



Julius Bär

BUSINESS REVIEW 2017

JULIUS BAER GROUP

Pre-print as at 31 January 2018

OUR MISSION

Julius Baer is the leading Swiss private banking group. We focus on providing high-end services and in-depth advice to private clients around the world. Our relationships are built on partnership, continuity and mutual trust. Julius Baer is synonymous with best-in-class investment and wealth planning solutions based on the *Julius Baer open product platform*. We actively embrace change to remain at the leading edge of a genuine growth industry – as we have done for over 125 years.

As the international reference in private banking, we manage our company for the long term and pursue a corporate strategy founded on four cornerstones:

We passionately live **pure** private banking – for our clients locally and worldwide

We are **independent** – remaining true to our Swiss family heritage

We give **objective** advice – leveraging our expertise via the Julius Baer open product platform

We are **entrepreneurial** and innovative – setting the pace in the industry

This is built on a platform that prioritises prudent financial and risk management and aims to deliver sustainable, industry-leading growth.

Our dynamic strategy allows us to capture the strong wealth creation dynamics of growth markets and to further penetrate the high wealth concentration of our core European markets.

We continue to build the business with a combination of organic and inorganic growth, broadening our teams of highly qualified relationship managers and cooperating with strong commercial partners, while at the same time remaining vigilant to acquisitive growth opportunities provided they offer a valuable strategic and cultural fit.

CONTENTS

2

FOREWORD

4

FINANCIAL PERFORMANCE IN 2017

10

BUSINESS DEVELOPMENT IN 2017

22

OUR COMMITMENT

24

IMPORTANT DATES AND CORPORATE CONTACTS

Cover pictures:

Impressions from inside the client reception area
at the Head Office in Zurich.
Welcome to Julius Baer!

KEY FIGURES JULIUS BAER GROUP¹

	2017 CHF m	2016 CHF m	Change in %
Consolidated income statement			
Operating income	3,252.2	2,852.4	14.0
Adjusted operating expenses	2,263.6	2,004.8	12.9
Profit before taxes	988.6	847.6	16.6
Adjusted net profit for the Group	805.6	705.5	14.2
Cost/income ratio ²	69.0%	68.9%	-
Pre-tax margin (basis points)	27.3	27.1	-
	31.12.2017	31.12.2016	Change in %
Assets under management (CHF bn)			
Assets under management	388.4	336.2	15.5
Net new money	22.2	11.9	-
Consolidated balance sheet (CHF m)			
Total assets	97,917.6	96,207.2	1.8
Total equity	5,854.0	5,353.9	9.3
BIS total capital ratio	22.0%	17.5%	-
BIS CET1 capital ratio	16.7%	16.4%	-
Personnel (FTE)			
Number of employees	6,292	6,026	4.4
Number of relationship managers	1,396	1,383	0.9
Capital structure			
Number of shares	223,809,448	223,809,448	-
Market capitalisation (CHF m)	13,339	10,123	31.8
Moody's rating Bank Julius Baer & Co. Ltd.			
Long-term deposit rating	Aa2	Aa2	
Short-term deposit rating	Prime-1	Prime-1	

¹ Adjusted results derived by excluding from the audited IFRS financial statements the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments. Including these items, the IFRS net profit for 2017 amounted to CHF 716 million (2016 CHF 622 million).

² Calculated using adjusted operating expenses, excluding valuation allowances, provisions and losses.

FOREWORD

Dear Reader

2017 proved to be a successful year for Julius Baer. Supported by an overall favourable financial market environment, the operating performance of our Group showed clear improvement on all levels as we reaped the fruits of last year's strategic hiring initiative and organisational changes. These developments as well as the prestigious award as the *World's Best Bank for Wealth Management* we received from *Euromoney* last summer are further validations of our long-term strategy. Building on our strong business momentum, we pushed ahead with the implementation of our strategic roadmap designed to keep our company fighting-fit for the future.

‘The financial strength of our Group is
a reflection of our clients’ trust in our ability
to act as their advisors.’

The financial strength of our Group is a reflection of our clients’ trust in our ability to act as their advisors. The adjusted net profit¹ for 2017 was at an all-time high, and net new money growth exceeded our medium-term target range of 4–6%. At the end of December 2017, the Group's total capital ratio stood at 22.0% (fully applied 21.2%) and the BIS CET1 capital ratio was at 16.7% (fully applied 13.5%). Both capital ratios are well above the Group's own floors of 15% and 11%, and significantly above the regulatory minimums of 12.2% and 8%. The strengthening of the total capital ratio was partly attributable to the successful placement of USD 300 million of perpetual non-cumulative high-trigger Additional Tier 1 (AT1) securities in September 2017, which generated the biggest subscription level of any European issue in 2017. In light of the excellent financial results, the Board of Directors intends to propose to the Annual General Meeting on 11 April 2018 an increased dividend of CHF 1.40 per share. The total proposed dividend payout amounts to CHF 313 million, up from CHF 269 million in 2017, or 40% of the adjusted net profit for 2017, in line with the target pay-out percentage introduced in February 2016.

Under the leadership of CEO Bernhard Hodler, appointed in November 2017, our management team will further sharpen our strategic focus on pure private banking and exploit the opportunities for profitable growth in our chosen markets. Our global franchise is well balanced across geographies and enables us to benefit from wealth creation in established and growth markets alike. At the same time, our industry is evolving at a fast pace. Changes in regulation and client needs redefine every aspect of our business, from the way we advise our clients to the products and services we offer and the job profiles of our employees. With digitalisation sweeping through virtually every aspect of

¹ Cf. footnote 1 to the table on page 5

modern life, technology becomes an increasingly important aspect of any value proposition. Continued development is key, and we are fortunate to be able to harness these trends from a position of strength. We continue to invest in our core banking platforms, the scalability of processes, our investment solutions capabilities and digital tools. The overarching objective is to provide our clients with holistic wealth management services that cover every stage of their individual lives. We call our approach *Julius Baer – Your Wealth*. It was introduced in 2015 with the offering of a range of new advisory mandates. The comprehensive toolset required for our relationship managers to deliver on this promise in a consistent and efficient manner will be fully rolled out in our Swiss home market in the coming months. In parallel, we are constantly enhancing our digital channels in line with clients' evolving desire to interact, transact and receive advice and insights online. We regard these efforts as vital to our ability to offer a high-quality client experience, to remain one of the most trusted and respected private banks and to continue to grow profitably across the next business cycles.

In our business, trust is earned day after day – with clients, shareholders, bondholders and employees. We would like to thank all our stakeholders for their appreciation of our efforts and we hope to count on their continued support.



Daniel J. Sauter
Chairman



Bernhard Hodler
Chief Executive Officer

FINANCIAL PERFORMANCE IN 2017

In 2017, Julius Baer succeeded in capitalising on the benefits of the major investment in relationship manager hiring during the previous year as well as the significant market performance impact on assets under management. Adjusted net profit¹ for the Group improved to a record CHF 806 million, a year-on-year increase of 30% when excluding the Kairos fair value adjustment and the Swiss pension fund plan amendment from the 2016 results.



