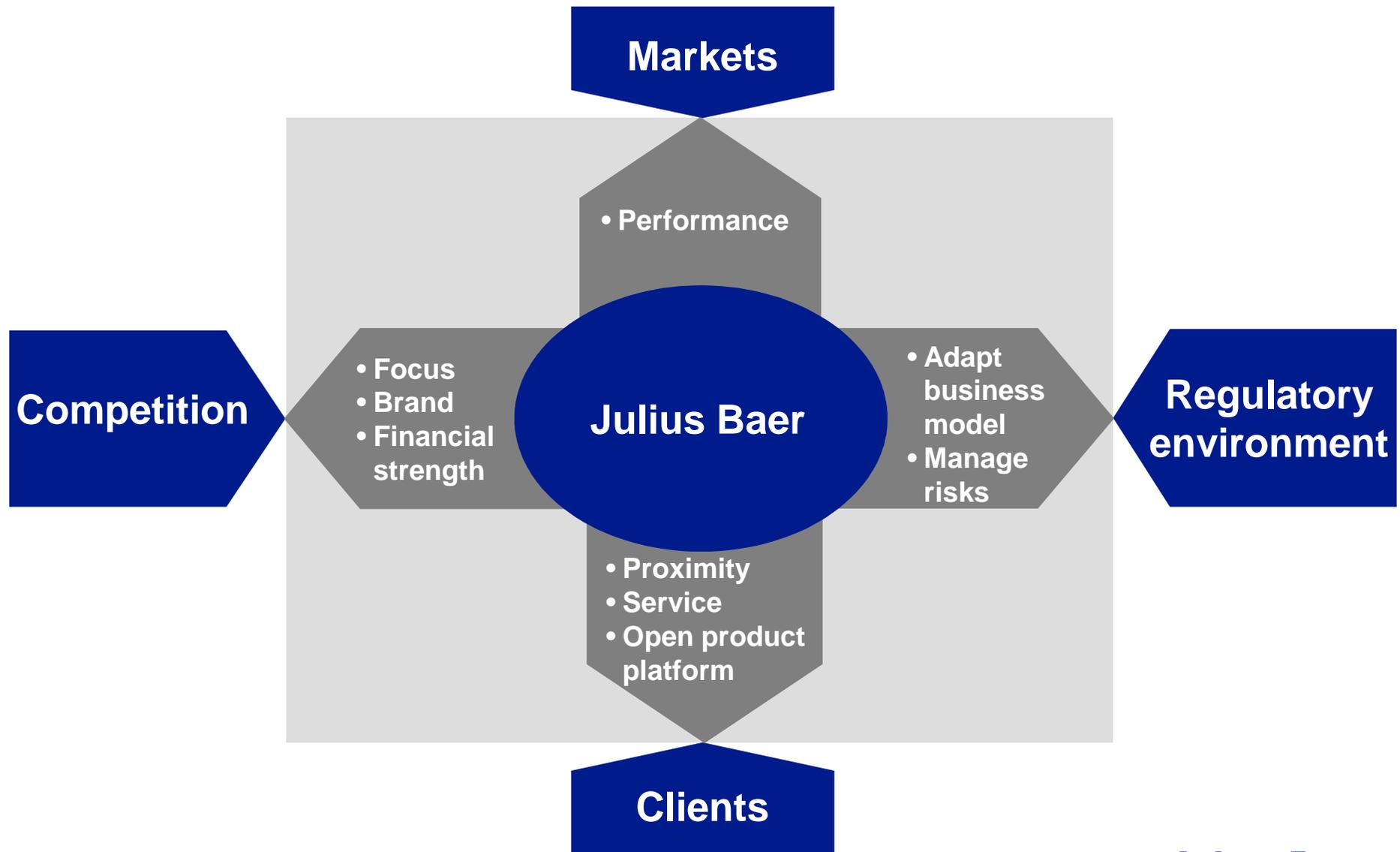
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Drivers of Change in Private Banking

