Julius Bär

FINANCIAL STATEMENTS 2025

Bank Julius Baer Europe S.A.

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I Management report

General

Global markets navigated a volatile and complex year 2025, marked by abrupt shifts in risk appetite, evolving central bank narratives, and intermittent geopolitical tensions. The first half was dominated by an April tariff shock that drove equities down roughly 11%, followed by a rebound as earnings resilience restored confidence. The second half brought uneven progress and renewed uncertainty.

Equities recovered into summer as the sell-off faded and investors favoured quality growth. U.S. large caps outperformed on strong profitability, while Europe benefited from steadier macro data and supportive currency moves. Asia and most notably China gained on tech leadership, while domestic sectors lagged amid demand concerns and cautious policy. Autumn saw volatility spikes from trade rhetoric and geopolitics, prompting rotations toward balance-sheet strength and defensiveness.

Fixed Income faced persistent rate volatility as markets oscillated between "higher for longer" and potential easing amid moderating inflation and patchy growth. Duration rallies were capped by heavy issuance and shifting term premia. Credit proved resilient in H2: spreads widened during risk-off phases but tightened as investors sought yield and judged systemic risk contained. Investment-grade demand stayed firm, while high yield favoured stronger, shorter-dated issuers.

Currencies influenced cross-asset returns. The U.S. dollar weakened until early summer as flows tilted toward Europe and Asia, though risk-off episodes triggered rebounds. The Swiss franc and yen acted as safe havens, while emerging currencies diverged—benefiting where real yields and commodities were supportive but struggling under fiscal or political strain.

Commodities served mainly as portfolio insurance. The Bloomberg Commodity Index rose, driven by a 64% surge in precious metals and a 13% gain in industrial metals, while energy and grains slipped amid tariff-driven volatility and supply dynamics. Gold was supported by currency weakness, inflation uncertainty, and geopolitical risk. Oil fluctuated on Middle East tensions, OPEC+ signals, and shifting demand forecasts, feeding into inflation expectations. Industrial metals stabilized late in the year, while agriculture reflected weather and supply disruptions.

By year-end, markets were repricing a regime defined by reactive policy, sudden geopolitical shifts, and renewed emphasis on diversification. A year that began with tariff shocks and ended with cautious optimism reinforced a key lesson: success relied less on predicting a single path and more on managing a range of outcomes. Flexibility, genuine diversification, and disciplined risk management remained essential throughout 2025.

Our Bank 2025

Bank Julius Baer Europe S.A. (BJBE, or frequently referred to as "the Bank", "the company" in this document) is a wholly owned subsidiary of Julius Baer Group Ltd. and is incorporated in the consolidated financial statements. BJBE is focusing exclusively on private banking business and works within the framework of the Julius Baer Group business strategy. The operational and strategic objectives of the local business areas are in line with the respective higher-level business areas of the Julius Baer Group (JBG).

Luxembourg as an international booking and financial center with its ideal position at the heart of Europe provides many advantages for Julius Baer Group. BJBE's aim is to achieve a continuous business growth, to enhance the product and solution offering, gain strategic flexibility for the European business and thereby to strengthen the significance of BJBE within the Group.

As a pure play private banking player and the EuroHub of Julius Baer Group, it is BJBE's vision to become the "Reference in Wealth Management in the European Economic Area (EEA)".

To achieve this, BJBE is striving for delivering best-in-class services for its clients. It is the key target of BJBE to constantly enhance and develop this service along the value chain.

BJBE follows JB Group's strategic cycle (2026-2028):

- Profitable Growth in the Core Business: sharpen segmentation and coverage, enhance the product offering, strengthen top positions in core geographies, and increase the front productivity
- Operational Efficiency and Cost Discipline: drive operational efficiency by completing the ongoing optimisation of the operating model and process and IT simplifications, as well as by anchoring cost discipline
- Disciplined Risk and Compliance Management: upgrading the risk and compliance management processes and accountability throughout the organisation. This includes the calibration of the risk profile in line with the perimeter of our core wealth management business, a strengthened first line of defence, and a culture of disciplined risk ownership
- Leveraging Technology: invest in both the digital experience for our clients and for the front office employees serving them
- Performance and Ownership Culture: shift towards a performance and ownership culture

It is BJBEs goal to be the trusted partner for its clients, based on a scalable technology with best-in-class wealth management solutions, in line with EU/EEA regulations.

BJBE aligns its "Corporate Social Responsibility (CSR)" and "Environmental Social Governance (ESG)" activities and targets with the Julius Baer Group. Apart from specific targets, JBG has put in place a sound sustainability governance model to deliver its sustainability strategy and provide guidance on sustainability and climate risks, investment strategy, offering and compensation. As part of this, BJBE wants to create a positive impact and value for the shareholder and all stakeholders. ESG and CSR are being considered when offering new services and improving internal and external processes.

The key risks and uncertainties BJBE are exposed to are outlined in detail in the risk report. As risk strategies follow business strategies, BJBE has implemented a local transposition of the Group's Risk Management Framework considering BJBE's business strategy.

2025 was another year of very strong growth in the pure private banking business at BJBE with an organic acquisition of EUR 2.6 bn net new money. This excellent net new money attraction as well as positive market performance contributed significantly to the increase of BJBE's operating income.

Since 1 April 2025, BJBE operates the branch "Bank Julius Baer Europe S.A., Succursale in Italia" in Milan, Italy. Since 13 October 2025, BJBE operates the branch "Bank Julius Baer Europe S.A., Sucursal Portugal" in Lisbon, Portugal. All Advisory Offices contributed significantly to the asset growth in 2025 again.

The shared IT technology platform continuously provided its services to both BJBE and BJBE's sister company Bank Julius Baer Monaco with the focus on consolidation, further alignment and more efficiency. The shared service agreement contributed nicely to BJBE's operating income.

By Q2 2025, BJBE relocated to a modern, upgraded office space conveniently situated near its current address. This strategic move provides employees with improved working conditions. As part of its ongoing efforts to drive business growth, BJBE remains committed to fostering a supportive, productive work environment that benefits everyone.

Income situation

Despite the volatile and complex global markets in 2025, BJBE is again looking back to a very successful financial year, demonstrating its resilience as a pure play private bank and generating value for its customers. With the focus on EEA domiciled clients, adhering to the proven business model and risk appetite, BJBE significantly strengthened its position as a reliable partner for our clients and our shareholder JB Group.

2025 was characterized by growth of underlying business and significant investments into BJBE's expansion into other EU countries. The bank was not only able to over-deliver on bottom line results, but also successfully opened two branches in 2025, while continuing to focus on its clients in the existing

franchises. With its successful business model, BJBE again attracted significant net new money from new and existing clients. While 2025 was a year of investment into future growth, the bank was able to manage its cost base carefully but also continued to invest into its technologies and systems.

BJBE closed the financial year 2025 with a pre-tax profit of EUR 47.4 mn, a decrease of EUR 6.1 mn or 11% - over-achieving its own targets considerably.

Decreasing interest rates and margins, as well as higher funding costs drove BJBE's net interest income lower by EUR 16 mn from EUR 58.7 mn to EUR 42.7 mn. Net commission and fee income significantly increased by EUR 11.7 mn to EUR 115.2 mn. Trading income increased from EUR 19.9 mn to EUR 26.2 mn, an increase of 6.3 mn. The development of the commission and transaction income also reconfirms BJBE's aim to increase its recurring revenues portion in absolute and relative terms.

Total operating expenses increased by EUR 14.4 mn or 9.4% from EUR 152.3 mn to EUR 166.7 mn. Of which personnel expenses increased by EUR 13.8 mn from EUR 79.9 mn in 2024 to EUR 93.7 mn.

Assets and liabilities / Capital situation

On the back of BJBE's organic acquisition of EUR 2.6 bn net new money and strengthening its funding base, BJBE's balance sheet total increased by 30.1% to EUR 4,584 mn. The investor friendly market environment in the second half of 2025 led our clients to increase their investments and maintain their exposure in securities. Despite decreasing cash ratio in client portfolios, BJBE managed to uphold a sound funding base. The cash placed with the Luxembourgish Central Bank and other Banks increased by a total of EUR 477 mn to EUR 1,719 mn, Lombard loans to customers increased by EUR 506 mn to EUR 2,503, reflecting the leverage on client portfolios with stable credit penetration.

Customer deposits increased from EUR 2,960 mn in the previous year to EUR 3,268 mn as per 31 December 2025, in line with the increase in AuM and the overall cash ratio in client portfolios. Other liabilities increased from EUR 164 mn to EUR 205 mn.

BJBE's will continue to invest into its future growth and fund these investments through its ability to generate capital. For this reason, BJBE proposed a dividend distribution of EUR 26 mn to the shareholder and retain the remainder of the profit in its reserves.

Considering this dividend distribution and the remaining profit contributed into BJBE's reserves, the Bank's regulatory equity ratio slightly decreased to 35.1% (previous year: 37.4% after profit allocation).

Outlook 2026

With our unique market position and scale, BJBE is exceptionally well-positioned for long-term success in Luxembourg and the four branches, leveraging our exclusive focus on wealth management to drive growth and innovation in the European Union.

Building on last year's momentum, our primary focus in 2026 will be driving revenue growth while putting our clients' needs at the forefront of our investments. To achieve this, we will further develop innovative solutions and services across our segments and markets, foster collaborative client communities, and integrate digital tools to elevate our service excellence. Client-centricity will remain at the heart of all our endeavors.

Meanwhile, we will continue to recruit top industry talent, including entrepreneurial Relationship Managers, specialized experts, and technology professionals to support our business in our dedicated markets.

Final remarks for the financial year 2025

Falk Fischer (Chief Executive Officer), Thomas Fehr, Sueleyman Polat and Natacha Santin served as members of the Board of Managing Directors.

Paul Van Neste (Chairman until 31 March 2025 due to retirement), Georges Bock, Nicole Bohn, Norbert Casaulta (Chairman as of 01 April 2025), Roman Graf (until 31 March 2025 due to new Chairmanship at Bank Julius Bär Deutschland AG), John Perego, Nina Salzmann-Epper (as of 01 April 2025) and Christina Ziegler (as of 01 April 2025) and served as members of the Supervisory Board. The Supervisory Board has established the following committees: the Audit Committee (chaired by Georges Bock), the Risk and Compliance Committee (chaired by John Perego) and the Remuneration and Nomination Committee (chaired by Nicole Bohn).

The Committees and the Supervisory Board met three times (March, September, December) during the 2025 financial year. One additional strategic Supervisory Board meeting was held in June 2025 in BJBE Italy Branch, Milan.

Various telephone and personal conversations and consultations were also held between the members of the Board of Managing Directors and the members of the Supervisory Board independent of these meetings.

Finally, the Board of Managing Directors would like to thank the Bank's clients for the trust they have placed in the Bank and express its thanks and appreciation to the Supervisory Board as well as to all the Bank's employees for their dedicated efforts and committed work in the 2025 financial year.

Luxembourg, 18 March 2026

Bank Julius Baer Europe S.A.

Falk Fischer
Chief Executive Officer

Sueleyman Polat
Member of the Board of Managing Directors

Thomas Fehr
Member of the Board of Managing Directors

Natacha Santin
Member of the Board of Managing Directors

II Supervisory Board report

During the 2025 financial year, the Supervisory Board supported and monitored the management activities of the Board of Managing Directors in an advisory capacity in accordance with the relevant legal requirements and articles of association and took decisions on matters requiring approval.