Dieter A. Enkelmann, Chief Financial Officer

Including assets under custody of CHF 69 billion, total client assets grew by 17% to CHF 457 billion.

‘The net new money pace accelerated to 6.6%, exceeding the Group’s medium-term target range of 4–6%.’

Assets under management (AuM) grew by 16%, or CHF 52 billion, to CHF 388 billion. The growth in AuM was the result of market performance of CHF 34 billion, net new money of CHF 22 billion (6.6%), a positive currency impact of CHF 2 billion, as well as a small net positive acquisition impact of CHF 0.3 billion. AuM were impacted by an end-of-year reclassification of CHF 6 billion to custody assets, following the completion of the roll-out of the new client advisory models in Switzerland and continental Europe.

The net new money pace accelerated to 6.6%, exceeding the Group’s medium-term target range (4–6%). Net new money was helped particularly by strong net inflows from clients domiciled in Asia and the Middle East, a substantial recovery in Latin America, and continued healthy net new money development in the traditional European markets, including strong contributions from Monaco and the UK. The relationship managers (RMs) hired in 2016 and 2017 contributed significantly to the inflows.

Operating income rose to CHF 3,252 million. The 14% increase was slightly lower than the 16% growth in monthly average AuM (to CHF 363 billion), leading to a decline in the gross margin by 1 basis point (bp) to 90 bps. In 2016, however, operating income included a positive fair value adjustment of CHF 39 million (or 1.2 bps in gross margin terms) resulting from the acquisition of an additional 60.1% stake in Kairos that year. Excluding this impact, the rise in operating income was 16% and the gross margin was essentially unchanged.

Net commission and fee income grew by 23% to CHF 1,931 million. The significant increase was driven by a further improvement in asset-based fee income as well as by strong growth in client transaction commissions. Asset-based revenues were fuelled by an increased penetration of advisory mandates and a full twelve-month and strongly improved contribution from Kairos, which was consolidated as of 1 April 2016 and saw good performance in its key products.

¹ Cf. footnote 1 to the table on the next page

CONSOLIDATED INCOME STATEMENT¹

	2017 CHF m	2016 CHF m	Change %
Net interest and dividend income	987.8	877.1	12.6
Net commission and fee income	1,930.6	1,564.9	23.4
Net trading income	303.6	332.5	-8.7
Other ordinary results	30.3	77.9	-61.1
Operating income	3,252.2	2,852.4	14.0
Personnel expenses	1,549.0	1,318.0	17.5
General expenses ²	626.4	612.4	2.3
Depreciation and amortisation	88.2	74.4	18.5
Adjusted operating expenses	2,263.6	2,004.8	12.9
Profit before taxes	988.6	847.6	16.6
Income taxes	183.0	142.1	28.8
Adjusted net profit for the Group	805.6	705.5	14.2
Attributable to:			
Shareholders of Julius Baer Group Ltd.	792.9	701.5	13.0
Non-controlling interests	12.8	4.1	-
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	3.66	3.23	13.3
Key performance ratios			
Cost/income ratio ³	69.0%	68.9%	-
Gross margin (basis points)	89.7	91.1	-
Pre-tax margin (basis points)	27.3	27.1	-
Tax rate	18.5%	16.8%	-

¹ Adjusted results derived by excluding from the audited IFRS financial statements the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments. Including these items, the IFRS net profit for 2017 amounted to CHF 716 million (2016 CHF 622 million).

² Including valuation allowances, provisions and losses.

³ Calculated using adjusted operating expenses, excluding valuation allowances, provisions and losses.

Net interest and dividend income rose by 13% to CHF 988 million. It included CHF 195 million of dividend income on trading portfolios, up 2%. Excluding this item, underlying net interest and dividend income went up by 16% to CHF 792 million, driven mainly by an increase in loan volumes and higher credit spreads, partly offset by a rise in interest rates payable on client deposits. Interest income on the portfolio of financial investments available-for-sale (AFS) was slightly lower as the benefit from higher US interest rates was more than offset by a 33% reduction in the size of the AFS book.

Net trading income fell by 9% to CHF 304 million. Including the dividend income related to trading portfolios, underlying net trading income decreased by 5% to CHF 499 million. This decline follows a substantial year-on-year decrease in overall FX volatility and volumes.

Other ordinary results (which among other items includes income from associates, rental income and net gains/losses from the disposal of financial investments from the AFS portfolio) fell by CHF 48 million to CHF 30 million. The decline is largely attributable to the aforementioned Kairos item as well as the termination of the brand licensing agreement with GAM in March 2017.

Breakdown of assets under management by currency

	31.12.2017	31.12.2016
USD	45%	45%
EUR	23%	22%
CHF	10%	11%
GBP	4%	4%
HKD	4%	3%
SGD	2%	2%
RUB	1%	1%
CAD	1%	1%
Other	10%	11%

Adjusted operating expenses increased by 13% to CHF 2,264 million. In 2016, however, operating expenses included a benefit of CHF 63 million resulting from an amendment of the Swiss pension plan. Excluding this impact, the year-on-year increase in operating expenses was 9%.

At 6,292 full-time equivalents (FTEs), personnel rose by 4%, or 266 FTEs – and the monthly average number of employees increased by 6% to 6,206. Following the very significant investments in RM hiring in 2016, the focus in 2017 was shifted towards a more normalised hiring pace and to improving the quality and capacity of client-facing personnel. In 2017, the Group further introduced a new framework for its front-office organisation, with dedicated market and team leadership roles. As a consequence, 28 RMs moved into new positions and are no longer classified as RMs. As a consequence, and in combination with the net result of continued active hiring and ongoing performance-driven resource management, the number of RMs grew by 1%, or 13 FTEs, to 1,396. AuM per RM climbed by 14% to CHF 278 million.

Adjusted personnel expenses grew to CHF 1,549 million, a rise of 18%. Excluding the pension fund-related benefit of CHF 63 million in 2016, the increase in adjusted personnel expenses was 12%.

Adjusted general expenses went up by 2% to CHF 626 million, as the ongoing investments in the core banking platforms and the costs indirectly caused by higher staff levels were partly offset by a CHF 20 million decline in valuation allowances, provisions and losses.

Adjusted depreciation increased by 12% to CHF 42 million and *adjusted amortisation* by 26% to CHF 46 million. The growth in adjusted amortisation mainly reflects the rise in IT-related investments in recent years.

ASSETS UNDER MANAGEMENT

	31.12.2017 CHF bn	31.12.2016 CHF bn	Change %
Assets under management	388.4	336.2	15.5
<i>Change through net new money</i>	22.2	11.9	-
<i>Change through market and currency impacts</i>	35.9	13.4	-
<i>Change through acquisition</i>	0.4	11.3	-
<i>Change through divestment</i>	-0.1	-0.1	-
<i>Change through other effects</i>	-6.1 ¹	-	-
Average assets under management	362.5	313.1	15.8

¹ Includes assets which have been reclassified following the completed roll-out of the new client advisory models in Switzerland and continental Europe.