Opportunities and Challenges



Recap: Julius Baer Group Strategy

As presented in September 2009, at the launch of the new Julius Baer Group

Pure Private Banking

- Focus on pure private banking business
- Targeting private clients and family offices as well as external asset managers

Leverage International Platform

Switzerland

Europe

Asia

Other markets

- 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

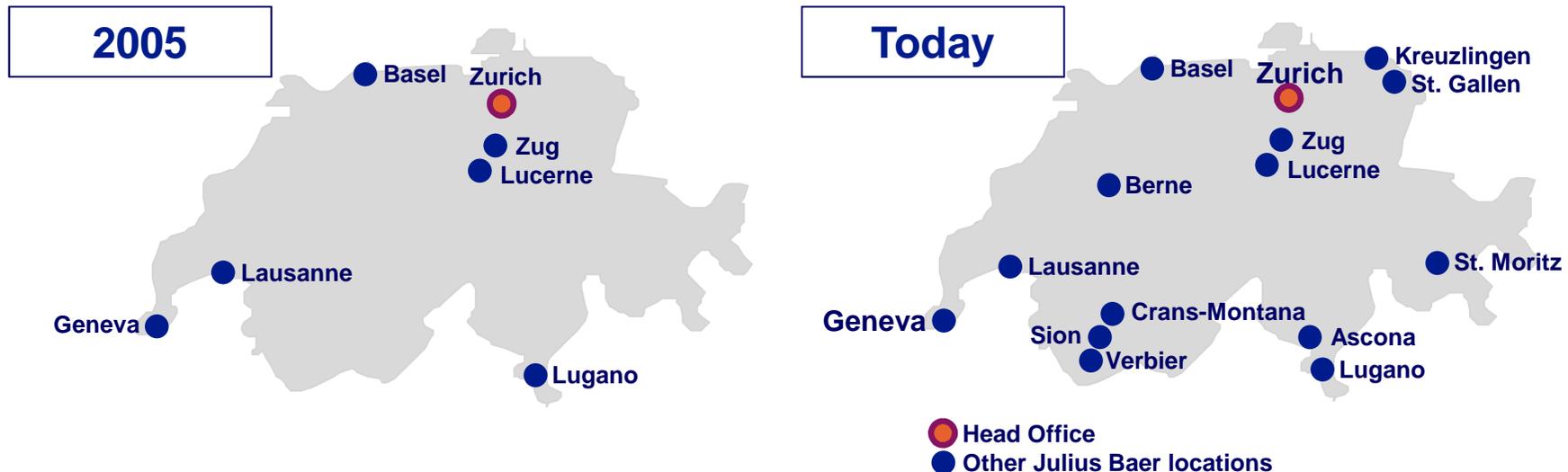
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Major Transformation Starting in 2005