Authorisation of the financial statements

The Supervisory Board has thoroughly scrutinized the annual financial statements and management report for the 2025 financial year. The audit report of the auditor KPMG was made available to this end. The auditor's representatives attended the Supervisory Board meeting at which the annual financial statements were examined, provided a summary of the audit findings and were available to provide additional explanations and opinions. The auditor issued an unqualified audit opinion.

The Supervisory Board did not raise any objections to the annual financial statements for the 2025 financial year prepared by the Board of Managing Directors and agreed with the auditor's findings.

The Supervisory Board would like to thank the Board of Managing Directors and all employees of Bank Julius Baer Europe S.A. for their work in 2025.



Norbert Casaulta
Chairman of the Supervisory Board

III Financial Statements

Income statement

	Note	2025 EUR 1,000	2024 EUR 1,000	Change %
Interest income on financial instruments measured at amortised cost or FVOCI		**112,428**	148,227	-24.2
Interest expense on financial instruments measured at amortised cost		**69,697**	89,525	-22.1
Net interest income	1	**42,731**	58,702	-27.2
Net impairment losses/recoveries on financial assets	2	**244**	1,231	-80.1
Net interest income after provisions for loan losses		**42,486**	57,471	-26.1
Commission and fee income		**120,438**	107,561	12.0
Commission expense		**5,264**	4,120	27.8
Net commission and fee income	3	**115,174**	103,442	11.3
Net trading income	4	**26,232**	19,856	32.1
Other ordinary results	5	**30,222**	25,032	20.7
Operating income		**214,114**	205,801	4.0
Personnel expenses	6	**93,655**	79,866	17.3
General expenses	7	**57,183**	57,677	-0.9
Depreciation of property and equipment	16	**5,920**	5,485	7.9
Amortisation of customer relationships	15	**4,887**	4,887	-
Amortisation and impairment of other intangible assets	15	**5,080**	4,422	14.9
Operating expenses		**166,724**	152,338	9.4
Profit before taxes		**47,390**	53,463	-11.4
Income taxes	8	**11,008**	13,318	-17.3
Net profit		**36,382**	40,145	-9.4
Attributable to:				
Shareholders of Bank Julius Baer Europe S.A.		**36,382**	40,145	-9.4

Statement of comprehensive income

	2025 *EUR 1,000*	2024 *EUR 1,000*
Net profit recognised in the income statement	**36,382**	40,145
Other comprehensive income:		
Items that are or may be reclassified subsequently to the income statement		
Net unrealised gains/(losses) on debt instruments measured at FVOCI	**208**	166
Other comprehensive income	**208**	166
Total comprehensive income	**36,590**	40,311
Attributable to:		
Shareholder of Bank Julius Baer Europe S.A.	**36,590**	40,311

Balance sheet

	Note	**31.12.2025** EUR 1,000	31.12.2024 EUR 1,000	Change %
Assets				
Cash and cash equivalents	10	**1,095,573**	839,011	30.6
Due from banks	11	**623,827**	403,519	54.6
Loans	12	**2,503,262**	1,997,326	25.3
Provisions for loan losses	13	**-1,607**	-1,502	7.0
Derivative financial instruments	30	**15,182**	33,298	-54.4
Financial assets measured at FVOCI	14	**72,721**	14,098	415.8
Financial assets measured at amortised cost	14	**22,747**	29,041	-21.7
Property and equipment and leases	16	**42,893**	37,834	13.4
Intangible assets	15	**46,529**	47,239	-1.5
Deferred tax assets	21	**2,132**	120	1,672.5
Other assets	17	**160,287**	122,914	30.4
Total assets		**4,583,545**	3,522,898	30.1

	Note	**31.12.2025** EUR 1,000	31.12.2024 EUR 1,000	Change %
Liabilities and equity				
Due to banks	18	**775,859**	85,689	805.4
Due to customers	19	**3,267,730**	2,959,671	10.4
Derivative financial instruments	30	**13,516**	21,467	-37.0
Current tax liabilities	21	**23,461**	15,257	53.8
Deferred tax liabilities	21	**1**	-	
Provisions	20	**-**	131	-100.0
Other liabilities	22	**204,641**	163,579	25.1
Total liabilities		**4,285,208**	3,245,793	32.0
Share capital	23	**95,734**	95,734	-
Capital reserves	23	**25,753**	25,753	-
Retained earnings	23	**140,559**	115,771	21.4
Other components of equity	23	**-90**	-298	69.8
Net result	23	**36,382**	40,145	-9.4
Total equity		**298,338**	277,105	7.7
Total liabilities and equity		**4,583,545**	3,522,898	30.1

Statement of cash flows

	2025 *EUR 1,000*	2024 *EUR 1,000*
Net profit	**36,382**	40,145
Adjustments to reconcile net profit to cash flow from/(used in) operating activities:		
Non-cash items included in net profit and other adjustments:		
- Depreciation, value adjustments, write-ups on receivables, tangible and intangible assets, changes to provisions	**18,507**	12,918
- Other non-cash income and expenses	**-38,652**[1]	-99,088
Net increase/decrease in operating assets and liabilities:		
- Net due from/to banks	**469,862**	-29,198
- Net loans/due to customers	**-197,876**	-415,039
- Accrued income, prepaid expenses and other assets	**-37,111**	-25,262
- Accrued expenses, deferred income, other liabilities and provisions	**48,724**	53,087
- Interest received	**113,417**	148,261
- Interest paid	**-68,947**	-91,801
- Taxes paid on profit	**-**	1,939
Cash flow from operating activities	**344,306**	-404,038
Purchase of property and equipment and intangible assets	**-**	-10,902
Net (investment in)/divestment of financial assets measured at FVOCI	**-59,360**	-
Net (investment in)/divestment of financial assets measured at amortised cost	**4,515**	-23,965
Cash flow from investing activities	**-72,744**	-34,867
Dividend payments	**-15,000**	-28,000
Cash flow from financing activities	**-15,000**	-28,000
Net (decrease)/increase in cash and cash equivalents	**256,562**	-466,905
Cash and cash equivalents at the beginning of the year	**839,011**	1,305,916
Cash flow from operating activities	**344,306**	-404,038
Cash flow from investing activities	**-72,744**	-34,867
Cash flow from financing activities	**-15,000**	-28,000
Cash and cash equivalents at the end of the year	**1,095,573**	839,011

[1] of which KEUR 10,165 from change in financial derivatives measured at FVTPL

For the 2025 financial year, cash payments for leases amounted to KEUR 3,079 (previous year: KEUR 4,237)

Statement of changes in equity

At 1 January 2024							
Net profit							
Allocation to retained earnings							
Total other comprehensive income							
Julius Baer Group Ltd. dividend payment							
Share-based payments expensed for the year							
Distribution to the parent related to share-based payments for the year							
At 31 December 2024							

At 1 January 2025							
Net profit							
Allocation to retained earnings							
Total other comprehensive income							
Julius Baer Group Ltd. dividend payment							
Share-based payments expensed for the year							
Distribution to the parent related to share-based payments for the year							
At 31 December 2025							

[1] Dividend payment per share EUR 1.31

			Other components of equity		
Share capital *EUR 1,000*	Capital reserves *EUR 1,000*	Retained earnings *EUR 1,000*	OCI related to debt instruments at FVOCI *EUR 1,000*	Annual surplus/deficit *EUR 1,000*	Total equity attributable to shareholder *EUR 1,000*
95,734	25,753	105,147	-464	38,926	265,096
-	-	-	-	40,145	40,145
-	-	10,926	-	-10,926	-
-	-	-	166	-	166
-	-	-	-	-28,000	-28,000
-	-	3,183	-	-	3,183
-	-	-3,485	-	-	-3,485
95,734	25,753	115,771	-298	40,145	277,105
95,734	**25,753**	**115,771**	**-298**	**40,145**	**277,105**
-	-	-	-	**36,382**	**36,382**
-	-	**25,145**	-	**-25,145**	-
-	-	-	**208**	-	**208**
-	-	-	-	**-15,000**[1]	**-15,000**
-	-	**3,792**	-	-	**3,792**
-	-	**-4,148**	-	-	**-4,148**
95,734	**25,753**	**140,559**	**-90**	**36,382**	**298,338**

Summary of material accounting policies

General

Bank Julius Baer Europe S.A. (BJBE, the Bank, the company) was founded on 25 June 1969 in the form of a public limited company under Luxembourg law and is domiciled in the City of Luxembourg, Luxembourg. The company is registered in the commercial register at the Luxembourg Regional Court under registration number B 8495.

The Bank's share capital was fully paid up as at the balance sheet date, amounted to EUR 95.7 million and is divided into 11,488,064 no-par-value shares. Julius Baer Group is the sole shareholder.

The Bank is a Group company of Julius Baer Group and is incorporated in its consolidated financial statements. The consolidated financial statements of Julius Baer Group are available in Zurich/ Switzerland.

The business policy and valuation principles are set by the Board of Managing Directors and monitored by the Supervisory Board unless stipulated by Luxembourg laws, guidelines or regulations or under the International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (hereinafter referred to as IFRS Accounting Standards).

The sole purpose of the company is to carry out banking and financial transactions of all kinds for its own account and the account of third parties in the Grand Duchy of Luxembourg and abroad as well as to perform all operations directly or indirectly related to these transactions.

Since 1 January 2008, the Bank has prepared its reports in accordance with the requirements of the CSSF on the basis of local FINREP regulations. The Bank's supervisory reports (compliance with capital adequacy requirements and the major lending limit) are also created as per Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 and CSSF Regulation 14 – 01 of 11 February 2014.

In accordance with the liquidity requirements, the regulatory reporting expectations have been substantiated, in particular, by the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). The LCR was adopted by the European Union within the framework of the Delegated Act on 17 January 2015 and became binding law for all European banks on 1 October 2015.

Basis of accounting

The annual financial statements of BJBE for the 2025 financial year were prepared on the basis of the International Financial Reporting Standards as issued by the IASB and adopted by the European Union (hereinafter referred to as "IFRS Accounting Standards") and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC) as to how they are to be applied in the European Union. The standards that had been published and adopted by the European Union at the time the statements were produced, as well as their interpretations by the Standard Interpretations Committee (SIC) and IFRIC, were taken into account. The branches of BJBE are reported in the financial statements. The effects of all intercompany transactions and balances are eliminated on consolidation.

The annual financial statements dated 31 December 2025 take account of the additional national appendix information as required by the Act of 17 June 1992 on the annual financial statements of financial institutions under Luxembourg law.

The financial statements comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes. The risk management report as per IFRS 7.31 ff. is provided in the notes. The Bank's Supervisory Board and Board of Managing Directors do not adopt a segment view in performing their internal analyses. Segment reports have not been prepared as there is no capital market orientation.

The reporting and functional currency of the annual financial statements is euro (EUR). Unless otherwise stated, all amounts are reported in euros and commercially rounded to the nearest thousand. The financial year corresponds to the calendar year. Generally, the historical cost principle is applied, with the exception of financial assets at fair value through profit or loss, derivative financial instruments, financial investments at fair value through other comprehensive income (FVOCI), as well as financial liabilities, which are measured at fair value. As at 31 December 2025 FVOCI debt instruments and derivative financial instruments are measured at fair value.

Minor deviations may arise when adding sums within tables. If not explained in notes to specific tables, restatements of prior-year figures have not been material and hence have not been adjusted.

These financial statements for 2025 were approved by the Board of Managing Directors on 18 March 2026.