As a result, the adjusted *cost/income ratio*¹ was 69.0%. This compares to 68.9% in 2016, or 72.0% excluding the Kairos- and pension fund-related items. The underlying year-on-year improvement was partly attributable to the incremental revenue benefits from the RM hiring in 2016 and 2017, as well as the strong revenue contribution from Kairos.

Adjusted *profit before taxes* rose by 17% year on year to CHF 989 million. Excluding the Kairos- and pension fund-related items (together CHF 101 million) in 2016, the increase was 32%. The adjusted pre-tax margin was 27.3 bp. The related income taxes were CHF 183 million, representing a tax rate of 18.5%, up from 16.8% in 2016. The increase in the tax rate was largely driven by an increased profit contribution from Italian-based Kairos.

Adjusted *net profit for the Group*² grew by 14% to CHF 806 million. After considering adjusted non-controlling interests of CHF 13 million, adjusted net profit attributable to shareholders of Julius Baer Group Ltd. was CHF 793 million, and adjusted EPS attributable to shareholders of Julius Baer Group Ltd. CHF 3.66, both up 13% year on year.

As in previous years, in the analysis and discussion of the results in the Business Review, adjusted operating expenses exclude integration and restructuring expenses (CHF 30 million, versus CHF 29 million in 2016) as well as the amortisation of intangible assets related to acquisitions (CHF 72 million, versus CHF 66 million in 2016). Including these items, as presented in the IFRS results in the Group's Consolidated Financial Statements 2017, net profit improved by 15% to CHF 716 million. After considering non-controlling interests of CHF 11 million, the IFRS net profit attributable to shareholders of Julius Baer Group Ltd. rose to CHF 705 million and EPS to CHF 3.25, both up 14% year-on-year.

Excluding the Kairos- and pension fund-related items (together CHF 88 million net of taxes) from 2016 operating income and expenses, adjusted net profit for the Group rose by 30% and IFRS net profit attributable to shareholders by 33%.

¹ Calculated using adjusted operating expenses, excluding valuation allowances, provisions and losses.

² Cf. footnote 1 to the table on page 5

Balance sheet and capital developments

Total assets increased by CHF 2 billion, or 2%, to CHF 98 billion at the end of 2017. The total loan book grew by CHF 8 billion, or 21%, to CHF 47 billion (comprising CHF 37 billion of Lombard loans and CHF 10 billion of mortgages). As clients invested a higher proportion of AuM into non-cash positions, deposits rose only marginally to CHF 68 billion, resulting in a loan-deposit ratio of 69% (end of 2016 57%). Following this development, the Group's cash holdings and the AFS portfolio were reduced by 20% and 33% respectively. Total equity attributable to shareholders of Julius Baer Group Ltd. increased by CHF 0.5 billion, or 9%, to CHF 5.8 billion.

On a Basel III fully applied basis, total capital amounted to CHF 4.2 billion (Basel III phase-in CHF 4.3 billion), of which CHF 2.6 billion CET1 capital (phase-in CHF 3.3 billion). With risk-weighted assets declining to CHF 19.6 billion, this resulted in an increase in the fully applied *BIS total capital ratio* from 16.4% to 21.2% (phase-in 22.0%) and an improvement in the fully applied *BIS CET1 capital ratio* from 10.6% to 13.5% (phase-in 16.7%). At these levels, the total capital ratio and the CET1 ratio are well above the Group's own floors of 15% and 11%, and significantly in excess of the regulatory minimums of 12.2% and 8%, respectively.

‘Our Group’s capital position remained very healthy, with capital ratios well above the Group’s own floors and significantly in excess of the regulatory minimums.’

Breakdown of assets under management by asset mix

	31.12.2017	31.12.2016
Equities	28%	27%
Investment funds	26%	24%
Bonds/convertibles	19%	19%
Client deposits	18%	20% ¹
Structured products	5%	5%
Money market instruments	3%	3% ¹
Other	1%	2%

¹ Reversal of a restatement

CONSOLIDATED BALANCE SHEET

	31.12.2017 CHF m	31.12.2016 CHF m	Change %
Assets			
Due from banks	8,308.9	11,389.8	-27.0
Loans to customers ¹	46,623.7	38,419.0	21.4
Trading assets	12,751.8	7,660.7	66.5
Financial investments available-for-sale	12,246.5	18,266.6	-33.0
Goodwill and other intangible assets	2,872.4	2,834.3	1.3
Other assets	15,114.4	17,636.9	-14.3
Total assets	97,917.6	96,207.2	1.8
Liabilities and equity			
Due to banks	7,209.5	10,076.8	-28.5
Deposits from customers	67,636.8	67,495.2	0.2
Financial liabilities designated at fair value	11,836.7	8,444.4	40.2
Other liabilities	5,380.5	4,836.9	11.2
Total liabilities	92,063.6	90,853.4	1.3
Equity attributable to shareholders of Julius Baer Group Ltd.	5,824.5	5,330.2	9.3
Non-controlling interests	29.5	23.6	-
Total equity	5,854.0	5,353.9	9.3
Total liabilities and equity	97,917.6	96,207.2	1.8
Key performance ratios			
Loan-to-deposit ratio	69%	57%	-
Book value per share outstanding (CHF) ²	27.3	25.0	9.1
Return on tangible equity (ROTE) ³	29.7%	28.2%	-
BIS statistics			
Risk-weighted assets	19,576.0	21,001.8	-6.8
BIS total capital	4,298.5	3,667.2	17.2
BIS total capital ratio	22.0%	17.5%	-
BIS CET1 capital ratio	16.7%	16.4%	-

¹ Mostly Lombard lending and mortgages to clients

² Based on shareholders' equity

³ Adjusted net profit attributable to shareholders/(half-yearly) average shareholders' equity less goodwill and other intangible assets

BUSINESS DEVELOPMENT IN 2017

A synchronised global economic upturn and favourable financial markets provided an ideal backdrop to further grow our business. Timely and tailored information and advice, delivered also through a steadily growing number of digital channels, provided our clients with the insight needed for their investment decisions. The further roll-out of our holistic advisory approach *Julius Baer – Your Wealth* in 2018 will complement a series of initiatives to ensure industry leadership.

Our Group's strategy is built around three principles: delivering a best-in-class wealth management experience to our clients, being the most admired and respected firm in our sector and pursuing sustainable profitability. These principles are also guiding multiple efforts throughout our Group, designed to ensure industry leadership in the world of tomorrow.

Technology runs like a thread through most of our ongoing projects, given it is an important enabler to increase efficiency, improve client experience and reduce complexity. One of the key initiatives is the multi-year project to upgrade and globally harmonise Julius Baer's core banking platforms around the world. The project, based on the Temenos T24 core banking software, is currently implemented in the two Asian booking centres of Singapore and Hong Kong, laying the operational and technical foundation for the Group's continued growth in the region. To ensure a gradual increase of platform stability and maturity, and to reduce overall project risk, the go-live approach in Asia is structured in three stages. With stages one and two having been successfully implemented in 2017, the project now focuses on achieving full operational readiness in 2018.

