Julius Bär

BANK JULIUS BAER & CO. LTD.

Hong Kong Branch

Key Financial Information Disclosure Statement

As at 30 June 2018

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BANK JULIUS BAER & CO. LTD.
Hong Kong Branch

We enclose herewith the Interim Disclosure Statements for the half-year ended June 30, 2018, which are prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

David Shick
Chief Executive

Julius Bär

BANK JULIUS BAER & CO. LTD.
Hong Kong Branch
Key Financial Information Disclosure Statement
As at 30 June 2018

Contents	Pages
Profit and loss account	1
Balance sheet	2
Notes to the financial statements	3 - 9
Off balance sheet	10
Liquidity information	11
Group consolidated financial information	12

A copy of the Disclosure Statement has been lodged with the Hong Kong Monetary Authority's Public Registry and is available on the website https://www.juliusbaer.com/asia/en/discover-julius-baer/corporate-information/hong-kong-regulatory-disclosure/, for public inspection.

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BANK JULIUS BAER & CO. LTD.
Hong Kong Branch
Profit & Loss Account
For The Half-Year ended 30 June 2018

	Notes	30 Jun 2018 HK'000	30 Jun 2017 HK'000
Interest income		580,608	275,357
Interest expense		(260,238)	(71,030)
Net interest income		320,370	204,327
Other operating income	1	843,444	620,260
Total operating income		1,163,814	824,587
Total operating expenses	2	(826,756)	(801,394)
Impairment losses and provisions for impaired loans and receivables		(404)	-
Profit/(Loss) before taxation		336,654	23,193
Income tax/(income tax expense)		(55,548)	4,029
Profit/(Loss) after taxation		**281,106**	**27,222**

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BANK JULIUS BAER & CO. LTD.
Hong Kong Branch
Balance Sheet
As at 30 June 2018

	Notes	30 Jun 2018 HK'000	31 Dec 2017 HK'000
Assets			
Cash and balances with banks (residual contractual maturity of less than or equal to one month)	4	6,416,984	4,652,165
Balances with central banks		98,549	41,659
Balances with banks (residual contractual maturity of more than one month but not more than twelve months)		-	-
Amount due from overseas offices		38,735,804	31,582,132
Certificate of deposit held		9,088,601	8,359,541
Loans and advances to customers	7	40,295,824	38,228,903
Investment securities		896,230	898,184
Property, plant and equipment		37,520	44,690
Goodwill and other intangible assets		608,770	826,391
Other assets	5	1,002,907	1,387,193
Total assets		**97,181,189**	**86,020,858**
Equity and Liabilities			
Deposits from customers	6	43,703,998	44,756,836
Amount due to overseas offices		50,856,488	39,212,034
Deposits and balances from banks (except those included in amount due to overseas offices)		1,072,244	87,803
Other liabilities		877,239	1,461,336
Reserves		671,220	502,849
Total liabilities		**97,181,189**	**86,020,858**

BANK JULIUS BAER & CO. LTD.
Hong Kong Branch
Notes to the Financial Statements

	Notes	30 Jun 2018 HK'000	30 Jun 2017 HK'000
1. Other operating income			
Gains less losses arising from trading in foreign currencies		45,427	44,219
Gains less losses on securities held for trading purposes		127,894	159,589
Gains less losses from other trading activities		33,860	13,484
Net fees and commission income	3	633,962	402,255
Others		2,301	713
		843,444	**620,260**
2. Total operating expenses			
Staff expenses		(525,455)	(531,721)
Rental expenses		(66,497)	(68,991)
Other expenses		(234,804)	(200,682)
		(826,756)	**(801,394)**
3. Net fees and commission income			
Fees and commission income		703,468	452,770
Less: Fees and commission expenses		(69,506)	(50,515)
		633,962	**402,255**

	Notes	30 Jun 2018 HK'000	31 Dec 2017 HK'000
4. Cash and balances with banks			
(residual contractual maturity of less than or equal to one month)			
Cash in hand		15	15
Balances with banks		6,416,969	4,652,150
		6,416,984	**4,652,165**
5. Other assets			
Accrued interest receivable		44,969	18,799
Derivative instruments		468,279	179,808
Other accounts		489,659	1,188,586
		1,002,907	**1,387,193**
6. Deposits from customers			
Demand deposits and current accounts		17,250,790	24,802,704
Savings deposits		341,953	403,552
Time, call and notice deposits		26,111,255	19,550,580
		43,703,998	**44,756,836**