Use of estimates in preparing the financial statements

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent liabilities. Actual results in future periods could differ from such estimates.

Estimates and assumptions are used mainly in the following areas of the financial statements and are discussed in the corresponding notes: determining fair values of financial instruments, uncertainties in measuring provisions and contingent liabilities, loss allowances (measurement of expected credit losses), income taxes (judgement regarding the interpretation of the applicable tax laws and the respective tax practice, such as top-up taxes, transfer pricing or deductible versus non-deductible items, and anticipation of tax audit issues), share-based payments and other intangible assets.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Accounting policies

The Bank applies uniform accounting and measurement principles, which have remained the same as in the previous year, except as outlined at the end of this summary of material accounting policies addressing implemented changes in accounting policies.

Foreign currency translation
In the financial statements income and expenses denominated in foreign currencies are translated at the exchange rate on the date of the respective transaction. Assets and liabilities are translated at the closing exchange rate on the balance sheet date. The resulting gains and losses on monetary assets and liabilities are recognised in the income statement as foreign exchange gains/losses.

The following exchange rates are used for the major currencies:

	Year-end rates	
	31.12.2025	31.12.2024
EUR/USD	**1.1745**	1.0355
EUR/CHF	**0.9305**	0.9385
EUR/GBP	**0.8732**	0.8268

Income recognition
The Bank uses a model for the recognition of revenues which features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised:

- identify the contract(s) with a customer (step 1);
- identify the performance obligations in the contract (step 2);
- determine the transaction price (step 3);
- allocate the transaction price to the performance obligations in the contract (step 4);
- recognise revenue when (or as) the Bank satisfies a performance obligation (step 5).

The Bank recognises fee and commission income related to its wealth management-related services either at the time the service is performed, i.e. upon execution of a transaction, or in the corresponding periods over the life of a contract if services are provided over a certain period of time. In all cases, the fees and commissions must be based on a legally enforceable contract. Income and income components that are based on performance are recognised to the extent that it is highly probable that a significant reversal will not occur.

Financial instruments
Recognition
All financial instruments are initially measured at fair value; for financial instruments not at fair value through profit or loss, eligible transaction costs are included.

Securities and derivatives transactions are recorded in the balance sheet on trade date. All other financial instruments are recorded on settlement date.

Measurement
Two criteria are used to determine how financial assets should be classified and subsequently measured:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

A business model refers to how an entity manages its financial assets in order to achieve a particular business objective and to generate cash flows:

- by collecting contractual cash flows, i.e. cash flows stem primarily from interest payments and repayment of principal;
- by selling the financial assets, i.e. cash flows stem primarily from buying and selling the financial asset; or
- by a combination of the two models above.

The additional criterion for determining the classification of a financial asset is whether the contractual cash flows are solely payments of principal and interest (SPPI criterion). Interest under this model mainly comprises returns for the time value of money, credit risk, administration costs and a profit margin. Interest is accounted for under the effective interest method.

Based on the analysis of the business model and the nature of the contractual cash flows, a financial asset is allocated at initial recognition to one of the three principal classification categories and subsequently measured at either:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

Amortised cost: A debt instrument is measured at amortised cost if the following conditions are fulfilled:

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- it meets the SPPI criterion.

The Bank originates Lombard and mortgage loans related to its business with wealth management clients. Such loans are held to maturity and to collect the contractual interests during the loan term. In addition, they fulfil the SPPI criterion. The Bank's loans are therefore measured at amortised cost.

The Bank holds balances with other banks, which are accounted for at amortised cost if the above conditions are fulfilled. As part of its treasury activities, the Bank holds a portfolio of bonds, for which the Bank management plans to hold to maturity, that are accounted for at amortised cost.

Fair value through other comprehensive income (FVOCI): A debt instrument is measured at fair value through other comprehensive income if it meets the following conditions:

- it is held within a business model in which assets are managed both in order to collect contractual cash flows and for sale; and
- it meets the SPPI criterion.

The Bank acquires debt instruments (bonds) for its asset and liability management purposes. The debt instruments in this portfolio are measured at fair value through other comprehensive income if in addition the SPPI criteria is fulfilled as well.

Fair value through profit or loss (FVTPL): All financial assets which do not meet the SPPI criterion and/or are not held in a business model 'held to collect' or 'held to collect or for sale' are measured at fair value through profit or loss.

The Bank applies this measurement principle to its derivatives.

In addition, at initial recognition, an entity has the option to irrevocably designate financial instruments as at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets or financial liabilities, or recognise the gains or losses on them, on different bases.

The Bank does not apply this fair value option.

Financial liabilities: Financial liabilities are classified and subsequently measured at amortised cost, except for instruments that are held for trading (including derivatives) which are recognised at FVTPL.

The Bank applies this measurement principle to its amounts due to banks and customers as well as for derivatives.

Derecognition
A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the asset has been transferred and substantially all risks and rewards of ownership have been transferred. If the asset is transferred but some involvement remains, then a judgement is required whether risks and rewards have been transferred or neither transferred nor retained.

A financial liability is derecognised only when its contractual obligations are discharged or cancelled or expire.

Expected credit losses (ECL)
General ECL model: An entity is required to recognise expected credit losses at initial recognition of any financial instrument and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of the respective instruments.

In general, the expected credit loss model uses a dual measurement approach:

- if the credit risk of a debt instrument has not increased significantly since its initial recognition, the debt instrument will attract a loss allowance equal to the 12-month expected credit losses ('stage 1' ECL);
- if the credit risk of a debt instrument has increased significantly since its initial recognition, the debt instrument will attract a loss allowance equal to lifetime expected credit losses ('stage 2' ECL) or the debt instrument is impaired ('stage 3' ECL).

At initial recognition, the Bank classifies all financial assets in stage 1, as it does not acquire or originate credit-impaired debt instruments.

Significant increase: If a significant increase in credit risk has occurred to the financial instrument, the instrument moves from stage 1 to stage 2. The threshold applied varies depending on the original credit quality of the counterparty. For assets with

lower default probabilities at origination due to good credit quality of the counterparty, the threshold for a significant increase in credit risk is set at a higher level than for assets with higher default probabilities at origination. This implies that for financial assets with initially lower default probabilities a relatively higher deterioration in credit quality is needed to trigger a significant increase than for those assets with originally higher probabilities of default.

The model is symmetric, meaning that if the transfer condition (significant increase) is no longer met, the financial asset is transferred back into the 12-month expected credit losses category (stage 1).

Measurement of ECL: An entity should measure expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, i.e. based on probability of default;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

Generally, ECL calculations are based on four components:

- Probability of default (PD),
- Exposure at default (EAD),
- Loss given default (LGD) and
- Discount rate (IR).

These four components are used in the following basic formula: ECL = PD * EAD * LGD * IR.

Recognition of the loss allowance and write-offs: The impairment loss recognised in the income statement (net impairment losses/recoveries on financial assets) is the amount required to adjust the loss allowances from the previous reporting date to the current reporting date due to the periodic detailed ECL calculation.

In the balance sheet, the loss allowance related to debt instruments measured at amortised cost is deducted directly from the asset. For debt instruments measured at FVOCI, the loss allowance is recognised in other comprehensive income (equity) and therefore does not reduce the carrying amount of the asset in the balance sheet. This ensures that the carrying amount of these assets is always measured at the fair value.

The gross carrying amount of a financial asset is written off when there is no reasonable expectation of recovery of the amount, i.e. the amount outstanding is deemed uncollectible or forgiven. The time of each write-off is individually determined on a case-by-case basis once the Credit Department decides that there is no reasonable expectation of recovery. For collateralised loans, only after foreclosure sale of the pledged assets a write-off takes place for any remaining uncovered balance.

Cash and cash equivalents
The Bank's cash reserve comprises deposits with central banks. The holdings are recognised at their nominal value.

Derivative financial instruments and hedging
Derivative financial instruments held for trading, including foreign exchange products, are recognised at fair value through profit or loss. In order to calculate the fair value, corresponding stock exchange prices and other pricing models are employed. Derivatives are reported as an asset position if their fair value is positive and as a liability position if their fair value is negative. Changes in fair value on trading positions are recognised in net trading income.

The Bank might choose to designate a hedging relationship between a hedging instrument and a hedged item in order to achieve hedge accounting. Prior to the application of hedge accounting, all of the following steps must have been completed:

- identification of eligible hedged item(s) and hedging instruments;
- identification of an eligible hedged risk;
- ensuring the hedge relationship meets the definition of one of the permitted types (see below);
- satisfying the qualifying criteria for hedge accounting; and
- formal designation of the hedge relationship.

Fair value hedge accounting (FVH): The risk being hedged in a fair value hedge is a change in the fair value of an asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect the income statement. The changes in fair value might arise through changes in interest rates, foreign exchange rates or equity prices, i.e. the item to hedge is 'some fixed item', which however underlies variability due to market changes, which shall be prevented.

For a FVH, an adjustment is made to the carrying value of the hedged item to reflect the change in the value due to the hedged risk, with an offset to the income statement for the change in value of the hedging instrument. Where the offset is not complete, this will result in ineffectiveness to be recorded in the income statement.

Cash flow hedge accounting (CFH): The risk being hedged in a cash flow hedge is the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, an unrecognised firm commitment or a highly probable forecast transaction, and could affect the income statement. The item to hedge is 'some variable item', i.e. producing some variable cash amount, which shall be stabilised (the amount shall be fixed).

For a CFH, the carrying amount of the hedged item, which may not even be recognised yet, is unchanged. The effect of hedge accounting is to defer the effective portion of the change in value of the hedging instrument in other comprehensive income. Any ineffective portion remains in the income statement as ineffectiveness.

Net investment hedges (NIH): The risk being hedged in a net investment hedge is the currency risk associated with the translation (into the consolidated financial statements) of the net assets of subsidiaries reporting in a different currency. The item to hedge is a net investment in a foreign operation.

For a NIH, the carrying amount of the hedged item is unchanged. The effect of hedge accounting is to defer the effective portion of the change in value of the hedging instrument (i.e. the change in the foreign exchange rate of the derivative) in other comprehensive income. Any ineffective portion remains in the income statement as ineffectiveness.

The Bank did not undertake any hedge accounting during 2024 and 2025.

Property and equipment
Property and equipment includes IT, communication systems, leasehold improvements as well as other installations and equipment. They are carried at cost less accumulated depreciation and impairment losses. Items of property and equipment are depreciated over their estimated useful lives using the straight-line method.

Leasehold improvements are depreciated over the shorter of the residual lease term or useful life. Installations are depreciated over a period not exceeding ten years, IT hardware over three years and other items of property and equipment over five years.

Leasehold improvements are investments made to customise buildings and offices occupied under operating lease contracts to make them suitable for the intended purpose. If a leased property must be returned to its original condition at the end of the lease term, the present value of the estimated reinstatement costs is capitalised as part of the total leasehold improvement costs. At the same time, a liability for reinstatement costs is recognised to reflect the obligation incurred. The reinstatement costs are recognised in the income statement through depreciation of the capitalised leasehold improvements over their useful life.

Subsequent expenditure on an item of property and equipment is recognised in the carrying value of the item if it is probable that the Bank will profit from the future economic benefits of the investment. Current maintenance and servicing costs are recognised in general expenses.

On each balance sheet date, the items of property and equipment are reviewed for indications of impairment. If such indications exist, it is determined whether the carrying amount of the item is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Acquisition costs for low-value assets are immediately recognised as expenses for reasons of materiality.