With the successful integration of the T24 platform of Bank Julius Baer Luxembourg S.A. into the global IT environment of the Group, a major step in establishing this location as Julius Baer's European hub in addition to Switzerland and Germany has been achieved. All client relationships managed out of the advisory locations of Luxembourg, Madrid, Amsterdam and Dublin are now booked in Luxembourg, with clients booked in Monaco and Nassau to follow in 2018.

We also continued to improve our clients' digital service experience. Following the successful launch of the Julius Baer Mobile Banking App in February 2017, further enhancements were implemented during the year. The app serves as the gateway to log in into our growing e-banking offering. In the second half of 2017, we appointed a Chief Digital Officer. The aim of creating this new role is to integrate all our digitalisation initiatives across the Group and consolidate the various deliverables into one coherent offering for our clients.

We are supporting three FinTech start-ups in their effort to run a pilot project as part of our cooperation with Switzerland's *F10 FinTech Incubator and Accelerator Association*. The insights gained help us to evaluate the integration of FinTech solutions into our value chain.

Julius Baer – Your Wealth is our promise to systematically derive the appropriate financial solutions for each client based on their unique situation, encompassing wealth planning, wealth management and wealth financing. The full toolset required for our relationship managers to deliver on this promise in a consistent and efficient fashion will be rolled out first in our Swiss home market in the coming months (see page 15). This integrated approach to providing advisory services will ensure a consistent client experience as well as compliance with local rules and regulations primarily focusing on customer protection.

Amid the movement towards international tax transparency, we maintained a constructive, proactive stance with our clients, informing them about developments and opportunities to solve potentially outstanding tax issues.

We are pushing forward with the Group-wide alignment of our compliance, risk management and key business processes. Related compliance training efforts were rolled out to the entire Group, with a particular focus on client-facing staff, including mandatory certification programmes and corresponding refresher courses.

Our commitment to pioneer new sustainable technologies is also expressed by our sponsorship engagement as the Global Partner of the electric street racing series FIA Formula E Championship, which we extended at the beginning of May 2017 until the end of the 2020/21 season. In February 2017, Julius Baer's partnership with Formula E was named the *Best Sponsorship of the Year* at the *Swiss Sponsorship Awards*.

At the beginning of July 2017, Julius Baer was recognised as the *World's Best Bank for Wealth Management 2017*. This important distinction from the *Euromoney Awards for Excellence* mirrors the strong position Julius Baer has achieved around the globe through successful implementation of its growth strategy over the past decade, driven by its business model focused on pure private banking and its client-centric service excellence.

Julius Baer Group Ltd.

Board of Directors

Daniel J. Sauter, Chairman

Chief Executive Officer

Bernhard Hodler

Chief Financial Officer

Dieter A. Enkelmann

Chief Operating Officer

Nic Dreckmann

Chief Risk Officer a.i.¹

Christoph Hiestand

Chief Communications Officer

Larissa Alghisi Rubner

General Counsel

Christoph Hiestand

Executive Board

¹ Oliver Bartholet will assume this function effective 1 March 2018

GLOBAL PRESENCE

Europe



Switzerland



Our locations in other parts of the world



- Location
- Booking centre
- GPS, a fully owned subsidiary
- NSC Asesores, strategic minority participation of 40%
- Kairos Julius Baer SIM S.p.A., strategic participation of 80% in its holding company (increased to 100% at the beginning of 2018)
Julius Baer is present in Milan with Julius Baer Fiduciaria S.p.A.

¹ Additional advisory locations in Bangalore, Chennai, Kolkata and New Delhi

OUR ACTIVITIES WITH CLIENTS

Switzerland

As the leading Swiss private banking group, we believe we are perfectly positioned to progressively expand our share in our home market of Switzerland. Its fragmentation and diversity still offer considerable growth potential.

In 2017, we defined a new market strategy, with a comprehensive offering targeted at ultra-high net worth individuals (UHNWI), high net worth individuals (HNWI) and intermediaries. This offering takes into account the specific preferences of our Switzerland-based clients, such as risk appetite, home bias and pension provisioning, but also considers aspects related to their specific profession, succession dynamics and gender. For example, we published a joint study with Campden Wealth that portrays a number of women in Switzerland and their approach to wealth, providing a deeper understanding of the requirements of female clients.

With our 14 locations across the country as well as our suite of fast growing digital channels, we continued to benefit from our exceptional client proximity. Our focus in 2018 will be the promotion of *Julius Baer – Your Wealth*, the Group's strategic approach to serving clients in a holistic way through all stages of their lives. The final toolset of *Your Wealth* will be rolled out to all our Swiss clients. It builds on the new set of advisory service models Advice Basic, Advice Premium and Advice Advanced, to which all our advisory-oriented clients were successfully migrated by the end of 2017. We have further expedited the certification of our Switzerland-based relationship managers (RMs) according to ISO-17024. This process was practically completed by the end of 2017, with essentially all RMs meeting the standards as Certified Wealth Management Advisors.

In mid-December 2017 we were recognised as *Outstanding Private Bank – Switzerland – Domestic players* by the renowned *Private Banker International* magazine for the second consecutive year.

On the back of the favourable financial market performance, assets under management increased in 2017. The structural adjustment of client relationships to our strategic client segmentation

weighed on net new money inflows. Clients showed increased risk appetite overall, leading to higher transaction-based income. Together with higher asset-based income, overall revenues improved year on year.

Europe

Europe is an important core region for our Group. Our booking centre in Luxembourg, added as part of our acquisition of Commerzbank International S.A. Luxembourg in 2016, was successfully integrated into the Group's global IT environment in 2017 and will serve as the European hub for Julius Baer in addition to Switzerland and Germany. This step enables us to broaden and streamline the offering for clients of our advisory locations in Madrid, Amsterdam, Luxembourg and Dublin, in line with the latest regulatory requirements, with clients booked in Monaco and Nassau to follow in 2018.

The booking platform in **Luxembourg** and the growing product offering it supports allow for a much broadened and expanding set of business opportunities both for our enlarged local franchise and the entire region. The international scope of our offering is a key differentiating factor for private banking clients as well as intermediaries. This investment expertise is cast into client-specific solutions and tailored to local market preferences. In the course of the year, client activity and transaction volumes picked up. Given the generally high equity affinity of clients, however, we saw increased reluctance towards markets and their valuation levels. Revenues grew in tune with rising assets under management.

Germany is one of the most attractive wealth management markets in Europe. Despite being fragmented and mature, the German market continues to show sustainable growth rates. Against a backdrop of ongoing industry consolidation, our local focus on pure private banking, outstanding reputation, solid financial foundation and excellent client proximity and service offered through our network of eight locations across the country are important factors in retaining and winning clients. In 2017, we were able to broaden our base of experienced RMs, leveraging our strong market standing built over the past years.

Frankfurt-based Bank Julius Bär Europe AG's locally booked private client business showed strong momentum in 2017. Its product offering was further broadened to include specialised investment products and solutions. On the back of higher asset levels and revenues, profitability improved further.