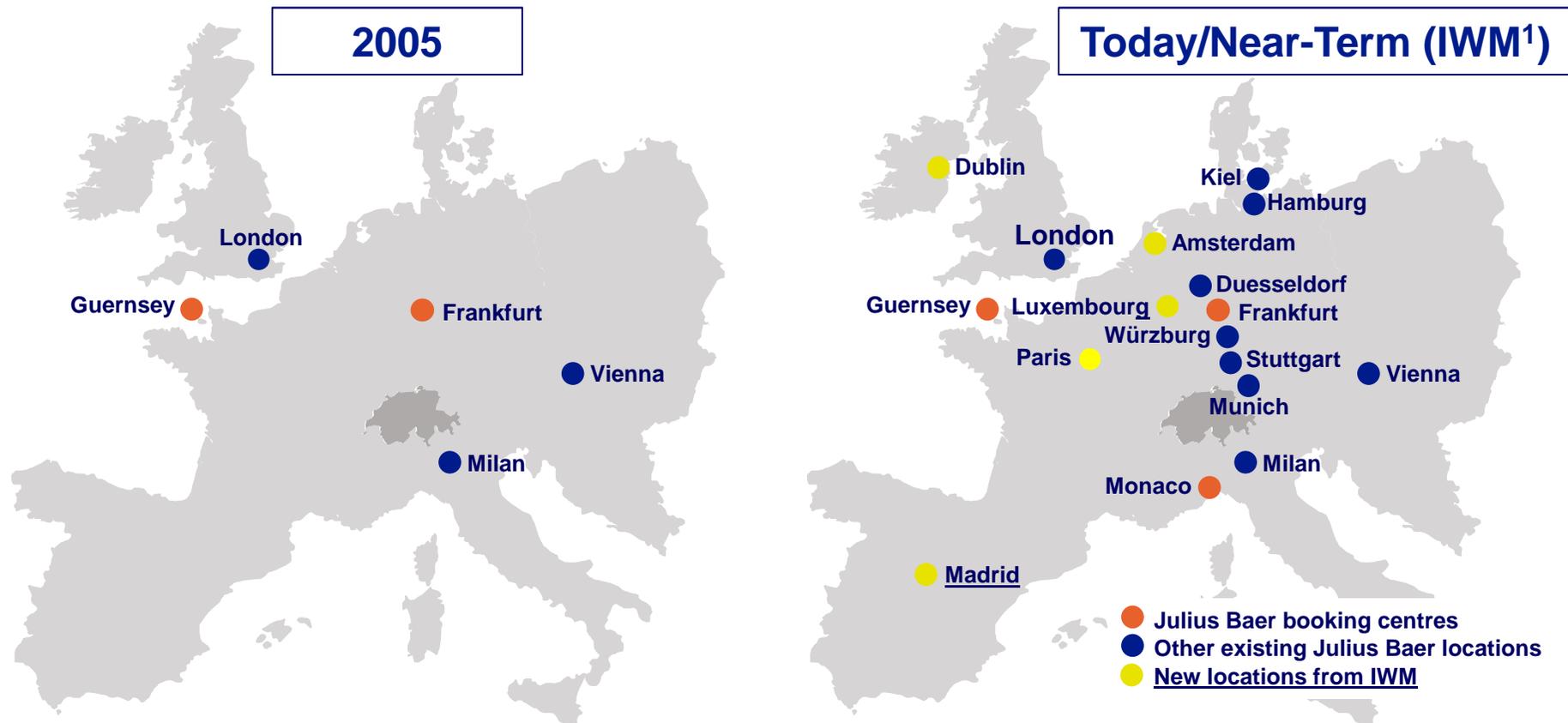
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Switzerland: Strengthened Presence in Home Market



- Major investments in Swiss market since 2005
- Expansion from 7 to 15 locations, increase of staff from ~2,000 to ~3,000
- Via acquisitions significantly increased presence in:
 - Geneva: Ferrier Lullin (2005), ING Bank (Switzerland) (2010), Bank of China (Suisse) S.A. (2012) Merrill Lynch Bank (Suisse) (2013)¹
 - Basel, Berne, Zurich: Ehinger & Armand von Ernst (2005)
 - Lugano: Banco di Lugano (2005)
- Enhanced presence in major upmarket international tourist centres – St Moritz, Verbier, Crans-Montana
- Switzerland continues to serve as the major hub for Julius Baer's European cross-border business

Europe (ex-CH): From 5 to 17 Locations



- Strong cross-border business – complemented with:
 - fast growing German on-shore business (Bank Julius Bär Europe AG - 7 locations)
 - Italian onshore partnership (Kairos - 19.9% participation – pending completion)
- IWM will add:
 - local advisory businesses in 5 new locations (using booking centre Germany)
 - strong UK business out of London