Leases
A lessee recognises right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the respective lease payments during the lease term. The lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability in the income statement and equipment.

The vast majority of lease contracts where the Bank is the lessee relates to office leases, with a limited number of vehicle and other items' leases. The Bank does not apply lease accounting to software or other intangible assets. Generally, non-lease components in the lease contract are excluded from the accounting under this standard.

Intangible assets
Intangible assets are classified into the following categories:

Customer relationships: This position comprises long-term customer relationship intangibles from separate acquisitions that are initially recognised at fair value at the date of acquisition. Customer relationships are amortised over nine years, using the straight-line method.

Software: The Bank capitalises costs, including general and personnel expenses, relating to the acquisition, installation and development of software if it is probable that the future economic benefits that are attributable to the asset will flow to the Bank and that the costs of the asset can be identified and measured reliably. The capitalised software is amortised using the straight-line method over ten years.

On each balance sheet date, the intangible assets with a finite life (customer relationships, software) are reviewed for indications of impairment. If such indications exist, it is determined whether the carrying amount of the intangible assets is fully recoverable, and an impairment loss is recognised if the carrying amount exceeds the recoverable amount.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Due to banks and customers
Amounts due to banks and customers are initially recognised at fair value less directly attributable transaction costs and subsequently reported at amortised cost. Interest and discounts are debited to interest expenses on an accrual basis, using the effective interest method.

Provisions
A provision is recognised if, as a result of a past event, the Bank has a legal or constructive present obligation existing on the balance sheet date that will probably lead to an outflow of resources and whose amount can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation as at the balance sheet date, taking into account the risks and uncertainties related to the obligation. The recognition and release of provisions are recorded in the income statement through general expenses.

Income taxes
Income tax expense comprises current taxes, top-up taxes and deferred taxes. Current income taxes are calculated on the basis of the applicable tax laws of the respective countries and are recognised as expense in the financial year in which the related taxable income arises. Liabilities related to current taxes are recognised in the balance sheet as current tax liabilities.

The OECD/G20 introduced a new minimum taxation regime under GloBE Model rules (Global Anti-Base Erosion – Pillar 2). The top-up taxes are determined on the basis of the applicable top-up-tax laws of the respective countries and recognised as expense at level of the constituent entity in the financial year in which the related GloBE income

arises. For Ireland the GloBE calculation based on the respective local Qualified Domestic Minimum Top-up Tax (QDMTT) rules was performed.

Deferred tax assets and deferred tax liabilities are taken into account for the expected future tax consequences of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax values.

Deferred tax assets arising from temporary differences and from loss carry forwards eligible for offsetting are capitalised if it is likely that sufficient taxable profits will be available against which those differences or loss carry forwards can be offset. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are calculated at tax rates expected to apply in the period in which the tax assets will be realised, or the tax liabilities settled.

Current tax assets and tax liabilities are offset against each other when they refer to the same taxable entity, concern the same tax authority, and an enforceable right to offset exists. The same rule applies to deferred tax assets and liabilities.

Current and deferred taxes are credited or charged directly to equity if the taxes refer to items that are credited or charged directly to equity.

Post-employment benefits
For defined benefit plans, the defined benefit liability recognised in other liabilities in the balance sheet is the present value of the defined benefit obligation less the fair value of the plan assets as of the reporting date.

For defined contribution pension plans, the contributions are expensed when the employees render the corresponding service to the Bank.

As at 31 December 2025 the Bank is only subjected to defined contribution plans.

Share-based payments
The Bank maintains various share-based payment plans in the form of share plans for its employees. When such payments are made to employees, the fair value of these payments at grant date serves as the basis for calculating the personnel expenses. Share-based payments that are not subject to any further conditions are expensed immediately at grant date. Share-based payments that are subject to the completion of a service period or to other vesting conditions are expensed over the respective vesting period starting at grant date. The amount recognised as an expense is adjusted to reflect the number of share awards for which the related services and non-market performance vesting conditions are expected to be met.

Share-based payment plans that are settled in equity instruments are not remeasured for subsequent changes in the fair value of the underlying instruments.

Within Julius Baer Group, share-based payment arrangements are applied to the employees of all subsidiaries on the same terms and conditions, with settlement of the plan performed in Group shares. Therefore, the Bank applies equity-settled accounting for the services received from its employees, with a corresponding increase recognised in its equity as a capital contribution from the parent. In addition, according to the recharge arrangement with the parent, the Bank recognises a recharge liability and a corresponding debit adjustment in equity for the capital contribution recognised in respect of the share-based payment. Since February 2021 the difference between the grant-date fair value of new plans and the actual purchase price of the shares is recognised as a capital contribution from, or a capital refund to the parent, respectively.

Equity
Under IFRS Accounting Standards, equity capital gives rise to a residual claim on the assets of a company after deduction of all its liabilities or claims for which the investor has no termination option. Equity capital includes subscribed capital, retained earnings, earnings directly recognised in equity, profits and losses carried forward and the balance sheet profit/loss.

Contingent liabilities and irrevocable commitments
Contingent liabilities and irrevocable commitments are not recognised in the balance sheet. However, if an outflow of resources becomes probable and is a present obligation from a past event that can be reliably measured, a respective liability is recognised.

Situations in which the reporting company acts as guarantor to the creditor of a third party for the fulfilment of a liability of the third party in question must be reported as guarantees. Indemnity agreements include contractual obligations that involve the guarantee of a particular outcome or performance.

Irrevocable loan commitments are obligations from which a credit risk may arise in future. These include obligations to grant loans (e.g. lines that have been communicated externally to clients), purchase securities or provide guarantees and acceptances.

Loan-loss provisions for contingent liabilities and loan commitments are reported as provisions for risks arising from the credit business.

Income from guarantees is recognised in the commission surplus. Its amount is determined on the basis of agreed rates on the nominal amount of the guarantees.

Changes in accounting policies

As of 1 January 2025, the Bank did not apply any material new or amended standards.

New standards and interpretations not yet adopted

The following new standards – or revisions or published new interpretations of existing standards – may have an impact on the Group's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements
This new standard introduces the following new requirements to improve companies' reporting of financial performance and provide the users of the financial statements with a better basis for analysing and comparing companies:

- improved presentation in the income statement;
- enhanced transparency of management-defined performance measures; and
- more useful grouping of information in the financial statements.

The new standard will be effective 1 January 2027 and is not expected to have a material impact on the Bank's financial statements.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures include the following guidance:

- clarification on the classification of financial assets with environmental, social and corporate governance (ESG) and similar (contingent) features – ESG-linked features in loans could affect whether the loans are measured at amortised cost or fair value;
- clarification on the settlement of a financial asset or a financial liability via electronic cash transfers regarding the date on which such assets or liabilities are derecognised; and
- disclosures on equity instruments measured at FVOCI.

The amendments will be effective 1 January 2026 and will not have a material impact on the Bank's financial statements.

Comment on risk and capital management

Risk management framework and process

Risk types

For the purpose of this report, risk comprises both the probability of a given event occurring and its potential adverse impact in the event of a deviation from Bank Julius Baer Europe S.A.'s defined objectives. Risk taking is an inherent component of our day-to-day business activities. Risk management therefore constitutes an integral part of BJBE's business framework. It is supported by a number of risk control procedures, which are seen as business enablers critical to the management process of Bank Julius Baer Europe S.A. BJBE as an integrated part of the Julius Baer Group has implemented the risk management principles of the Group, extended by local regulatory / legal requirements where appropriate. The principal risks to which BJBE is exposed are:

- strategic, business and reputational risks (including ESG risks);
- credit risk (including counterparty credit risk);
- market risk (non-trading market risk), including interest rate risk;
- treasury risk (including funding, liquidity, foreign currency, interest rate and credit spread risks);
- operational risk (including third party, information security, processing and settlement and personnel risk);
- compliance and legal risks (including those in relation to money laundering and terrorism financing).

The risk control framework comprises both qualitative elements, including policies and guidelines, and quantitative components, including limits. It is continually adapted and enhanced, both in response to changes in the business environment and to any modifications to the business models pursued by BJBE.

Risk governance

The Supervisory Board of Bank Julius Baer Europe S.A. defines BJBE's risk management principles and strategies and regularly reviews their appropriateness. This ensures that risks are managed effectively and that suitable processes are in place. The risk categories and the basic risk management processes as well as a common risk terminology for BJBE are adopted from the Group Risk Policies, Group Risk Management Framework and Group Risk Appetite and Tolerance Framework. BJBE implemented all specific Group policies, which are defined for particular risk categories with local extensions/changes, where appropriate, as well as a local transposition of the Risk Management Framework and Risk Appetite Framework.

Overall responsibility for the implementation of an independent risk management system and of an effective internal control system lies with the Board of Managing Directors, following the strategies and guiding principles laid down by BJBE's Supervisory Board or by relevant Group directives.

BJBE's Chief Risk Officer (CRO) is responsible for the management, control and reporting of all risk types and the overall risk situation of BJBE. The CCO is responsible for management, control and reporting of compliance risks. This includes statutory or supervisory requirements and the identification of conflicts of interests.

The Supervisory Board installed several committees, which are integrated into BJBE's risk management structure.

The supervision of all risks has been delegated to the Risk and Compliance Committee (RCC).

Relating to the Business Risk Management function, the RCC assesses:

- the dedicated report relating to the identified front risk items as identified by Business Risk Management;
- the overview of attention points deriving from the quarterly BRM BJBE reporting, containing the front risk report.

Relating to the Compliance Function, the RCC:

- defines the general principles in terms of compliance with the applicable standards including JB Group's core values and conflicts of interest prevention, which are binding for the whole bank;
- reviews and recommends to the SB the approval of the Compliance policy drawn up by the BoMD;
- assesses the adequacy of the Financial Crime Risk assessment and the AML risk appetite and provides a recommendation for approval to the SB;
- ensures that the requirements for effective Compliance and the promotion of an adequate Compliance culture and organization are given the necessary attention at the level of the SB;
- ensures that BJBE is equipped with the necessary resources to effectively manage and control its Compliance risk;
- monitors and assesses the effectiveness of programs and processes relating to areas in the scope of the Compliance function as defined in the BJBE Compliance charter:
  - Anti-money laundering (AML) and counter terrorism financing (CTF)
  - Investment services
  - Market abuse prevention and detection
  - Personal Accounts transactions
  - Fraud
  - Prevention and management of Conflicts of Interests
- ensures that in special cases the Compliance function can directly contact the SB or its Chairperson.

Relating to the Risk function, the RCC:

- assesses the correlation between the incurred risks, the ability to manage these risks and assesses BJBE´s internal and regulatory capital and liquidity adequacy;
- assesses whether the human and material resources, as well as the organization of the risk control function are sufficient and shall ensure that the members of the risk control function have the required skills;
- confirms the specific risk policies of the BoMD and prepares the approval of these risk policies by the SB. The following policies and strategies will be confirmed by the RCC:
  - Risk Management Framework (RMF),
  - Risk Appetite Framework (RAF),
  - ICAAP and ILAAP Policy including the Risk Inventory,
  - Liquidity Contingency Plan,
  - Capital Contingency Plan,
  - ICAAP and ILAAP Report,
  - Recovery Plan.
- discusses the risk situation of the Bank, as well as the reporting on the risk situation, with the BoMD and with the External Auditor, where applicable.