For **Spain**, we introduced an integrated market coverage approach that enables us to serve clients not only locally in Madrid but also from Luxembourg and Switzerland. In 2017, we successfully accelerated the hiring of experienced RMs, a process that is expected to continue well into 2018.

On the back of last year's expansion of our RM base in **Monaco**, net new money inflows were again robust. The significantly higher asset base and increased client activity resulted in rising revenues. We aim to leverage the wealth management and booking centre capabilities of this important Group location, primarily for the benefit of our growing local client base but also for private clients and intermediaries from selected markets in Eastern Europe, the Middle East and Latin America.

Italy is served from different Swiss locations and locally via the specialised wealth and asset manager Kairos. Following the conclusion of Italy's voluntary disclosure programme 2016/17 at the end of September 2017, business momentum started to normalise. Against this background, revenues and profitability held up well. The country's move to tax transparency helped Julius Baer Fiduciaria S.p.A. in Milan to significantly increase the assets they administer, making it one of the largest fiduciary companies in the country. At the beginning of 2018, the Group increased its participation in Kairos from 80% to 100%, thus further solidifying the successful cooperation established in 2013. All major Kairos investment funds performed strongly in 2017. As a result, the company and its funds won a number of prestigious accolades, including the *Pan-European Hedge Fund 2017* award by *Extel* and *Best Overall Asset Management Group* by *Hedge Funds Review* at their *European Performance Awards 2017*. The increase in asset volume managed by Kairos

materialised also on the back to the intensified cooperation with Julius Baer as well as the launch of several new funds.

Both our local business in the **United Kingdom** and our business with UK-related international clients served from different Group locations showed good momentum in 2017. Despite persistent political uncertainty, client activity continually increased with structured products particularly in demand. The important discretionary portfolio management function achieved outstanding performance, also relative to peers, strongly supporting the rising propensity of clients towards value-added services, including wealth planning and discretionary services. On the back of higher assets under management and strict cost management, profitability further improved.

The selective reinforcement of teams serving UK clients from international locations was followed by our announcement in August 2017 of the establishment of new offices in Manchester, Leeds and Edinburgh. The new offices are expected to be fully operational in the first half of 2018. A substantial number of RMs either have already joined or will start in the coming months, targeting those two thirds of the UK's wealth which is held by individuals outside London and the south-east. Our business in the smaller yet dynamic wealth management market of **Ireland** showed strong momentum. The Dublin-based unit relocated to new offices in the city centre in autumn.

Russia, Central & Eastern Europe

For the first time in many years, the economic outlook for a number of the most important countries of the region is positive. This is one of many findings of the inaugural *Julius Baer Wealth Report: Russia*, covering Russia, Kazakhstan and Azerbaijan and published at the end of June 2017.

Given continued geopolitical, regulatory and economic uncertainties, however, the business environment remained demanding during the year. On the back of our strongly expanding base of RMs,

we achieved solid net new money inflows. Revenues benefitted from higher asset levels while margins held up well.

We view the longer-term potential for the region as intact. Complementing our office in Moscow, we serve this attractive region with a growing number of RMs from various Group locations.

In September 2017, Julius Baer was recognised as *Best Foreign Bank for Russian Millionaires* by *Forbes Russia* in its annual rating of Russian and foreign private banks.

Asia Pacific

Asia continues to feature many of the world's fastest growing countries for wealth creation and number of HNWI. On the back of a strong world economy, the ever increasing per capita income, the ascent of Millennials and the leading position in areas such as digitalisation will reinforce this region's position as the world's primary wealth management market over the coming years, as also outlined in the seventh edition of the *Julius Baer Wealth Report: Asia*, published in October 2017.

Julius Baer is one of the region's largest and most focused private banking providers. This makes us the first address for clients and intermediaries in search of a trusted advisor and puts us in an excellent position to take advantage of the region's growth in investable assets. Benefitting from last year's expansion of our base of experienced RMs, we achieved very strong net new money inflows. Client activity picked up considerably, contributing to rising revenues.

Julius Baer serves this diverse region from a number of locations, including Singapore, Hong Kong and India, making Asia the Group's second home market. We are currently focusing on five key markets to achieve organic growth: mainland China, Hong Kong, Indonesia, Singapore and India. Our Emerging Asia subregion, focusing on fast growing countries such as the Philippines and Thailand, developed very well.

OUR FOCUS: YOUR WEALTH

The only constant in life is change, which is why individual life planning should not be a one-off exercise. That is why Julius Baer has developed *Your Wealth* – a holistic approach to advising our clients at every stage of their lives. We put our clients at the centre of everything we do, which is why we ask the most important question: What matters to you?

By thoroughly analysing each client's individual life, business and investment objectives as well as their aspirations, a personal *Your Wealth Strategy* can be devised. This is a carefully tailored proposal on how to help our clients achieve their goals, taking their wealth planning, wealth management and wealth financing requirements into account.

Your Wealth enables Julius Baer to fully harness the Group's broad expertise for the benefit of our clients. Initially launched in 2015, the hitherto much broadened offering was successfully tested in a pilot phase during the second half of 2017. The extended toolset of *Your Wealth* is now ready to be rolled out. It will initially be launched in our home market of Switzerland during the first quarter of 2018, accompanied by an external media campaign. Other Julius Baer markets will follow in a staggered approach. We are therefore encouraging our existing and prospective clients worldwide to start thinking about how they might answer *Your Wealth's* central question: What matters to you?

The regional Investment Management team continued to tailor Julius Baer's offering to meet local clients' rising propensity for value-added investment solutions both in the discretionary and advisory space. While we continue to invest in our base of experienced RMs, our hiring efforts have become more selective, accompanied by strict management based on RM performance.

At the *Private Banker International's Global Wealth Awards 2017*, Julius Baer won the *Outstanding Private Bank for Growth Strategy – M&A* award for the second consecutive year. The judging panel particularly highlighted the Bank's pure private banking focus and independent advisory stance. In addition, Julius Baer was named *Best Boutique Private Bank in Asia* for the eighth consecutive time by *The Asset*.

Our subsidiary in **Japan**, Julius Baer Wealth Management Ltd., continued to invest in our business with Japanese clients, both internationally and locally. The presentation of the fourth *Julius Baer Wealth Report: Japan* in Tokyo was well received by guests and some of Japan's most influential business publications.

Julius Baer is one of the largest and best established foreign wealth managers in **India**. The domestic Indian market is covered from the five major cities of Mumbai, New Delhi, Kolkata, Chennai and Bangalore, and saw good business momentum in 2017. The local product and service offering was further broadened to include specialised equity and alternative investments, complemented by a new wealth planning unit. In addition, Julius Baer serves a large and rising global base of non-resident Indians from different Group locations in Asia, the Middle East and Europe. On the back of our broadened RM base in Dubai, Zurich and Singapore, complemented by a new dedicated desk in Hong Kong, we realised very satisfying net new money inflows. The risk appetite of clients remained high, driving revenues and margin development.