Russia/CEE and Middle East: From 1 to 8 Locations

Greatly increased contribution

2005



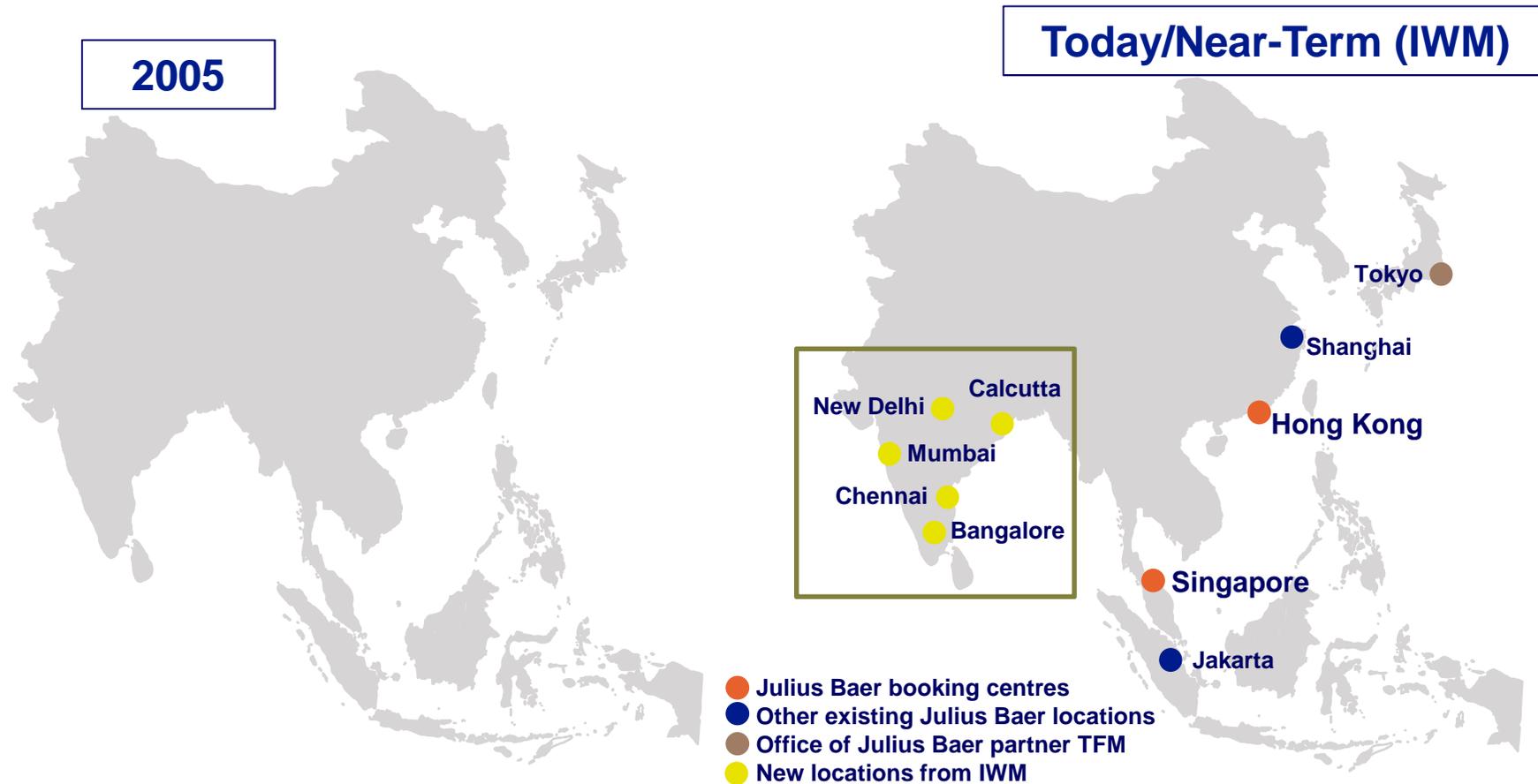
Today/Near-Term (IWM)



- Russia: in Moscow since 2008
 - Growing Russia/CEE desks in Zurich, Geneva, London, Vienna, Monaco, Singapore
- Middle East/Eastern Mediterranean: in Dubai (DIFC) since 2004
 - Abu Dhabi 2007, Istanbul 2008, Cairo 2008, Tel Aviv 2012
- IWM will add new presence in Beirut and Manama