	30 Jun 2018 HK'000	31 Dec 2017 HK'000
7. **Analysis of gross amount of loans and advances to customers**		
a. Breakdown by economic sectors		
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Property investment	151,338	144,093
Financial concerns	460,586	556,471
Manufacturing	-	328
Individuals		
Loans for the purchase of other residential properties	-	95,423
Other investment purposes	10,672,837	8,528,095
	11,284,761	9,324,410
Loans and advances for use outside Hong Kong	29,012,022	28,904,493
Less: Impairment allowances for impaired loans and receivables		
Collective impairment allowances	(959)	-
	40,295,824	**38,228,903**
b. Breakdown by secured and unsecured		
Secured	40,295,798	38,228,897
Unsecured (Note)	26	6
	40,295,824	**38,228,903**

Note – The unsecured amount mainly related to client's OD balances from OD interest charges and fees as at 30 Jun 2018 and 31 Dec 2017.

c. Breakdown by location of counterparties

Countries or geographical areas constituting 10% or more of the aggregate amount of loans and advances are disclosed.

Asia Pacific	**17,163,448**	**15,700,383**
of which Hong Kong	11,275,041	9,312,669
Africa	**373,403**	**323,221**
North and Latin America	**27,148**	**28,586**
Caribbean	**21,980,581**	**21,575,897**
of which British Virgin Islands	18,429,450	18,008,908
Europe	**749,304**	**596,379**
Middle East	**2,899**	**4,437**
	40,296,783	**38,228,903**

The above analysis by geographical area is based on the location of the counterparty after taking into account of transfer of risk. In general, transfer of risk applies when an advance is guaranteed by a party in a country which is different from that of the counterparty.

BANK JULIUS BAER & CO. LTD.
Hong Kong Branch
Notes to the Financial Statements

8. **Loans and advances to customers and banks which are overdue and rescheduled**

a. **Overdue and rescheduled loans and advances to customers**

The gross amount of loans and advances to customers which have been overdue for:

	30 Jun 2018			31 Dec 2017		
	Overdue loans and advances HK'000	% of total loans and advances to customers	Specific provision HK'000	Overdue loans and advances HK'000	% of total loans and advances to customers	Specific provision HK'000
More than 3 months but not more than 6 months	671	0.0%	-	11	0.0%	-
More than 6 months but not more than 1 year	-	-	-	-	-	-
More than 1 year	-	-	-	-	-	-
Total	**671**	**0.0%**	**-**	**11**	**0.0%**	**-**

Analysis of gross amount by countries:

	HK'000	HK'000
Asia Pacific	-	11
of which China	-	11
Offshore centres	671	-
of which British Virgin Islands	671	-
Total	**671**	**11**

Fair value of the collateral held in respect of the overdue loans and advances to customers as at 30 June 2018 and 31 December 2017 were HK$459,683,640 and HK$577,497 respectively.

The branch does not have any rescheduled and impaired loans and advances to customers as at 30 June 2018 and 31 December 2017.

b. **Overdue and rescheduled loans and advances to banks**

The branch does not have any overdue loans and advances to banks as at 30 June 2018 and 31 December 2017.

The branch does not have any rescheduled and impaired loans and advances to banks as at 30 June 2018 and 31 December 2017.

c. **General Credit Provision**

Starting from 1 January, 2018, with the effective of IFRS9, General Credit Provisions for loans and advances to customers and banks of the branch were maintained at the local branch entity were HK$5,371,063 as at 30 Jun 2018. Prior to 1 January 2018, General Credit Provisions for loans and advances to customers and banks of the branch set aside and maintained at the overseas head office as at 31 December 2017 were HK$14,520,866 . Per Julius Baer Group provisioning policy, the General Credit Provisions are equal to the internally calculated Expected Loss (EL) of a credit exposure/portfolio based on the Probability of Default (PD) and the Loss Given Default (LGD), taking into consideration the tenor and collateral (secured / unsecured) of the underlying credit exposure.

9. **Other assets which are overdue, rescheduled and repossessed**

The branch does not have any assets which are overdue, rescheduled and repossessed as at 30 June 2018 and 31 December 2017.

BANK JULIUS BAER & CO. LTD.
Hong Kong Branch
Notes to the Financial Statements

10. **International claims**

Breakdown of the international claims by countries where it constitutes 10% or more of the total international claims after taking into consideration of transfers of risks, according to the location of the counterparties and the type of counterparties.