The RCC shall regularly deliberate on the following and will report the outcome to the SB:

- the risk profile of BJBE, its development as a result of internal and external events, its adequacy in relation to the approved risk strategies and framework;
- the adequacy of the risk-taking and risk management framework in relation to the strategy and the business objectives, the corporate culture and the framework of BJBE's values;
- the quality of the work carried out by the risk control function and the compliance with the rules laid down in this respect in CSSF Circular 12/552 on central administration, internal governance and risk management;
- the assessment, through stress scenarios and stress testing, of the impact of external and internal events on the risk profile of BJBE and the ability of BJBE to bear its risks;
- the appropriate and timely follow-up by the BoMD of the recommendations of the risk control function and the actions taken to address the identified problems, shortcomings and irregularities;
- the compliance and the pricing of the products and services offered to customers with the business model and the approved risk strategy;
- without prejudice to the responsibilities of the Remuneration and Nomination Committee ("RNC"), the appropriateness of the benefits provided for in the remuneration policies and practices, considering the risk level of BJBE, its internal and regulatory capital and liquidity reserves as well as its profitability;
- the result of the discussions shall be embedded into the overall bank risk report (Booking Centre Risk Report).

The RCC reviews and recommends to the SB the approval of the overall risk report, the risk policies and strategies.

Relating to the Legal function, the RCC:

- assesses the dedicated reports on
  - the status of pending and recently completed legal court proceedings,
  - the status of pending and recently completed proceedings with the CSSF.
- assess the update on threatened legal proceedings.

Relating to the Information Security (ISO) and Data Protection (DPO) functions, the RCC:

- assesses the dedicated Information Security reports on:
  - Major incident events
  - Compliance and employee awareness
  - IT Risk Management

The RCC assesses the dedicated Data Protection reports on:

- BJBE's GDPR compliance (annually)
- Personal data breaches according to GDPR
- Data subject requests
- Compliance and status of main initiatives with impact on the processing of personal data.

Relating to the Operations, Information Technology (IT) and Outsourcing functions, the RCC:

- assesses the dedicated Operations reports relating to the Key Performance Indicators and Key Risk Indicators, consisting of e.g.:
  - Statistics on transaction volumes and reversals
  - Straight through processing (STP) rate and reconciliations
  - Regulatory and tax reporting
  - Internal complaints addressed to Operations
- assesses the dedicated IT reports on:
  - the application availability and trends of operational services and statistics
  - the risk summary of key risks across strategic programs
  - general concerns of the IT department, including insufficient funding for to be improved risk items, conflicting business pressures etc.
  - the progress of internal IT improvement programs
- assesses the dedicated report of the Outsourcing function, relating to the:
  - Update on the Insourcing/Outsourcing Registers (incl. branches),
  - Update on Third-Party Risk Assessments, IT and Business Service performance review,
  - Update on regulatory developments.

Audit Committee (AC) of the Supervisory Board

Relating to the Finance and Accounting Function, the AC:

- reviews and recommends to the SB the approval of the annual audited financial statements. For this purpose, the AC is responsible for a preliminary assessment of the annual financial statements, the report of the External Auditor, the management report, and the proposal for the appropriation of profit;
- critically deliberates on the compliance with the accounting rules and the financial reporting process;
- discusses the latest available key performance indicators, financial statements and reports;
- discusses the consistency of the financial budgets with any other financial data and reviews the assumptions, estimates and performance goals in the preparation of the budgets;
- discusses significant financial reporting, record or presentation issues during the financial year and the manner of their resolution;
- reviews the appropriateness of the expertise, experience and adequacy of resources of BJBE's finance function, at least once a year.

Relating to Internal Audit, the AC:

- monitors and reviews the effectiveness of the internal audit function in the context of BJBE's overall internal control and risk management systems;
- considers and approves the remit of the internal audit function and ensures that it has adequate resources, skills, qualifications and unrestricted access to information to enable it to perform its function effectively. For their assessment the AC may consider periodic independent quality review of the internal audit function where available;
- ensures that the internal audit function has adequate standing and is free from management or other restrictions;
- reviews and recommends to the SB the internal Audit Charter as well as the multi-year Audit Plan and performs an annual review thereof;
- reviews all reports of the internal audit function, including results of key control assessments conducted by the internal audit function to evaluate the effectiveness of BJBE's internal control system;
- reviews the responses given by the BoMD on findings and recommendations of the internal and External Auditors to ensure they have been given timely and address the identified problems, shortcomings, and irregularities.

Relating to the External Audit, the AC:

- prepares the recommendation of the SB for the appointment, revocation, and remuneration of the External Auditor. In doing so, it specifically checks the independence of the External Auditor and monitors compliance with statutory provisions regarding the rotation of the External Auditor;
- prepares the audit engagement for the annual financial statements, as well as any further legally required audits, to the External Auditor;
- assesses the audit scope, the reports on the annual accounts, the management letters, and the long form reports. Moreover, the AC assesses the appropriateness of the services other than those related to the audit of the accounts, provided by the External Auditor and the quality of work in general;
- shall inform the SB of the conclusions of the External Auditor, of its work to ensure the integrity of the legal reporting and of its role in this process.

The RNC of the Supervisory Board:

- carries out the SB's overall responsibility for drawing up the remuneration principles, remuneration strategy and policies. This includes
  - compensation- and nomination-related responsibilities and tasks
  - particular responsibilities and duties in the course of the annual variable performance-related compensation process and
  - reviewing any compensation changes for the SB, BoMD, other senior managers (Key Function Holders) and the employees of the Bank as a whole.
- is responsible for reviewing and approving BJBE's policies on total compensation and benefits (LUX-2249–00 Remuneration Policy) including the link of Remuneration practices to ESG best practices and actions. It annually reviews that the policies operate as intended and that these policies are compliant with national and international regulations and standards;
- annually reviews fundamental policies of the Human Resources Department;
- annually reviews the compensation elements by considering possible impacts of new regulatory developments and feedback received from stakeholders;
- As part of the annual compensation review process
  - reviews the results of the annual compensation review (salary and bonus spending, promotion overview) and in particular on the details of the compensation proposed to be paid to the members of the BoMD (in aggregate form). The overall salary and bonus spending of BJBE is subsequently submitted and approved by the Julius Baer Group Nomination & Compensation Committee;
  - reviews and approves the annual compensation of those staff members that have been designated as so-called Key Risk Takers (Material Risk Takers), who, due to their position, influence or the nature of their work may expose BJBE to significant risk and

ensures compliance with national and international regulations and standards, including an annual review of the appropriate variable to fixed compensation cap;
- reports High Earners to the regulator in a list containing all employees of BJBE receiving total compensation exceeding EUR 1 million p.a.

The RNC nomination and other HR-related duties and responsibilities:

- Collaboration on human resource activities and fostering Diversity, Equity and Inclusion at all times with the BoMD and with the Head of Human Resources department, where applicable and necessary;
- Preparing the appointment and dismissal of members of the BoMD, Head of Internal Control Functions and other Key Function Holders and ensures an appropriate suitability assessment as defined in the BJBE Policy on selection and replacement of members of the Management and Key Functions.

The RNC is:

- responsible for the preparation of the long-term succession planning at the level of the SB. The RNC assesses candidates as possible new members of the SB of BJBE and prepares respective nominations to the entire SB as well as final consideration by the Julius Baer Group Executive Board;
- responsible for the preparation of the long-term succession planning at the level of the CEO and other members of the BoMD of BJBE for submission to the SB and in this function assesses potential candidates and prepares respective nominations to the SB. A potentially required additional involvement of further decision bodies of Julius Baer Group is governed by JBG-1000-00 and JBG-1001-00 Organizational and Management Regulations of Julius Baer Group and Bank Julius Baer & Co. Ltd.;
- acting as Disciplinary Committee when the BJBE Disciplinary Review Committee is conflicted.

The Board of Managing Directors installed additional committees, which are integrated into BJBE's risk management structure as follows:

Asset & Liability Committee (ALCO)

The ALCO is a sub-committee of Julius Baer Group's Asset & Liability Management Committee (ALMCO). The ALCO is chaired by BJBE's Chief Financial Officer (CFO). The ALCO:

- is responsible for the tasks, which have been assigned to it by the BoMD and have been substantiated in these rules of procedure;
- supports the BoMD in its effective, sound and prudent day-to-day management of the activities and inherent risk, always in compliance with the strategies and guiding principles of the Supervisory Board. The rules of procedures for the BoMD apply accordingly;
- monitors developments and positions of the balance sheet of BJBE and steers the adherence to the limits set by the BoMD and the Asset & Liability Management Committee of Julius Baer Group (ALMCO);
- monitors the liquidity risk, interest rate risk, currency / FX risk and counterparty risk on the balance sheet of BJBE;
- monitors the development of the Asset and Liability Management (ALM) strategy and the banking regulatory environment with regards to ILAAP (incl. term structure of assets and liabilities, target liquidity ratios vs. regulatory liquidity requirements, contingent liquidity risks and liquidity stress testing;
- monitors the capital situation of BJBE with regards to regulatory and ICAAP requirements (incl. risk-weighted assets, target capital ratios, capital structure, etc.) based on BJBE's Business Plan, changing market environment and regulatory developments;
- reviews and reapproves the local Balance Sheet Policy on an annual basis;
- ensures adherence to JBG-/LUX-2603-00 Liquidity Risk and Funding Policy;
- supports the Asset & Liability Management Committee of Julius Baer Group (ALMCO) in fulfilling its responsibilities as defined in JBG-1019-00 Charter of the Group Asset & Liability Management Committee (the Group ALMCO);

- is not responsible for approving outsourcing arrangements (whether internally within the Julius Baer Group or externally) nor endorses new products. Dedicated BoMD committees will assess outsourcing assessment and new product procedures.
- assesses the impact of planned business growth and significant internal or external events on the BJBE's balance sheet and take necessary action, if deemed appropriate
- oversees and discusses legal, regulatory and accounting developments affecting the balance sheet.

Client Acceptance Committee (CAC)

- is responsible for the tasks, which have been assigned to it by the BoMD and have been substantiated in these rules of procedure;
- supports the BoMD in its effective, sound and prudent day-to-day management of the activities and inherent risk, always in compliance with the strategies and guiding principles of the Supervisory Board. The rules of procedures for the BoMD apply accordingly;
- decides on the entry into and continuation of business relationships with (potential) clients of the Bank, which are subject to an increased risk assessment (particularly clients who have been classified as high-risk or highest-risk clients on the basis of the valid rules of the Client Risk Rating).

In particular, the following cases will be submitted to the CAC for a decision:

- Any new:
  - Business relationships, which are classified as highest-risk or high-risk clients after a risk classification has taken place in line with the Client Risk Rating methodology
  - External Asset Managers
  - External Financial Advisers
  - Business introducers of Finders
  - Re-activated Dormant Client
-
- Lifecycle changes:
  - New ultimate beneficial owners (UBOs) added to existing High or Highest-risk relationships
  - Reassessment of existing relationships where the risk level has been upgraded to High or Highest due to additional factors, such as PEP or change in UBO only.
- Other cases involving additional risk factors that the Compliance team determines require CAC approval considering that the CAC is BJBE's approval body for client onboardings and if an internal policy from JB Group requires the approval of the Group CRO or any other JB Group instance, the CAC approval remains final and might be reconsidered in case of a deviating feedback from the Group instance;
- The CCO may, on a discretionary basis, escalate any other client relationship, if the hitherto performed assessment leads to the possibility of such relationship posing potential Financial Crime and/or reputational risk to the Bank.