Asia: From No Presence to Major Franchise

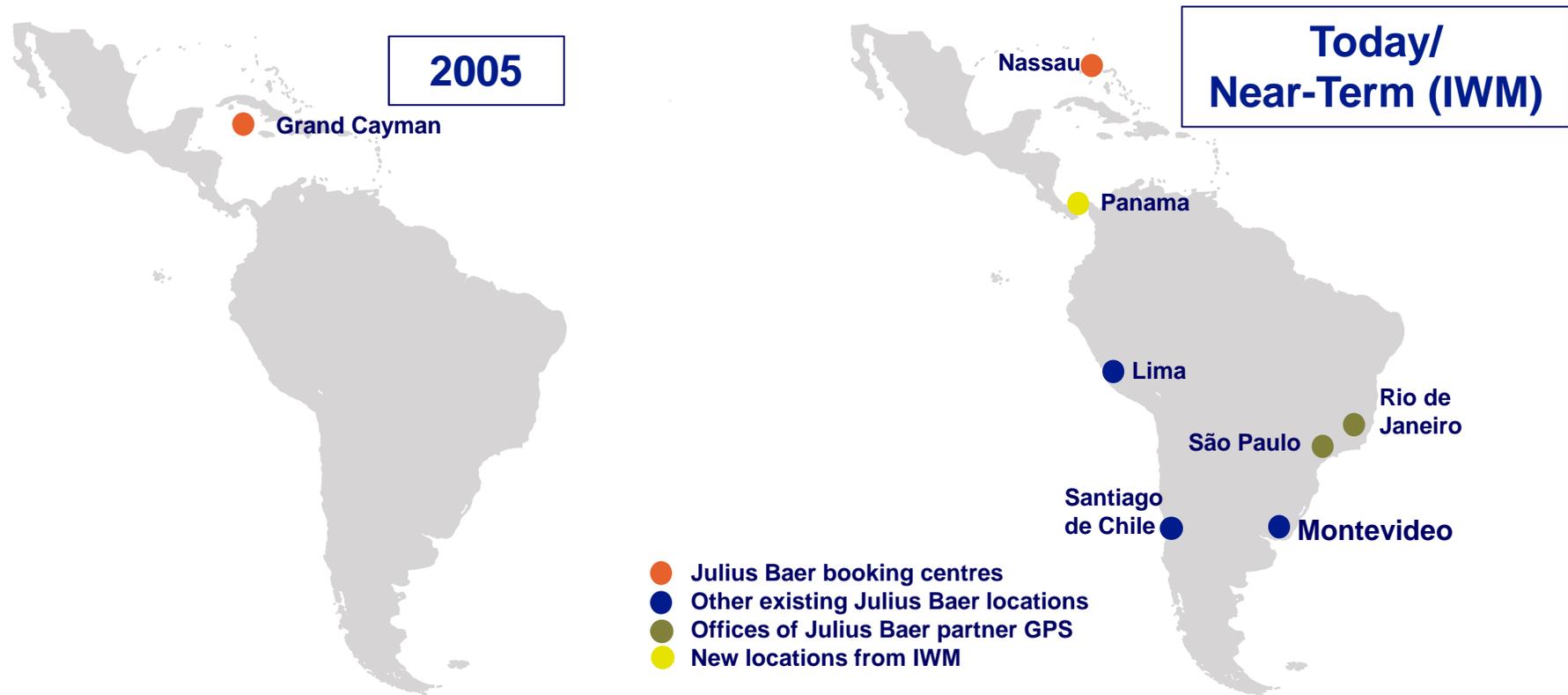
Pro forma for IWM: top 6 private banking business in Asia



- Asia market entry launched from Singapore and Hong Kong in 2006
- Jakarta 2008, Shanghai 2011, Tokyo 2013 (via 60% partner TFM, pending completion)
- IWM will significantly expand presence in Hong Kong and Singapore ...
- ... and provide substantial new and leading presence in India