	30 Jun 2018 HKD million				
			Non-bank private sector		
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Total
Developed countries	42,004	-	-	585	42,589
of which Switzerland	39,076	-	-	4	39,080
Offshore centres	321	-	133	26,571	27,025
of which British Virgin Islands	-	-	-	18,492	18,492
Developing Europe	-	-	-	95	95
Developing Latin America and Caribbean	-	-	-	329	329
Developing Africa and Middle East	-	-	-	377	377
Developing Asia-Pacific	11,241	-	-	5,075	16,316
of which China	9,423	-	-	2,620	12,043
	53,566	**-**	**133**	**33,032**	**86,731**

BANK JULIUS BAER & CO. LTD.
Hong Kong Branch
Notes to the Financial Statements

10. **International claims (Con't)**

	31 Dec 2017 HKD million				
			Non-bank private sector		
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Total
Developed countries	34,288	-	-	854	35,142
of which Switzerland	32,141	-	-	15	32,156
Offshore centres	228	-	171	26,008	26,407
of which British Virgin Islands	-	-	-	18,285	18,285
Developing Europe	-	-	-	39	39
Developing Latin America and Caribbean	-	-	-	351	351
Developing Africa and Middle East	-	-	-	326	326
Developing Asia-Pacific	10,481	-	-	4,588	15,069
of which China	9,542	-	-	1,841	11,383
	44,997	**-**	**171**	**32,166**	**77,334**

BANK JULIUS BAER & CO. LTD.
Hong Kong Branch
Notes to the Financial Statements

11. **Mainland activities**
(HKD million)

	30 Jun 2018		
Types of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,065	13	2,078
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,936	30	2,966
Total	**5,001**	**43**	**5,044**
Total assets after provision as per Part 3 of the Return of Mainland Activities for the period ended 30 Jun 2018	97,233		
On-balance sheet exposures as percentage of total assets	5.14%		

	31 Dec 2017		
Types of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,604	31	1,635
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,532	35	3,567
Total	**5,136**	**66**	**5,202**
Total assets after provision as per Part 3 of the Return of Mainland Activities for the period ended 31 Dec 2017	86,066		
On-balance sheet exposures as percentage of total assets	5.97%		

BANK JULIUS BAER & CO. LTD.
Hong Kong Branch
Notes to the Financial Statements

12. **Foreign currency exposures**

(HKD million)

30 Jun 2018

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	NOK	ZAR	SEK	TRY	XAG	KRW	MYR	MXN	RUB	DKK	IDR	Others	Total
Spot assets	29,719	3,222	2,575	4,087	711	425	28,778	1,306	900	230	251	4	11	1	5	68	-	4	2	2	28	1	41	72,371
Spot liabilities	(29,735)	(3,221)	(2,578)	(4,086)	(711)	(425)	(28,794)	(1,305)	(873)	(230)	(251)	(4)	(11)	(1)	(5)	(68)	-	(4)	(2)	(2)	(28)	(1)	(41)	(72,376)
Forward purchases	7,898	615	1,108	5,548	163	138	75	783	741	89	51	2	-	-	-	-	-	-	16	39	22	8	24	17,320
Forward sales	(7,914)	(615)	(1,104)	(5,549)	(163)	(138)	(28)	(783)	(768)	(89)	(51)	(2)	-	-	-	-	-	-	(16)	(39)	(22)	(8)	(24)	(17,313)
Net options positions*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (short) position	**(32)**	**1**	**1**	**-**	**-**	**-**	**31**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**
Net structural position	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

31 Dec 2017

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	NOK	ZAR	SEK	TRY	XAG	KRW	MYR	MXN	RUB	DKK	IDR	Others	Total
Spot assets	25,954	1,707	2,468	7,671	1,186	432	20,636	1,570	691	237	313	-	6	1	8	76	-	2	3	1	27	-	47	63,036
Spot liabilities	(25,912)	(1,714)	(2,466)	(7,681)	(1,199)	(432)	(20,644)	(1,571)	(692)	(238)	(315)	-	(7)	(1)	(8)	(76)	(1)	(2)	(3)	(2)	(26)	-	(47)	(63,037)
Forward purchases	4,446	660	1,047	1,094	235	154	150	996	128	64	41	2	5	-	2	1	28	1	7	34	11	8	-	9,114
Forward sales	(4,446)	(660)	(1,047)	(1,094)	(235)	(154)	(150)	(996)	(128)	(64)	(41)	(3)	(5)	-	(2)	-	(28)	-	(7)	(34)	(11)	(9)	-	(9,114)
Net options positions*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (short) position	**42**	**(7)**	**2**	**(10)**	**(13)**	**-**	**(8)**	**(1)**	**(1)**	**(1)**	**(2)**	**(1)**	**(1)**	**-**	**-**	**1**	**(1)**	**1**	**-**	**(1)**	**1**	**(1)**	**-**	**(1)**
Net structural position	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Net options position is calculated on the basis of the delta-weighted position of the options contracts.