Eastern Mediterranean, Middle East & Africa

Despite the challenging political environment, subdued economic expansion and ever-changing regulatory regimes, we were able to maintain good business momentum across the Eastern Mediterranean region as well as the markets we serve in the Middle East and Africa. On the back of an expanding base of experienced RMs and clients' growing risk appetite, we achieved strong net new money inflows while improving profitability.

We serve the region primarily from our expanding hub in Dubai and local offices in Beirut, Manama and Abu Dhabi as well as from a growing number of Group locations in Europe and Asia. Coverage includes the Middle Eastern markets, the Levant, Turkey and Greece.

In May 2017, Julius Baer's Abu Dhabi representative office was recognised as the *Best Private Banking Group 2017* by the *UAE Business Awards*, which are presented by the quarterly financial publication *MEA Markets*.

Julius Baer ranks among the top foreign wealth managers in **Israel**. We serve this appealing yet highly competitive market from a number of Group locations and locally from our Tel Aviv office. Net new money inflows accelerated significantly during the year, contributing to higher assets under management. Despite clients' subdued risk appetite, revenues improved while productivity remained high. We continue to target Israel's significant wealth creation both domestically in a targeted fashion and via the global Israeli community, benefitting from our reputation as a focused Swiss wealth manager with a broad international setup.

Latin America

The local wealth management industry in Latin America continued to undergo a significant transformation in 2017. An increasing number of wealthy individuals seeking tax compliance within voluntary disclosure programmes, a challenging political environment and subpar economic growth are creating awareness and a greater need for professional wealth management.

Serving Latin American private clients and intermediaries both locally and increasingly from other key Group locations, we were able to accommodate both the emerging trend of clients seeking local investment solutions via our domestic platforms as well as the requirements for international asset diversification. As a result, net new money inflows continued to improve in 2017. This contributed to rising assets under management and supported profitability.

We intend to capture the potential of this promising region by expanding our presence either organically, by further broadening our base of experienced RMs, or by seeking opportunities to develop a strong domestic presence in selected markets via partnerships with local, well-established wealth managers that are a good fit to our culture and strategy.

In its first full year as a wholly owned subsidiary of our Group, GPS in Brazil continued to benefit from its strong competitive standing as one of the country's largest independent asset managers. Favourable markets and net new money inflows contributed both to rising assets under management and revenues. Popular among clients were specific Brazil- and Latin-America-oriented actively managed certificates, leveraging the strong know-how of GPS and of the cooperation partner NSC Asesores in Mexico. The latter firm, in which Julius Baer holds a 40% participation, showed very favourable performance in 2017. The roll-out of the new Julius Baer advisory service models is expected to have a positive impact on client activity.

Intermediaries business

Our business with intermediaries, i.e. external asset managers (EAMs) and external financial advisors (EFAs), continued to grow in 2017, with AuM reaching new heights towards the end of the year. The intermediaries business contributed significantly to the overall result of Julius Baer.

We were able to expand our business particularly across Europe and Asia. Our aim is to focus on a comparatively small number of key intermediaries who have the potential and ambition to grow and develop their business hand in hand with Julius Baer. We benefitted from inflows from Switzerland-based EAMs who focus on end clients domiciled in Europe and the emerging markets. Substantial inflows came from sophisticated institutional EAMs serving end clients in the upper HNWI and UHNWI segments. Another key growth driver was our booking centre Monaco, established only three years ago.

Keeping pace with the growing expectations for state-of-the-art, cutting-edge technology is both a necessity and distinguishing factor in this particular segment, fostering efficient collaboration and contributing to client retention. As a result of direct client feedback, we have substantially modernised our technology offering. For example, we have expanded our online solution *Baer®Online Intermediaries* to include new functionalities and features. We have also launched the new *FIX Connectivity Channel*, which allows intermediaries to deliver orders (ISIN-based securities) directly to Julius Baer from their internal systems.

In the period under review, we made immense progress with the development of the new franchise for intermediaries in Luxembourg, which saw its team further strengthened with experienced hires.

JULIUS BAER'S SCOPE OF INVESTMENT, ADVISORY AND EXECUTION COMPETENCE

The timely availability of investment views and recommendations as well as their skilful implementation in mandates and portfolios is ensured by our specialised units Investment Management (IM), Advisory Solutions (AS) and Markets, complemented by Global Custody.

Investment Management

IM is responsible for the disciplined and active management of client assets with the aim to achieve consistent risk-adjusted investment returns. Given the favourable market environment in 2017, Multi-Asset-Class Mandates achieved a clearly positive performance. In line with expectations, growth-oriented mandates delivered the best risk-adjusted performance. USD-based mandates benefitted from translation effects on those assets held in foreign currencies.

Over the past two years, IM has made significant progress in realigning its organisation in order to meet ever-evolving client needs. At a time when investors must have discipline and stamina as well as a profound knowledge of managing risks, client demand to delegate investment decisions is growing. IM therefore pays great attention to further developing its offering of discretionary investment solutions and enhancing its in-house managed fund solutions, across regions and in close collaboration with the Group's client-facing organisation.

IM is committed to further supporting Julius Baer's organic growth by strengthening our investment competence and focusing on productivity and efficiency gains at the same time.

Advisory Solutions

AS provides a comprehensive range of transparent and independent investment advisory and wealth planning services to the Julius Baer front units and their clients.

Following the successful implementation of the much enhanced Julius Baer Advisory Process in Switzerland, encompassing the new advisory service models Advice Basic, Advice Premium and Advice Advanced, we completed the roll-out for all clients on our Luxembourg booking platform in 2017.

Our new Integrated Advisory Platform went live in November 2017, supporting an integrated MIFID II-compliant, end-to-end advisory process for European Advisory locations. *Julius Baer – Your Wealth*, our holistic client advisory approach, was further broadened to seamlessly encompass wealth planning, wealth management and wealth financing. The extended toolset will be rolled out in Switzerland in 2018 (see page 15). Providing a steady flow of investment opportunities to clients is an integral part of the Julius Baer Advisory Process. Related client-friendly publications and services can be accessed by clients through various channels, including the Investment Insights App. In September 2017, we launched a Responsible Investment campaign showcasing the benefits of our philosophy and featuring directly investable solutions.

Distribution ensures that the Group's combined advisory competence reaches relationship managers (RMs) and clients in a most effective manner. In this spirit, 2017 saw the launch of several Spotlight Ideas like 'Asset Allocation Matters', 'Next Generation' and 'Responsible Investment'. Our in-house investment partners helped our RMs to translate these campaign ideas into investment solutions for our clients. The unit also strengthened its product platform with private equity solutions, thematic actively managed certificates (AMCs) as well as investment funds including those of the Group's subsidiary Kairos. Both our Advice Advanced and Advice Premium Mandates, which are offered to clients seeking financial advice from our experienced and dedicated investment advisors and investment partners, saw a substantial increase in the number of accounts and related assets under management.