Credit Committee (CC)

The CC of the Board of Managing Directors is principally responsible for supervising credit risk. It has the final decision power for all credit decisions done on a JB Group competence level based on the JB Group authority procedures. In particular, the CC:

- is responsible for the tasks, which have been assigned to it by the BoMD and have been substantiated in these rules of procedure;
- supports the BoMD in its effective, sound and prudent day-to-day management of the activities and inherent risk, always in compliance with the strategies and guiding principles of the Supervisory Board. The rules of procedures for the BoMD apply accordingly;
- reviews and discusses all non-standard (risk Exceptions to Policy) credit applications for credit risk aspects upfront to the approval with veto or decline right;
- ratifies credit business and credit limits within the competence levels authorised by any competency level outside the Luxembourg location. See Credit Approval Authority Table JBG-2600-01, as amended from time to time;

- monitors and supervises client related credit risk within the Bank, in particular by developing and sanctioning credit risk reports;
- ratifies the ad personam competence level delegation jointly recommended by the Head of Credit BJBE and Head Credit Risk Management EU & Lombard CH;
- develops and recommends local policies and procedures governing credit risk, particularly outlining deviations from or additions to a Group policy.

Financial Crime Committee (FCC)

The Financial Crime Committee is responsible for managing AML risks in BJBE, including oversight of the systems, arrangements and controls concerned with the identification and mitigation of material AML risks. In particular, FCC:

- is responsible for the tasks, which have been assigned to it by the BoMD and have been substantiated in these rules of procedure;
- supports the BoMD in its effective, sound and prudent day-to-day management of the activities and inherent risk, always in compliance with the strategies and guiding principles of the Supervisory Board. The rules of procedures for the BoMD apply accordingly;
- ensures that the AML framework is respected, and FCC advises the BoMD on AML risks, BJBE is exposed to;
- ensures that the AML framework (e.g. the key control plan) is effectively delivered on time and is qualitatively suitable to manage the risks of BJBE in line with its policies;
- considers, debates, controls and escalates issues related to the AML/TF risk i.a. Money Laundering aspects (including transaction monitoring), watchlist, controls, suspicious activity reports ("SARs"), AML projects, open internal and external audit issues, regulatory changes and decisions related to the termination of clients;

considers and discusses topics of particular importance that have arisen in the Client Acceptance Committee.

IT Risk Committee (IT RC)

The IT Risk Committee acts as the supervisory body of the IT Risk Management process, as described in the IT Risk Management Framework. The board is co-chaired by the Information Security Officer BJBE and the Head of IT. In particular the IT RC:

- is responsible for the tasks, which have been assigned to it by the BoMD and have been substantiated in these rules of procedure;
- supports the BoMD in its effective, sound and prudent day-to-day management of the activities and inherent risk, always in compliance with the strategies and guiding principles of the Supervisory Board. The rules of procedures for the BoMD apply accordingly;
- ensures that the risk management framework effectively controls the full range of ICT and Security risks to which BJBE and its branches are exposed;
- considers, debates, controls, and escalates issues related to IT risks affecting BJBE and its branches, their clients, the regulator, or any other third party;
- ensures that the ICT and Information Security Key Control Plan is executed on time and in the quality required;
- is accountable for reviewing and approving ICT and Security risk proposals and related mitigation actions that will be included in the official IT Risk Register, as presented by the IT Risk Management team, in collaboration with corresponding risk owners;
- is not responsible for approving outsourcing arrangements (whether internally within the Julius Baer Group or externally) nor endorses new products. Dedicated BoMD committees will assess outsourcing assessment and new product procedures.

Local Outsourcing Committee (LOCom)

The LOCom is the BoMD committee established to develop, maintain and monitor intra- or extra-group outsourcing services, BJBE and its branches are providing or receiving and acts as local oversight and escalation body in terms of out- and insourcing activities. In particular, the LOCom:

- is responsible for the tasks, which have been assigned to it by the BoMD and have been substantiated in these rules of procedure;
- supports the BoMD in its effective, sound and prudent day-to-day management of the activities and inherent risk, always in compliance with the strategies and guiding principles of the Supervisory Board. The rules of procedures for the BoMD apply accordingly;
- develops and monitors adherence to an appropriate local outsourcing framework in accordance with applicable regulatory requirements, the Global Outsourcing Framework ("GOF") from Julius Baer Group and internal outsourcing requirements.
- maintains oversight over all local out- and insourcings and reviews and approves local out- and insourcing requests.
- reviews and approves local out- and insourcing arrangements.
- ensures that material outsourcing arrangements are forwarded to the BoMD for approval.
- ensures that outsourcing requests requiring the acknowledgment of the Executive Board of Bank Julius Baer & Co. Ltd. ("ExB") according to the Global Outsourcing Policy are forwarded to the Global Outsourcing Committee for review and pre-acknowledgment via the Global Outsourcing Coordinator.
- acts as local escalation body for serious service failures and/or issues.
- ensures completeness and correctness of the local outsourcing register.
- ensure the management and the control of risks related to outsourcing services provided or received.
- ensures monitoring and reporting of outsourcing relationships.
- is supported by the Local Outsourcing Coordinator ("LOC") in all of its tasks.

Disciplinary Review Committee (DRC)

The DRC is the BoMD committee locally acting as review and decision body with respect to the severity assessment and sanctions to be applied in case of policy, legal and regulatory breach. The DRC adheres to the principles and processes that are outlined in policies LUX-2212-00 Disciplinary Policy and LUX-2004-00 Investigations Policy. In particular, the DRC:

- is responsible for the tasks, which have been assigned to it by the BoMD and have been substantiated in these rules of procedure.
- supports the BoMD in its effective, sound and prudent day-to-day management of the activities and inherent risk, always in compliance with the strategies and guiding principles of the Supervisory Board. The rules of procedures for the BoMD apply accordingly.
- adheres to the principles of the Group Policy JBG-2212-00 Group Disciplinary Policy, which defines the globally applicable framework and standards with regard to the internal sanctioning of confirmed and relevant misconduct of employees. The principles in this Policy are aligned with related frameworks, in particular the JBG-2004-00 Group Investigations Policy.
- adheres to the principles and processes that are outlined in policy LUX-2212-00 Disciplinary Policy, particularly the Policy Breach Process, the Classification Guidelines and the Minimum Sanctions Matrix applicable at Group Level.
- is the approval authority for severity level and disciplinary measures as well as performance and bonus related impacts. The DRC shall consider the following factors (non-exhaustive) when taking their decision:
  - Potential and effective financial impact (damage) of the employee's behaviour on Julius Baer and / or clients / third parties
  - The voice of the Employee and context as reported after investigation
  - Reputational impact on Julius Baer
  - Gravity of the breached policy
  - Individual intent or negligence of the employee
  - Repeated occurrences and underlying compliance posture
  - Precedent Breaches (as reference and benchmarking and for consistency in treatment)
  - Behaviour / compliance history of the employee
  - Classification Guidelines, Minimum Sanctions Matrix and other standards
- In case a severity level is challenged and/or disciplinary measure could not be agreed between DRC Members, the case shall be escalated to the BJBE Supervisory Board on the remuneration aspects and JB Group Disciplinary Escalation Committee (DEC). The DEC is also the appeal body for the impacted Employee.

- The Supervisory Board would act as DRC with the support of the Human Resources Head and/ or Chief Risk Officer in case of misconduct / policy Breach by a Material Risk Taker.
- The decision power with respect to malus and clawback for members of the Board of Managing Directors and Head of Internal Control Functions remains with the Supervisory Board.
- The DRC aims at a comparable treatment of employees with similar breaches, to eliminate potential unfair treatment, in line with the anti-harassment guidelines and Diversity, Equity and Inclusion principles applicable at BJBE.
- The DRC can also review, assess, act and report to the provider / respective Employer any misconduct or breach performed by an External Employee.

Risk and Conduct Committee (RaCC)

The RaCC is the BoMD committee established to manage the risks of BJBE and to provide the senior management with an oversight of the systems, arrangements and controls concerned with the identification and mitigation of material risks, BJBE and its branches are exposed to. In particular, RaCC:

- is responsible for the tasks, which have been assigned to it by the BoMD and have been substantiated in these rules of procedure.
- supports the BoMD in its effective, sound and prudent day-to-day management of the activities and inherent risk, always in compliance with the strategies and guiding principles of the Supervisory Board. The rules of procedures for the BoMD apply accordingly.
- ensures that the risk management framework effectively controls the full range of risks to which BJBE and its Branches are exposed including but not limited to Operational Risk, Conduct Risk, Regulatory Risk and Reputational Risk.
- ensures that that the risk framework (e.g., Key Control Plan) is effectively delivered on time and to the quality required managing the risks of BJBE in line with its policies.
- utilizes management information available to manage the overall risk landscape in accordance with the applicable regulations.
- considers, debates, controls and escalates issues related to operational risks, conduct risks, Anti-Money Laundering risks, regulatory risks, reputational risks and any other material risks which may affect BJBE's clients, the regulator or any other third party.
- is not responsible for approving outsourcing arrangements (whether internally within the Julius Baer Group or externally). Dedicated management committees will assess outsourcing arrangements.

Consolidated Supervision Branch Committee

The Consolidated Supervision Branch Committee is a joint management committee of BJBE and its Branch, established to ensure a sound and prudent oversight of the Branch and a consistent information flow between the entities. It ensures the oversight of BJBE on the Branch from a consolidated supervision perspective.

The Consolidated Supervision Branch Committee enables BJBE to get a comprehensive overview on the status of the Branch and strengthen the alignment in terms of functional and organizational matters and ensures a consistent information flow from the Branch to BJBE and vice versa.

Strategic, business and reputational risk

Strategic and business risk comprises the danger of external or internal events or decisions resulting in strategic and day-to-day business objectives not being attained. Bank Julius Baer Europe S.A. has an enhanced financial controlling system in place, which guarantees a complete overview of financial results vs. objectives. Strategic decisions are part of the strategy process of the Julius Baer Group. Through the creation of a strategic planning tool, the Board of Managing Directors and the Supervisory Board have a holistic overview of the forward-looking business plan of the Bank, including and reflective of its regulatory capital and liquidity management in the context of strategic and business risk.

Reputational risk describes the risk of events, which could do lasting harm to the Bank's reputation and thus impair its franchise. The Bank's ability to conduct its business is critically dependent on the reputation it has established in the course of its more than 125 years. Maintaining its good reputation is therefore vitally important for the Bank, and all staff must make

this a top priority. Appropriate measures are taken on a regular basis to ensure that staff are aware of the critical importance of the Bank's and the Group's reputation.

Credit risk

Credit or counterparty risk is the risk of a client or a counterparty being either unable or only partially able to meet an obligation owed to the Bank. Such non-compliance may result in a financial loss to the Bank.

The Bank has a policy of lending to private clients primarily on a collateralized basis. The credit risk taken on by the Bank results from exposure to private banking clients through lending activities such as Lombard Loans and counterparty credit risk arising from derivatives and other financial instruments. As part of the risk management process, client's collateral positions are individually assessed and valued. Depending on the quality of the collateral and the degree of diversification within individual client portfolios, a lending value is set for each collateral position. The overwhelming majority of collateral positions is revalued every day, thus enabling the Bank's credit positions to be monitored on a daily basis.