Latin America: Growing Local Presence

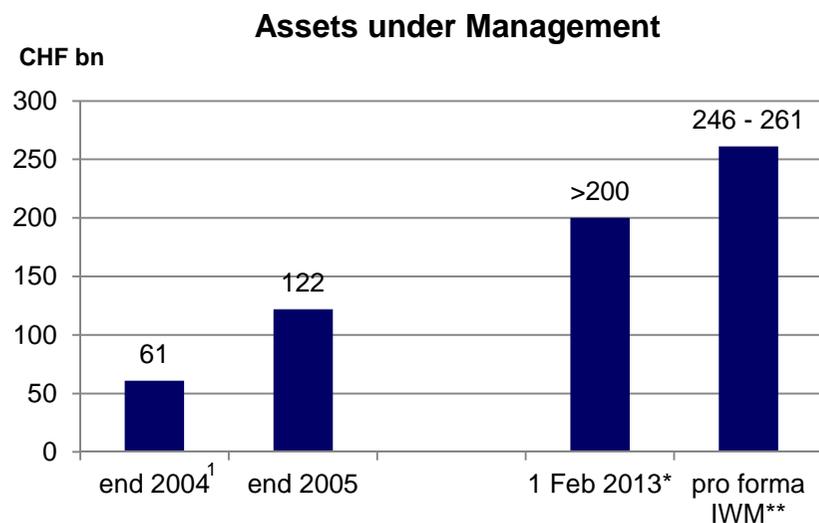
Including in Brazil with local partner GPS



- Developed from traditional cross-border business to growing local advisory presence ...
 - Montevideo 2007, Santiago 2009, Lima 2009
- ... and including successful on-shore partnership in Brazil, South America's largest WM market
 - GPS (Rio de Janeiro, São Paulo - 30% strategic investment since 2011)
- IWM will create leading presence in Montevideo and provide new presence in Panama

Significant AuM Growth

Solid inflows since 2005 – more than doubled the RM base



Attractive platform for top PB talents

- Independence / pure private bank
- Strong brand
- Client-centric approach
- Wide range of first-class products and services
- Solid capital position and balance sheet
- International reach, local touch

¹ 2004: Private Banking AuM at former Julius Baer Holding Ltd.

* CHF 189bn at end 2012, plus CHF 11bn from Merrill Lynch Bank (Suisse), which was acquired on 1 February 2013

** CHF 189bn at end 2012, plus CHF 57-72bn targeted to be acquired in total from IWM

Clear Shift Towards Growth Markets

Share of AuM from growth markets expected to approach 50%¹

Expected Approximate Breakdown by Client Domicile of Julius Baer AuM on a Combined Basis¹



- Today, well over a third of Julius Baer AuM is from clients resident in the growth markets (Asia, Latin America, Middle East, Russia/CEE)
- Approx. 2/3 of IWM's AuM are from clients in the growth markets, of which >50% from Asia
- IWM acquisition expected to result in significant shift towards clients from growth markets on a combined basis¹:
 - Share of AuM from growth markets of currently >1/3 expected to approach 50%
 - Share of AuM from Western Europe expected to drop to approx. 1/3 ...
 - ... with proportion of *on-shore* advised assets expected to increase significantly

¹ Pro forma, at CHF 72bn AuM transferred, and based on the assumption that the breakdown by client domicile of AuM transferred is in proportion to IWM client domicile breakdown that is based on preliminary IWM data



IWM: Another Transformational Step

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IWM: Compelling Strategic and Financial Rationale

Premier franchise with client-centric heritage

- Significant scale, leading franchise in pure-play private banking
- Ethos of client-service excellence from experienced, long-tenured advisers
- Client service model highly complementary with that of Julius Baer

Focus on targeted growth markets

- Strong foothold in >20 key international markets
- Significant exposure to clients from growth markets, with approx. two thirds of AuM from North/Southeast Asia, India, Middle East and Latin America

Significant strengthening of the Julius Baer franchise

- Targeting CHF 57-72bn of incremental AuM
- Moves Julius Baer further ahead of its nearest private banking peers

Financially compelling

- Attractive price of 1.2% of AuM transferred – paid only if/when AuM transfer
- Incremental business to be acquired is profitable on a normalised basis, with synergy potential

IWM: Principal Closing Achieved

Preparation for client migration fully on track



Combining
212 years of experience,
50 locations worldwide and
2 leading teams with
1 single goal to offer you:

the **new** reference
in **private** banking.