Our global **Wealth Planning** unit remains at the forefront of guiding clients through important turns in life such as retirement, relocation and the succession of wealth from one generation to the next. We have grown our teams in the United Kingdom, Switzerland, the Middle East and Asia to enhance local expertise and client proximity. Of equal importance is the development of a global network of external wealth planning specialists who complement our internal know-how. With the launch of our upgraded platform to manage our comprehensive



INVESTMENT RESEARCH: 2017 IN REVIEW

What happened? What went right, what went wrong?

Of course, a lot went wrong last year. Actually, it is far harder to assess what went right, since things that go right usually do not hit the headlines. To assess what moved investors most, we tend to look at the 'most read' section in the newswires. The ten most read stories in 2017 were all about terrorist attacks, natural catastrophes and news out of the White House. Surprisingly, North Korea and tensions in Asia did not make it.

Pinpointing what went right from an investment analyst's perspective is difficult indeed, and we have to rely fully on our memory, which is a treacherous tool as we all know – and forensic psychiatrists all the more. Here is a subjective list: Number one was the economy, which globally expanded with a breadth and depth not seen in a long time. And corporate earnings followed suit – especially in Europe, where into the second half of the year there were no material downgrades in earnings expectations but rather the opposite – for the first time in seven years. Other things that were well received by financial markets were election outcomes in Europe, the political power transition in China and monetary policy. Indeed, 2017 was a market-friendly year: US stock indices and even German stocks hit new all-time highs. Emerging markets made a comeback after being in dire straits for years. And the same goes for global financials.

What did not happen at all

There was yet again no break-up of the European Union or the euro. As for Asia, geopolitical tensions increased vastly during the summer but did not end in a full-blown military conflict. And the patience of investors with the new US administration was stretched time and again, but there have been no major disruptions in the political system so far.

Investment cases – going with the reflation flow, but keeping some structural growth cases

Given the uncertainty, our Research team preferred to give the reflation trade the benefit of the doubt, which was a tough case in the first half of 2017. In the second half, it recouped some of the lost territory though. Investors were advised to hold some reflation beneficiaries then, such as inflation-linked government bonds, Asian emerging market stocks and the Canadian dollar. These assets were ideally balanced, however, with structural holdings such as healthcare stocks, emerging market hard-currency debt and technology stocks. On a different note, there is not only inflation but also hyperinflation – in crypto currencies, for example. In our view, bitcoin is a replay of previous bubbles and no real option for financial investors.

offering, we have been able to scale our business even further and enhance our digital capabilities. 2017 was another year of increased demand for Wealth Planning's services, reflected by the all-time high in the number of clients we served, as well as revenue. While maintaining a strong focus on efficiency and product innovation, we have continued to refine and develop our business model, and ultimately, ensure the best possible outcomes for our clients.

Serving our second home market, **Advisory Solutions Asia** further broadened and refined its service offering in 2017. Assets under management in Advisory Mandates reached new record highs. Wealth Planning, which is one of the key drivers of net new money, also saw strong growth during the year. Numerous thought leadership events provided the opportunity to showcase our high-conviction investment views in the form of our Market Outlook Series and to connect RMs and clients with the best-in-class fund managers at our popular Alpha Conference. Our offering in the funds space continued to expand with launches of private equity funds and Julius Baer issued AMCs. Our flagship publication, *Julius Baer Wealth Report: Asia*, saw its inaugural multimedia launch across the Bank's various social media platforms in October 2017, adding to the growing recognition of the Julius Baer brand in the region.

Markets

The Markets unit caters to the Group's private banking clients and serves direct and institutional client segments with trade execution, product structuring and advisory services across all asset classes.

Markets manages the *Julius Baer open product platform* in structured products and its issuing activities. Together with Advisory Solutions, it is the central unit for the distribution of financial solutions. The platforms include *Markets Toolbox*, a real-time platform for currency and structured products for RMs and external asset managers (EAMs), as well as *Market Link*, an Internet-based mobile real-time trading platform.

Continued investments in the *Markets Toolbox*, which acts as the main digital distribution platform for structured products, supported the strong growth in these important investment instruments. The *Markets Toolbox* counts more than 5,000 users, including EAMs and third-party banks.

The global financial markets were characterised in 2017 by the persistently low volatility environment and a continuously growing risk appetite from investors. Specifically after the French elections, we observed a strong increase in structured product volumes across all underlyings. Interest rate products particularly contributed to the robust nominal growth of structured products issued by Julius Baer, as reflected in the corresponding item in the Group's balance sheet.

Global Custody

As a leading dedicated provider of custodian services and solutions in Switzerland, this unit enjoys an excellent reputation as a best-in-class global custodian in its well-defined areas of specialised expertise.

In response to the changing business environment and requirements of different target groups, an enhanced service offering has been rolled out to institutional clients, investment funds, UHNWIs and family offices. The business covers the full range of country-specific expertise and client-oriented solutions comprising a wide variety of products and services, including custody, asset and depository services as well as transaction banking and access to a wealth of other value-adding bank capabilities such as analytics and reporting.

OUR EMPLOYEES

The Group's employee base grew to 6,292 FTEs (full-time equivalents) at the end of December 2017, an increase of 266 or 4% compared with year-end 2016.

Expanding our base of experienced relationship managers (RMs) remains an important element of our strategy to achieve sustainable, profitable growth. In 2017, the Group was again successful in attracting a substantial number of additional senior RMs. This increase was countered by our ongoing performance-based review process of existing RMs and by the functional shift to a pure management role for a number of RMs heading one or several teams, as a result of which these individuals no longer show up in the RM count (see below). Despite this, the net number of RMs increased by 13 to 1,396 since the end of 2016.

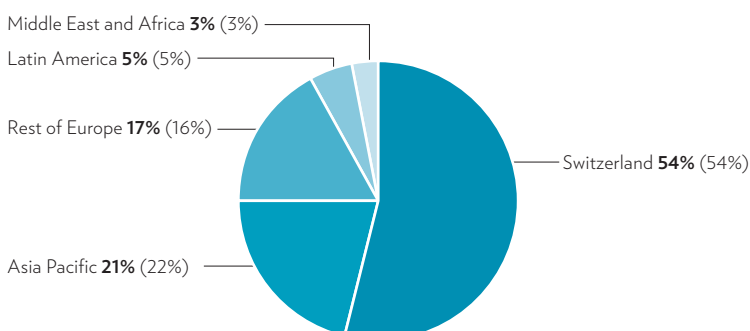
Private banking is a people's business, making our employees the Group's most important asset. Our Human Resources function (HR) thus plays a vital part in shaping our future. HR's mandate is to further develop our employee value proposition rooted in an inspiring, distinct Julius Baer culture. Building on our strong leadership principles, the ultimate goal is to further increase Julius Baer's attractiveness as an employer of choice in wealth management as well as facilitating the change management process throughout the Group.

In 2017, we introduced a new framework for our front organisation, with dedicated team leadership roles. This move is designed to free up RM capacity to focus on client requirements. At the same time, the model enables front office teams to work more effectively in pursuing business development opportunities, managing key clients, developing talents and addressing regulatory complexity. 2017, an additional 28 RMs have been appointed to client-facing management roles, with their clients being handed over to other RMs.

