

# Julius Bär

## MEDIA RELEASE

Julius Baer Group Ltd.

Zurich, 3 February 2020

### Shift from asset-gathering strategy to sustainable profit growth **Julius Baer presents updated strategy and mid-term targets**

- **Ambition to become the most reputable and admired brand in wealth management**
- **Sharpened, distinctive and consistent value proposition for high net worth and ultra-high net worth clients, supported by accelerated investments in human advice and technology**
- **Comprehensive three-year programme to enhance client experience and revenues, to improve productivity and efficiency and to strengthen risk culture and teamwork**
- **High-quality, sustainable profit growth and attractive capital returns to result**
- **New medium-term targets (2020 – 2022):**
  - **Adjusted<sup>1</sup> pre-tax margin of 25 to 28 basis points by 2022**
  - **Adjusted<sup>1</sup> cost/income ratio of 67% or lower by 2022**
  - **Over 10% annual growth in adjusted<sup>1</sup> pre-tax profit over the medium-term cycle**
  - **Adjusted<sup>1</sup> return on CET1 capital of at least 30% by 2022**

Julius Baer Group today provided an update of its strategy, including a new set of financial targets for the coming three-year cycle (2020 to 2022).

Philipp Rickenbacher, CEO of Julius Baer, said: “With the successful growth strategy of the past decade, Julius Baer has defined pure wealth management. In the next decade, we aim to become the most reputable and admired wealth manager in the industry. To achieve this, we need to dynamically modernise our organisation. We will sharpen our value proposition for high net worth and ultra-high net-worth clients. We will accelerate our investments in human advice and technology. And we will shift our leadership focus from an asset-gathering strategy to one of sustainable profit growth.”

While new secular dynamics are unfolding and the economics of the business are changing, wealth management remains an attractive industry. With its leading market position and size, and as the only large player focused purely on wealth management, Julius Baer is excellently positioned for the future.

#### **Sharpen value proposition for sophisticated high net worth and ultra-high net worth individuals**

Julius Baer will offer its two client segments, HNWI and UHNWI, a sharpened, distinct value proposition. Contrary to industry trends, HNWI will continue to be served in a personal way, with a dedicated Relationship Manager. They will be offered an unrivalled breadth of solutions that can be customised based on technology, supporting scalability. UHNWI and wealthy families will benefit

**Julius Baer Group Ltd.**

Bahnhofstrasse 36, P.O. Box, 8010 Zurich, Switzerland

T +41 (0) 58 888 1111, F +41 (0) 58 888 5517

[www.juliusbaer.com](http://www.juliusbaer.com)

from Julius Baer's global coverage, full access to its expertise and the ability to deliver highly bespoke solutions, based on the Group's open product architecture and its balance sheet, without the conflict of other lines of business.

The Group will invest even more in its range of solutions and expertise – already one of the most comprehensive ones in the industry – to enhance its relevance for clients and capture new market opportunities. Examples of innovation in these areas are digital assets, structured lending, and impact investing.

### **Accelerate investments in human advice and technology**

Investments in technology to power human advice will be accelerated and will be increased by approximately 20% in 2020 and 2021. This will create new revenue opportunities and improve efficiency. The main shift will be from the modernisation of the back-end to investment in enhancing client value at the front-end.

Julius Baer will continue to attract the top entrepreneurial talent in the industry – relationship managers, but also specialists and technology experts. The Group will invest in developing junior relationship managers in-house, and will upgrade incentive and compensation systems, in line with its financial targets, entrepreneurial aspiration, and risk standards.

### **Shift from asset-gathering strategy to sustainable profit growth**

With Julius Baer's shift from an asset-gathering strategy to one focused on sustainable profit growth, the Group is introducing new targets for the coming three-year cycle (2020 – 2022):

- An adjusted<sup>1</sup> pre-tax margin of 25 to 28 basis points
- An adjusted<sup>1</sup> cost/income ratio of 67% or lower
- Over 10% annual growth in adjusted<sup>1</sup> pre-tax profit over the cycle, assuming no meaningful deterioration in markets or foreign exchange rates
- Adjusted<sup>1</sup> return on CET1 capital of at least 30% by 2022, supported by active capital management.

Julius Baer remains committed to maintaining the quality and strength of its balance sheet and capitalisation. The floors of its BIS total capital and CET1 ratio will be kept at 15% and 11% respectively, representing a prudent buffer of around three percentage points above regulatory minimums.

The dividend and capital return frameworks remain unchanged and reflect the Group's strong capital generation. Ordinary annual dividends of 40% of adjusted net profits can be complemented by share buybacks or special dividends. The current CHF 400 million buy-back programme will run until the end of February 2021.

### **Implementation through three-year programme**

To implement its strategy, Julius Baer is starting a three-year programme to enhance its client value, improve its productivity and efficiency, and strengthen its risk culture and teamwork. The programme is expected to deliver more than CHF 150 million of revenue improvements to offset anticipated industry-wide margin pressure through an enhanced offering, the roll-out of additional fee-based advisory models, the deepening of its structuring and credit capabilities, as well as price realisation.

Julius Baer will reduce its cost base by CHF 200 million through productivity and efficiency measures. These measures will include simplifying its organisation, improving operational

excellence in all areas, and reviewing the Group's geographic footprint based on future growth potential. It has already been decided that the booking centre in the Bahamas will close.

As part of its three-year programme, Julius Baer will also uncompromisingly strengthen its corporate values as well as its robust risk and compliance culture, based on professional integrity and teamwork.

The impact of the programme will start to materialise in 2021 and be fully realised by 2022.

The full details on Julius Baer's updated strategy are available on [www.juliusbaer.com](http://www.juliusbaer.com) (Full-year Presentation 2019).

<sup>1</sup> For definition of adjusted result, please refer to [www.juliusbaer.com/APM](http://www.juliusbaer.com/APM)

## **Contacts**

Media Relations, tel. +41 (0) 58 888 8888

Investor Relations, tel. +41 (0) 58 888 5256

## **About Julius Baer**

Julius Baer is the leading Swiss wealth management group and a premium brand in this global sector, with a focus on servicing and advising sophisticated private clients. At the end of 2019, assets under management amounted to CHF 426 billion. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the principal operating company of Julius Baer Group Ltd., whose shares are listed on the SIX Swiss Exchange (ticker symbol: BAER) and are included in the Swiss Leader Index (SLI), comprising the 30 largest and most liquid Swiss stocks.

Julius Baer is present in over 25 countries and more than 60 locations. Headquartered in Zurich, we have offices in key locations including Dubai, Frankfurt, Geneva, Hong Kong, London, Luxembourg, Mexico City, Milan, Monaco, Montevideo, Moscow, Mumbai, São Paulo, Singapore and Tokyo. Our client-centric approach, our objective advice based on the Julius Baer open product platform, our solid financial base and our entrepreneurial management culture make us the international reference in wealth management.

For more information visit our website at [www.juliusbaer.com](http://www.juliusbaer.com)