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BANK JULIUS BAER & CO. LTD.
Hong Kong Branch
Off balance sheet
As at 30 Jun 2018

	30 Jun 2018 HKD'000	31 Dec 2017 HKD'000
Off balance sheet exposure		
1. **Contingent liabilities and commitments** (contractual amounts)		
Direct credit substitutes	370,570	419,435
Forward forward deposits placed	1,471,058	4,351,049
Other commitments	35,478,147	30,817,037

2. **Derivative instruments**

	30 Jun 2018 HKD'000			31 Dec 2017 HKD'000		
	Fair Value		Total Notional Amount	Fair Value		Total Notional Amount
	Positive	Negative		Positive	Negative	
Exchange rate-related derivative contracts	277,769	273,697	30,607,128	95,149	95,149	21,744,420
Equity derivative contracts	181,591	181,591	6,401,033	84,122	84,122	8,130,747
Interest rate derivative contracts	-	-	-	201	201	48,392
Other contracts	8,919	8,937	530,224	336	336	53,354
	468,279	**464,225**	**37,538,385**	**179,808**	**179,808**	**29,976,913**

Derivative contracts are shown using notional amount, which are concluded on a back-to-back basis to facilitate private banking customers.

The fair values of the derivative contracts are shown on a gross basis as the branch has no bilateral netting agreements in place.

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BANK JULIUS BAER & CO. LTD.
Hong Kong Branch
Liquidity Information
As at 30 June 2018

	30 Jun 2018	30 Jun 2017
Average Liquidity Maintenance Ratio (for 6 months period)	43.50%	40.33%

	30 Jun 2018	31 Mar 2018
Average Liquidity Maintenance Ratio (for 3 months period)	43.49%	43.50%

The Branch has adopted the liquidity maintenance ratio ("LMR") requirement in accordance with Banking (Liquidity) Rules starting 1 January 2015 onwards. It complies with the minimum requirement of 25% as stipulated by the Hong Kong Monetary Authority.

The average LMR for the period is the arithmetic mean of each calendar month's average LMR calculated in accordance with the Banking (Liquidity) Rules.

Liquidity Risk Management

The aim of the liquidity risk management is to ensure that the Bank Julius Baer & Co. Ltd Hong Kong Branch ("BJBHK") has sufficient funds to meet all its immediate and future payment obligations in time and to allow its businesses to operate without disruption under normal conditions and in particular under bank specific or market related stress periods.

This objective is reflected in the liquidity risk management framework of the Julius Baer Group Ltd. ("the JB Group") and documented such in its fundamental policies and manuals at Head Office and BJBHK levels.

At the Head Office level, the Board of Directors of the JB Group is ultimately responsible for establishing the Liquidity Risk Tolerance. The JB Group *Asset and Liability Management Committee* ("Group ALMCO") exercises significant management oversight regarding liquidity risk management, which in particular include reviews and approvals of the BJBHK liquidity risk tolerance at least once a year.

At the BJBHK branch level, the *Local Asset and Liability Management Committee* ("BJB HK ALCO") comprising key members from local branch management as well as the JB Group Treasurer, conducts meetings on a monthly and when necessary basis. Its duties include in particular the review of adherence to limits, monitoring all internal and local regulatory metrics related to liquidity and funding risks and the review of the local Liquidity Manual. The latter defines the quantitative and qualitative measures for managing liquidity and funding risk.

It is BJBHK policy to maintain a conservative level of liquid funds to meet all obligations. As such the BJBHK management has defined internal liquidity buffers in excess of statutory *Liquidity Maintenance Ratio* (LMR) and *Minimum Liquid Assets* (LA) guideline. In addition, Head Office conducts stress tests of BJBHK on a regular basis.

As one of the main overseas branches, BJBHK may fully rely on Head Office for liquidity at all times and in the event of any funding crises.

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Julius Baer Group Ltd.
Group Consolidated Financial Information
As at 30 June 2018

	30 Jun 2018 Basel III fully-applied	**31 Dec 2017** Basel III phase-in (Note 1)
Capital ratios		
CET1 capital ratio (Note 2)	13.7%	16.7%
Tier 1 capital ratio (Note 2)	19.9%	21.6%
Total capital ratio	20.2%	22.0%
	CHF' Million	CHF' Million
Total equity	5,788.7	5,854.0
Other financial information		
Balance Sheet:		
Total assets	103,540.2	97,917.6
Total liabilities	97,751.5	92,063.6
Loans	46,661.6	46,623.7
Due to customers	70,236.7	67,636.8
	30 Jun 2018 CHF' Million	**30 Jun 2017** CHF' Million
Profit and Loss:		
Profit before taxes	542.6	438.9

Note:
(1) The Basel III effects, but also the effects of IAS 19 revised relating to pension liabilities, is phased in as at 30 June 2017 and 31 December 2017 for the calculation of the eligible capital.

(2) During the phase-in period the amount of intangibles which has to be deducted directly from CET1 increased proportionally over time and the remaining amount of intangibles which is allowed to be deducted from additional tier 1 capital decreased respectively.

(3) For further details on Julius Baer Group Ltd. financial information, please refer to the Half-year Report 2018 Julius Baer Group Ltd.