In addition, the Bank engages in transactions with banks, brokers and selected institutional clients on both a secured and unsecured basis and in bond investments in a defined set of limitations. This involves individual risk limits and settlement limits being approved for each counterparty. The credit exposures arising from these transactions are monitored on a daily basis, and netting agreements and collateral agreements are also used to mitigate exposures further. These transactions are only referring to liquidity management and settlement of equity transactions for clients.

It is not a policy of the Bank to engage in corporate lending activities except for collateralized lending to corporate structures linked to its core private banking business.

The Bank's rating concept allows an internal rating classification to be assigned to each individual exposure, and it is on these classifications that the relevant limit-granting processes and monitoring are based.

Expected credit loss (ECL) stage allocation
Credit exposure is classified in one of the three ECL stages. At initial recognition, the Bank classifies all financial assets in stage 1, as it does not acquire or originate credit-impaired debt instruments. If a significant risk increase has occurred to the financial instrument, the instrument moves from stage 1 to stage 2. The threshold applied varies depending on the original credit quality of the collateral/ counterparty. For assets with lower default probabilities at origination due to good credit quality of the counterparty, the threshold for a significant increase in credit risk is set at a higher level than for assets with higher default probabilities at origination.

The Group generally classifies Lombard loans, and balances in the category due from banks at the time of origination in its internal credit risk rating classes R1 to R5 (due from banks up to R6), which reflect balances with low to medium and (rather as an exception) increased credit risk (but no SICR indicator). The Group may apply R5 initially to certain more concentrated or less liquid collateralised Lombard loans. In the category due from banks, the Group may apply R6 initially to select non-investment grade debt instruments or professional counterparty exposures. The investment grade debt instruments held for investment purposes (measured at either FVOCI or amortised cost) are generally classified as R1 to R4. In the case of the rating classes R1 to R5 (neither SICR, past due nor credit-impaired), the outstanding balances are serviced; the lending value of the collateral (at fair value) pledged for collateralised exposures equals or exceeds the balances, and repayment of the balance is not in doubt, i.e. no SICR indicators are present.

The Group determined that moves within these initial rating classes do not qualify as SICR; however, a move to R6 (and for select Lombard loans and mortgages to R5) indicates a SICR is present, triggering a move from stage 1 to stage 2. In addition, and to supplement this quantitative criterion, qualitative criteria based on other available internal data are applied to identify potential indicators for SICR situations. These

qualitative criteria are specific to the respective type of financial instrument and are applied following specified policies and processes within the Group.

The model is symmetric, meaning that if the transfer condition (significant increase) is no longer met, the financial asset is transferred back into the 12-month expected credit losses category (stage 1).

Balances in the credit risk rating classes R7 to R10 show indicators for SICR and objective evidence of impairment, i.e. are considered credit-impaired, referred to as defaulted and classified in stage 3. The credit risk rating class R7 is applied if either the borrower is in financial difficulties and the financial instrument is or has been restructured (distressed restructuring). The classes R8 to R10 are applied for positions for which specific loan loss allowances are established on a case-by-case basis. Generally, Lombard loans and mortgages are moved to these rating classes if the respective position is not fully covered anymore, e.g. the market value of the collateral provided is lower than the credit exposure, (critical) credit covenants are not complied with, there's an unlikeliness or unwillingness of the counterparty to service its debt, or payments are more than 90 days past due, to name some of the criteria.

ECL measurement
An entity should measure expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, i.e. based on probability of default;
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast future economic conditions; and
- the time value of money.

Generally, ECL calculations are based on the four components probability of default (PD), exposure at default (EAD), loss given default (LGD), and the discount rate (IR). These four components are used in the following basic formula: ECL = PD * EAD * LGD * IR. Based on the above requirements, the Group has modelled its impairment loss estimation methodologies to quantify the impact of the expected credit losses on its financial statements for stage 1 ECL and stage 2 ECL. The five models (for the Lombard loans business and separately for the subcategory of private debt, the mortgages business, the due from banks business and the debt instruments in the treasury business, respectively) are generally based on the specific instrument's PD, its LGD and the EAD including any unused credit commitments, where applicable. These models have been tailored to the Group's collateralised Lombard loans (and within Lombard loans separately for the subcategory of private debt) and mortgages, and the high-quality debt instruments in the treasury portfolio as outlined below. For the credit-impaired financial instruments in stage 3, the loss allowances are determined individually according to the specific facts and circumstances and are no longer based on the model approach.

Wherever the Group uses scenarios in the ECL calculation process, three different settings are applied to take possible future market situations into account: a baseline, an upside, and a downside scenario. Expected probabilities are allocated to the respective scenario; the weightings used for the current year's ECL calculation are 70% for the baseline scenario, 20% for the downside scenario, and 10% for the upside scenario. However, the calculation of the ECL is mostly driven by the downside scenario, whereas the baseline and upside scenarios have only very limited impact on the measurement of the ECL due to the Group's credit policy (fully collateralised loan portfolios and investment grade debt instruments). Therefore, an increase in the weighting of the downside scenario would consequently increase the ECL in stages 1 and 2.

To apply the expected future economic conditions in the models, the Group determined the forecast world gross domestic product (GDP) as the main economic input factor for the expected credit losses on its financial instruments portfolios, since the counterparties typically have fully collateralised Lombard loans or mortgages with the Group or the portfolios consist of investment grade debt instruments. Other forward-looking main macroeconomic factors proved to be of lesser relevance to the Group's portfolios as a whole. A decrease in the expected GDP would have a negative impact on the ECL in stages 1 and 2. In addition, for each portfolio, supplementary product-

specific factors are used as outlined in the following paragraphs. These scenario factors are based on the assessment of the Group's credit department and the risk department for current and expected market developments in the respective product areas. These factors are updated and confirmed on a regular basis by the Group's ECL committee, which comprises officers from the risk, credit risk, treasury, and finance departments.

Due from banks
For due from banks positions, the input factors are determined as follows:

Probability of Default: For amounts due from banks, publicly available PDs per rating class are applied, using the same PDs for stage 1 and stage 2, as the outstanding balances have a term of maximum 12 months. PDs for an expected life shorter than one year are derived from the available one-year PDs by linear reduction. The ratings and the related PDs are shifted by one notch of the internal rating up and down, using publicly available data sources for the respective PDs. The three scenarios are weighted based on the generally applied probabilities as used in the Bank's economic research view.

Exposure at Default: For amounts due from banks, the EAD equals either the nominal value (money market issues, time accounts), or the carrying value (current and transactional accounts).

Loss Given Default: For amounts due from banks, an average LGD per rating class is applied. This factor is derived from publicly available data sources.

Lombard loans
For Lombard loans, the input factors are determined as follows:

Probability of Default: For Lombard loans, PD factors are derived from the Bank-internal 'margin call process' in Lombard lending, resulting in a 'PD determination tree'. This process reflects internal procedures to avoid loan losses and is based on

- the probability that the credit position gets into a significant shortfall within one year;
- the probability that the credit position becomes unsecured within 10 days; and
- the liquidation process to cover the exposure, taking into consideration their respective probabilities.

This margin call process is simulated for each rating class (R1–R6) and for stage 1 and stage 2 separately. The resulting PDs are then applied uniformly across all counterparties and related Lombard loans in the respective rating class.

Exposure at Default: For Lombard loans, the EAD equals the higher of

- the current exposure (based on data from the internal credit supervision system comprising the following credit exposures: cash exposure, derivative exposure, contingent liabilities and reservations); and
- the lower of the lending value or approved limit.

The Bank therefore assumes the highest possible risk (i.e. the highest outstanding) in determining the EAD, including any unused credit commitments. Consequently, even if no exposure is drawn under the limit, an ECL is calculated.

Loss Given Default: For Lombard loans the LGDs are formula-based, including the market value of the collateral on a client pledge group level. Scenario calculations on the market value of the collateral are performed, resulting in different LGDs per scenario. Three scenarios (base, up and down), including the probability of the respective scenario, are applied in the process.

Treasury portfolio
For the treasury portfolio (debt instruments measured at FVOCI and at amortised cost), the input factors are determined as follows:

- Probability of default: For financial instruments in the treasury portfolio, publicly available PDs per rating class are applied, separately for stage 1 (one-year PD or shorter) and stage 2 (respective PD according to expected life). These ratings and the related PDs are shifted by two notches up and down, using publicly available data sources for the respective PDs. The three scenarios are then weighted based on the generally applied

probabilities. PDs for an expected life shorter than one year are derived from the available one-year PDs by linear reduction.
- Exposure at default: For debt instruments, the EAD equals the amortised cost value.
- Loss given default: For debt instruments, an average LGD per rating is applied. These factors are derived from publicly available data sources.

Collateral analysis
For Lombard loans, the principal types of collateral are readily marketable debt and equity securities. The Lombard exposure is secured by a total collateral fair value of EUR 9.8 bn. Mortgages exposure for residential properties (EUR 2m) are collateralized by sufficient liquid portfolios held with the Bank and Market values of the properties are higher than the loan exposure.

Credit quality analysis
The following tables provide an analysis of the Bank's exposure to credit risk by credit quality and expected credit loss stage, they are based on the Bank's internal credit systems.

Exposure to credit risk by credit quality

					31.12.2025
	Moody's rating	12-month ECL (Stage 1) *EUR 1,000*	Lifetime ECL not credit-impaired (Stage 2) *EUR 1,000*	Lifetime ECL credit-impaired (Stage 3) *EUR 1,000*	**Total** *EUR 1,000*
Due from banks, at amortised cost					
R1–R4: Low to medium risk		623,826.6	-	-	**623,826.6**
R5–R6: Increased risk		-	-	-	**-**
R7–R10: Impaired		-	-	-	**-**
Total		623,826.6	-	-	**623,826.6**
Loss allowance		-0.1	-	-	**-0.1**
Carrying amount		**623,826.6**	**-**	**-**	**623,826.6**
Lombard loans, at amortised cost					
R1–R4: Low to medium risk		2,483,978.2	16.5	-	**2,483,994.7**
R5–R6: Increased risk		16,145.6	-	-	**16,145.6**
R7–R10: Impaired		-	-	1,405.9	**1,405.9**
Total		2,500,123.8	16.5	1,405.9	**2,501,546.2**
Loss allowance		-206.3	-0.1	-1,399.3	**-1,605.7**
Carrying amount		**2,499,917.5**	**16.4**	**6.6**	**2,499,940.5**
Mortgages, at amortised cost					
R1–R4: Low to medium risk		1,715.6	-	-	**1,715.6**
R5–R6: Increased risk		-	-	-	**-**
R7–R10: Impaired		-	-	-	**-**
Total		1,715.6	-	-	**1,715.6**
Loss allowance		-1.1	-	-	**-1.1**
Carrying amount		**1,714.5**	**-**	**-**	**1,714.5**
Debt instruments, at FVOCI					
R1–R4: Low to medium risk	Aaa – Baa3	72,721.4	-	-	**72,721.4**
R5–R6: Increased risk	Ba1 – B3	-	-	-	**-**
R7–R10: Impaired	Caa1 – C	-	-	-	**-**
Total		72,721.4	-	-	**72,721.4**
Loss allowance		-	-	-	**-**
Carrying amount		**72,721.4**	**-**	**-**	**72,721.4**
Debt instruments, at amortised cost					
R1–R4: Low to medium risk	Aaa – Baa3	22,747.2	-	-	**22,747.2**
R5–R6: Increased risk	Ba1 – B3	-	-	-	**-**
R7–R10: Impaired	Caa1 – C	-	-	-	**-**
Total		22,747.2	-	-	22,747.2
Loss allowance		-	-	-	-
Carrying amount		**22,747.2**	**-**	**-**	**22,747.2**