Julius Bär welcomes Merrill Lynch's
International Wealth Management
clients*. Through the perfect combination
of private client heritage and investment
expertise the new reference in inter-
national private banking will be created.
Be part of this next chapter of the
leading Swiss Private Banking Group.

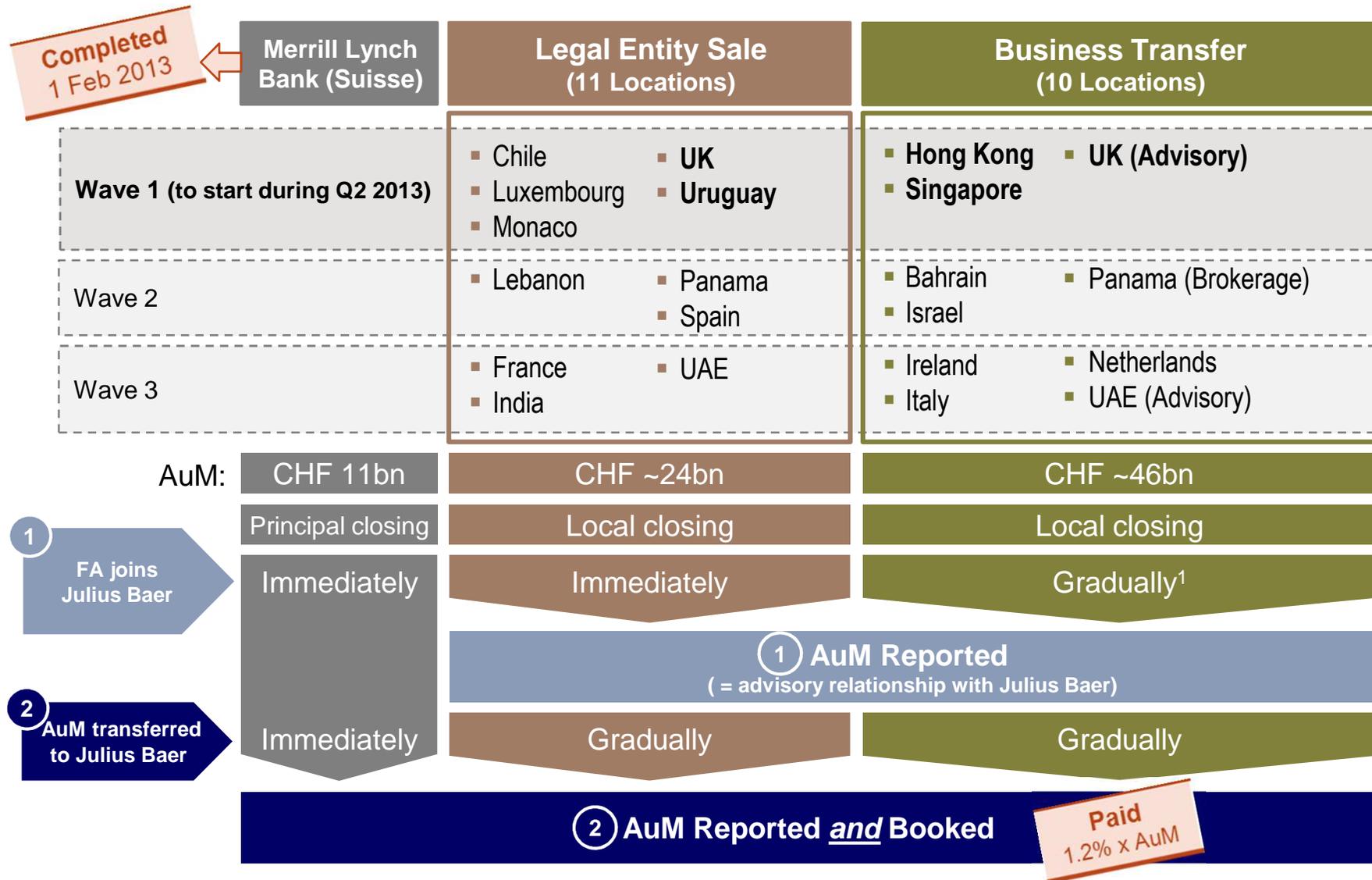
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Your private bank.