Julius Baer recognises the importance of diversity and its beneficial contribution to the company's culture and business performance. Our rapid international expansion in recent years has brought a significant increase in the ethnic diversity of our employees. In parallel, the gender balance has gradually improved, with women accounting for over 40% of our total workforce today, a typical ratio in the financial industry. Though the share of women with a rank of Director or above has also increased significantly, from 20% at the end of 2009 to 31% at year-end 2017, it still seems to be comparatively harder for women to move up the ranks. To counter this, we broadened our internal mentoring framework at the start of 2017 through a programme targeting highly motivated female talents. The first group comprises 53 participants. A series of coaching meetings spread over an entire year with a high-level dedicated mentor helps them hone skills, self-management abilities and leadership qualities, and should result in improved career prospects.

Julius Baer employees (FTE) by geography as at 31 December 2017

(31 December 2016)



OUR COMMITMENT

At Julius Baer, we believe that our responsibility as a company encompasses all facets of sustainability: economic, social and environmental. This means fostering successful relationships with our clients for many generations to come, prudently managing our company for the long term to generate sustainable value for our shareholders, ensuring professional development of our employees and looking beyond daily business to be an active member of society in all our endeavours.

Based on Julius Baer's core values of *Care*, *Passion* and *Excellence*, the daily activities of our company are governed by a set of guiding principles and professional standards for business conduct:

- We observe the laws and regulations of countries we operate in and even go beyond what is required, be it in our business activities, relations with our employees or engagement in the local communities.
- We keep the interests of our clients at the centre of our business activities, ensuring excellent service and performance to meet their needs.
- We are the financial services employer of choice for top talent, treating each other with respect, and provide an environment conducive to professional growth and empowerment.
- We promote transparency in all interactions with our diverse stakeholder groups.
- We respect human rights in all our endeavours and take measures to minimise the ecological footprint of Julius Baer.

These principles form the core of Julius Baer's coordinated and holistic management framework for sustainability issues. Details of our various activities, including qualitative developments and key quantitative indicators, can be found in the comprehensive *Corporate Sustainability Report*, which is available at www.juliusbaer.com/cosreport

As part of our overall Corporate Sustainability framework, special emphasis rests on our engagement in the local communities in which we operate:

- The *Julius Baer Foundation* is the formal charitable arm of the Julius Baer Group. In cooperation with partner organisations around the world, it focuses on the three core areas of vocational training for youths, recycling PLUS projects for the environment and initiatives aiming to diminish wealth inequality. More information is available at www.juliusbaer.com/foundation
- *Julius Baer Cares* encompasses bottom-up community engagement driven by employees in a number of Group locations. In parallel to the efforts of the Foundation, their individual activities share the same focus of *Caring for others* and *Caring for the environment* in their local communities.
- The *Julius Baer Art Collection* specialises in works by contemporary Swiss artists as well as by artists living in Switzerland (www.juliusbaer.com/artcollection). Julius Baer's approach to art acquisition promotes the preservation of visual art in Switzerland. Today, the collection encompasses over 5,000 works.
- A wide spectrum of cultural and other activities is supported through corporate sponsorship (www.juliusbaer.com/sponsoring).

In our home market of Switzerland, a dedicated framework actively encourages staff to assume roles in political bodies in the militia system of politics or in social areas alongside their regular work.



JULIUS BAER FOUNDATION TO FOCUS ON VOCATIONAL TRAINING, RECYCLING PLUS AND WEALTH INEQUALITY

The Julius Baer Foundation, the non-profit grant foundation of the Julius Baer Group, has strived to make a meaningful societal impact for more than 50 years. The Foundation's reach has expanded hand in hand with the growth of the Group and so has its focus.

Following a recent strategic repositioning, today the Foundation works together with partner organisations worldwide and concentrates on the following three core areas:

- *Vocational training*: providing guidance to underprivileged youths through solid vocational training that helps them to become self-reliant and responsible adults so they may independently secure their livelihood and positively shape their environment.
- *Recycling PLUS*: promoting the sustainable use of resources by supporting visionary projects that add a PLUS to simple recycling by keeping reusable material within a circular economy and efficiently filtering out harmful substances.

- *Wealth inequality*: systematically encouraging voluntary exchange between various social classes characterised by inequality of means and opportunities by supporting and investing in inspiring initiatives and projects that create added value for the local communities.

Thanks to its professional organisation with strict governance principles and a transparent information policy, the Foundation is a well-regarded, credible partner for both the organisations it cooperates with and the donors who provide financial support. In order to expand the impact of the Foundation, the base of donors will be broadened to include Julius Baer clients, employees and suppliers as well as the interested public.

More information about the Foundation's areas of expertise and how to donate, as well as on current projects such as BagoSphere in the Philippines pictured above (through our partnership with elea Foundation for Ethics in Globalization), is available at www.juliusbaer.com/foundation.

IMPORTANT DATES

Publication of Annual Report 2017: 19 March 2018
Annual General Meeting: 11 April 2018
Publication of Interim Management Statement: 23 May 2018
Publication of 2018 half-year results: 23 July 2018

CORPORATE CONTACTS

Group Communications

Larissa Alghisi Rubner
Chief Communications Officer
Telephone +41 (0) 58 888 5777

Investor Relations

Alexander C. van Leeuwen
Telephone +41 (0) 58 888 5256

Media Relations

Jan Vonder Muehl
Telephone +41 (0) 58 888 8888

International Banking Relations

Kaspar H. Schmid
Telephone +41 (0) 58 888 5497

This brief report is intended for informational purposes only and does not constitute an offer of products/services or an investment recommendation. The content is not intended for use by or distribution to any person in any jurisdiction or country where such distribution, publication or use would be contrary to the law or regulatory provisions. We also caution readers that risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved.

This brief report also appears in German. The English version is prevailing.

Once published, the Annual Report 2017 of Julius Baer Group Ltd. containing the audited IFRS financial accounts of the Julius Baer Group for the year 2017 is available at www.juliusbaer.com.



The Forest Stewardship Council (FSC) is an independent, not-for-profit organisation that promotes responsible forest management throughout the world.

Julius Baer cares about the environment. Therefore this publication was printed on FSC-certified paper.

Neidhart + Schön Print AG, Schwerzenbach, is an FSC- as well as ClimatePartner-certified climate-neutral printer.



JULIUS BAER GROUP
Head Office
Bahnhofstrasse 36, P.O. Box
8010 Zurich, Switzerland
Telephone +41 (0) 58 888 1111
Fax +41 (0) 58 888 5517
www.juliusbaer.com

The Julius Baer Group is present in more than 50 locations worldwide,
including Zurich (Head Office), Dubai, Frankfurt, Geneva, Hong Kong, London, Luxembourg,
Milan, Monaco, Montevideo, Moscow, Mumbai, Singapore and Tokyo.

31.01.2018 Publ. No. PU00062EN © JULIUS BAER GROUP, 2018