www.juliusbaer.com

Headquartered in Zurich, we have offices in more than 20 countries worldwide: Switzerland Aigona, Basle, Berne, Crans-Montana, Geneva, Kreuzlingen, Lausanne, Lucerne, Lugano, Sion, St. Gallen, St. Moritz, Verbier, Zug, Zurich Europe, Düsseldorf, Frankfurt, Guernsey, Hamburg, Istanbul, Kiel, London, Milan, Monaco, Moscow, Munich, Paris, Stuttgart, Vienna, Würzburg Americas Lima, Montevideo, Nassau, Santiago de Chile Asia-Pacific Hong Kong, Jakarta, Shanghai, Singapore Middle East and Africa Abu Dhabi, Cairo, Dubai, Tel Aviv. Additional offices expected in Amsterdam, Beirut, Dublin, India, Luxembourg, Madrid, Manama and Panama City. Private banking services may not be rendered in all of the above locations. *outside the United States

- Principal Closing achieved on 1 February
- Merrill Lynch Bank Switzerland (MLBS) acquired¹
 - AuM CHF 11 bn
 - Taking Julius Bär AuM above CHF 200bn for first time¹
- Very positive responses from FAs in all regions
- Global Advisory Committee of former senior managers of Merrill Lynch formed
- Management structure realigned – incl. Julius Bär Group COO joining from IWM
- Global strategic cooperation agreement with Bank of America Merrill Lynch – to benefit all clients
- Client transfers expected to start in Q2

IWM: FAs and AuM Transfer in Three Waves



¹ FAs may move immediately in some locations

Confirming Post-Integration Targets

	Targets			
	Julius Baer FY 2012	Julius Baer stand-alone (current mid-term targets)	IWM, integrated (first year post integration)	Combined entity ⁴ (first years post integration)
Cost/Income Ratio¹	71% ⁵	62-66%	~70%	65-70%
Pre-Tax Profit Margin²	29bps ⁵	>35bps	~25bps	30-35bps
Net New Money³	5.7%	4-6%	4-6%	4-6%

¹ Adjusted cost/income ratio, calculated excluding valuation allowances, provisions and losses

² Adjusted pre-tax profit divided by period average AuM, in basis points

³ Net new money as % of AuM at end of previous period

⁴ New targets based on CHF 57-72bn of AuM transferred as part of the transaction (actual AuM transferred may vary), and assuming market performance impact on transferred IWM AuM similar to impact on Julius Baer stand-alone AuM

⁵ Including CHF 38m expenses related to the US tax situation – excluding these expenses the cost/income ratio was 69% and the pre-tax profit margin 31 bps



The Year Ahead

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Strong Focus on Integrating IWM and Protecting Profitability

Transition to next growth phase

- Add-on from MLBS¹ has increased our AuM base to over CHF 200bn
- IWM acquisition on track – expected to lead to significant additional AuM, with strong focus on growth markets
- Management fully focused on successfully integrating IWM
- Aiming to have 80% of targeted CHF 57-72bn AuM reported by year-end

Early signs of increased client activity

- Start of year saw increase in stock market volumes and FX volatility
- If sustained, this could translate into increasing client activity volumes and therefore a potential recovery in the gross margin from the 94bps low in H2

Ongoing cost focus

- 2012 cost/income ratio was above our medium-term stand-alone target
- Continued cost focus remains of paramount importance

¹ Merrill Lynch Bank (Suisse) S.A. This Geneva-based bank, with AuM of around CHF 11billion, was transferred to Julius Baer at the time of principal closing on 1 February 2013

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