31.12.2024

	Moody's rating	12-month ECL (Stage 1) *EUR 1,000*	Lifetime ECL not credit-impaired (Stage 2) *EUR 1,000*	Lifetime ECL credit-impaired (Stage 3) *EUR 1,000*	Total *EUR 1,000*
Due from banks, at amortised cost					
R1–R4: Low to medium risk		403,519.1	-	-	403,519.1
R5–R6: Increased risk		-	-	-	-
R7–R10: Impaired		-	-	-	-
Total		403,519.1	-	-	403,519.1
Loss allowance		-	-	-	-
Carrying amount		403,519.1	-	-	403,519.1
Lombard loans, at amortised cost					
R1–R4: Low to medium risk		1,986,947.7	705.5	-	1,987,653.2
R5–R6: Increased risk		5,305.5	-	-	5,305.5
R7–R10: Impaired		-	-	1,258.6	1,258.6
Total		1,992,253.2	705.5	1,258.6	1,994,217.3
Loss allowance		-28.6	-0.4	-1,250.8	-1,279.8
Carrying amount		1,992,224.6	705.1	7.8	1,992,937.5
Mortgages, at amortised cost					
R1–R4: Low to medium risk		2,086.7	-	-	2,086.7
R5–R6: Increased risk		-	-	-	-
R7–R10: Impaired		-	-	1,021.9	1,021.9
Total		2,086.7	-	1,021.9	3,108.6
Loss allowance		-	-	-222.7	-222.7
Carrying amount		2,086.7	-	799.2	2,885.9
Debt instruments, at FVOCI					
R1–R4: Low to medium risk	Aaa – Baa3	14,097.8	-	-	14,097.8
R5–R6: Increased risk	Ba1 – B3	-	-	-	-
R7–R10: Impaired	Caa1 – C	-	-	-	-
Total		14,097.8	-	-	14,097.8
Loss allowance		-	-	-	-
Carrying amount		14,097.8	-	-	14,097.8
Debt instruments, at amortised cost					
R1–R4: Low to medium risk	Aaa – Baa3	29,041.4	-	-	29,041.4
R5–R6: Increased risk	Ba1 – B3	-	-	-	-
R7–R10: Impaired	Caa1 – C	-	-	-	-
Total		29,041.4	-	-	29,041.4
Loss allowance		-	-	-	-
Carrying amount		29,041.4	-	-	29,041.4

Expected credit losses

The following tables present the development of the Bank's expected credit losses by stage; they are based on the Bank's internal credit systems:

	12-month ECL (Stage 1) *EUR 1,000*	Lifetime ECL not credit-impaired (Stage 2) *EUR 1,000*	Lifetime ECL credit-impaired (Stage 3) *EUR 1,000*	**Total** *EUR 1,000*
Due from banks, at amortised cost				
Balance at 1 January 2025	-	-	-	**-**
Transfer to/(from) 12-month ECL	-	-	-	**-**
Transfer to/(from) lifetime ECL not credit-impaired	-	-	-	**-**
Transfer to/(from) lifetime ECL credit-impaired	-	-	-	**-**
Net remeasurement of loss allowance	0.1	-	-	**0.1**
New/Increase financial assets	-	-	-	**-**
Financial assets that have been derecognised	-	-	-	**-**
Balance at 31 December 2025	**0.1**	**-**	**-**	**0.1**
Lombard loans, at amortised cost				
Balance at 1 January 2025	28.6	0.4	1,250.8	**1,279.8**
Transfer to/(from) 12-month ECL	0.4	-0.4	-	**-**
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	**-**
Transfer to/(from) lifetime ECL credit-impaired	-	-	-	**-**
Net remeasurement of loss allowance	171.6	0.0	-	**171.7**
New/Increase financial assets	10.9	0.1	148.5	**159.5**
Financial assets that have been derecognised	-5.2	-	-	**-5.2**
Balance at 31 December 2025	**206.4**	**0.1**	**1,399.3**	**1,605.8**
Mortgages, at amortised cost				
Balance at 1 January 2025	-	-	222.7	**222.7**
Transfer to/(from) 12-month ECL	-	-	-	**-**
Transfer to/(from) lifetime ECL not credit-impaired	-	-	-	**-**
Transfer to/(from) lifetime ECL credit-impaired	-	-	-	**-**
Net remeasurement of loss allowance	1.1	-	-	**1.1**
New/Increase financial assets	-	-	-	**-**
Financial assets that have been derecognised	-	-	-222.7	**-222.7**
Balance at 31 December 2025	**1.1**	**-**	**-**	**1.1**
Debt instruments, at amortised cost				
Balance at 1 January 2025	-	-	-	**-**
Net remeasurement of loss allowance	-	-	-	**-**
New financial assets purchased	-	-	-	**-**
Financial assets that have been derecognised	-	-	-	**-**
Balance at 31 December 2025	**-**	**-**	**-**	**-**

The following table shows the Bank's theoretical maximum exposure to credit risk as of the balance sheet date, which represents the exposure in the event of other parties failing to perform their obligations, without taking account of any collateral held or other credit enhancements. For financial assets, these exposures are typically the carrying amount.

Maximum exposure to credit risk

	31.12.2025 Gross maximum exposure *EUR 1,000*	31.12.2024 Gross maximum exposure *EUR 1,000*
Due from banks	**623,827**	403,519
Loans	**2,503,262**	1,997,326
Derivative financial instruments	**15,182**	33,298
Financial assets measured at FVOCI	**72,721**	14,098
Financial assets measured at amortised cost	**22,747**	29,041
Total	**3,237,739**	2,477,282
Off-balance sheet		
Contingent liabilities and irrevocable commitments	**35,195**	56,439
Total maximum exposure to credit risk	**3,272,934**	2,533,721

Treasury Risks

Financing risk is the risk of the Bank being unable to finance its existing or planned activities on an ongoing basis at acceptable prices. Liquidity risk, conversely, is the risk of the Bank being unable to meet its payment obligations when they fall due, including the non-adherence to regulatory minimum requirements and internal limits.

Bank Julius Baer Europe S.A. is a pure banking book institute. Interest rate risk is defined as adverse effects of potential changes in interest rates on the Bank's assets and liabilities, P&L or equity.

Governance
BJBE's Treasury department manages the financing, liquidity and interest rate risks on an integrated basis. The Treasury department discusses the strategy for managing the financing, liquidity and interest rate risks within BJBE's Asset and Liability Committee (ALCO). BJBE's ALCO is a sub-committee from the Group's Asset and Liability Management Committee (ALMCO). Limits for financing, liquidity and interest rate risk are defined at Group level and locally discussed and approved by the Board of Managing Directors.

These limits are reviewed at least once annually and approved by BJBE's Supervisory Board. BJBE also has treasury limits, in the context of FX VaR, interest rate risk, credit spread and liquidity risk, which are cascaded down from the Group. The particular liquidity and interest rate risks to which the Bank is exposed to are monitored and managed on a daily basis. Regulatory liquidity ratios are at least monitored on a monthly basis and are part of BJBE's forward-looking ILAAP simulations. The Risk department provides independent reports on the relevant risk positions for this purpose.

Management of liquidity and financing risks
The objective of the liquidity risk management is to maintain a healthy liquidity position, which enables the Bank to meet all its obligations when they fall due and to maintain sufficient flexibility to be able to react to company-specific stress situations in tight market conditions.

Bank Julius Baer Europe S.A. uses the liquidity-stress scenario model of the Julius Baer Group, which, over a time horizon of 30 days, essentially simulates substantial outflows of client deposits, which would be stable under normal circumstances and the Bank's ability to compensate for these with its liquidity buffers and taking other appropriate measures. This liquidity profile is extended by monthly buckets up to

one year, applying here a long-term liquidity stress scenario. These scenarios model an extreme stress situation combining company-specific stress events with tight market conditions. It is calculated on a daily basis.

To complement the analysis provided by the liquidity-stress scenario, early warning indicators are monitored with respect to the current liquidity position.

Bank Julius Baer Europe S.A. is required to calculate and monitor its LCR. The LCR provides banks with a metric to assist them in ensuring that they hold a sufficient quantity of high-quality liquid assets to enable them to withstand a short-term (30-day) company-specific stress situation, which coincides with a period of general market stress. During 2025, the Bank's LCR fluctuated between 221% and 344%, fulfilling the minimum statutory requirement of 100%.

Bank Julius Baer Europe S.A. is required to monitor its NSFR. The NSFR is calculated as the amount of available stable funding divided by the amount of required stable funding. During 2025 the Bank's NSFR fluctuated between 113% and 199%, fulfilling the minimum statutory requirement of 100%. In managing its financing risks, the Bank aims to ensure that it has access to appropriate sources of financing at all times. At present, the Bank's activities are largely financed by client sight deposits and client term deposits.

Julius Baer Group participates actively in the interbank market. Bank Julius Baer Europe, as significant entity within the Julius Baer Group, would quickly be able to access additional sources of refinancing via the Group.

The Bank's liquidity risk management arrangements set out an emergency plan, which forms an integral part of its global crisis concept. This emergency plan includes a range of emergency measures.

Management of interest rate risks
Interest Rate (IR) Exposures for Economic Value of Equity (EVE)
The IR exposures are measured daily in form of their IR sensitivity, based on an interest rate parallel shift of 100bp.

The IR sensitivity calculation is done via a fully automated interface solution into the Group-wide application FIS Balance Sheet Manager, which calculates IR-sensitivities via a full revaluation up to a granularity on position level. BJBE uses the Group-wide replication model for non-maturing liabilities up to 5Y for sensitivity calculation in FIS Balance Sheet Manager.

Interest-rate-sensitive positions

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	**Total** *EUR 1,000*
Interest sensitivity by time bands and 100 bp parallel increase						
EUR						
2025	**-403**	**-509**	**73**	**9,382**	**-**	**8,543**
2024	59	-99	2,651	3,870	-	6,481
USD						
2025	**-2**	**15**	**-193**	**50**	**-**	**-130**
2024	67	-121	-527	1,581	-	1,000
GBP						
2025	**-29**	**-29**	**-2**	**-319**	**-**	**-379**
2024	-42	2	10	242	-	212
Other						
2025	**-72**	**2**	**9**	**-9**	**-**	**-70**
2024	-	-11	-35	840	-	794

Circular CSSF 24/848 (Interest Rate Risk in the Banking Book, IRRBB), requires the implementation of a quarterly EVE and NII incl. Supervisory Outlier test and reporting towards the regulator.

EVE SOT needs to be calculated for the following Stress scenarios:

- Parallel Shock Up
- Parallel Shock Down
- Steepener Shock
- Flattener Shock
- Short Rates Up
- Short Rates Down

All these scenarios apply an IRRBB floor starting with -150 basis points for immediate maturities and increasing by 3 basis points per year.

The circular requires all material currencies to be included, whose exposure exceeds 5% of the balance sheet sum, covering at least 90% of the total exposures. BJBE includes its material currencies EUR, USD, GBP, CHF, DKK, SEK and JPY.

The circular defines a limitation of 15% of own funds for EVE scenario shift and of 5% of own funds for NII sensitivity (Large Decline). The worse case scenarios as well as the SOT are part of the quarterly reporting towards the regulator.

Analogously to the daily EVE-sensitivity calculation, the quarterly standard IR shocks are calculated by group-wide risk application FIS Balance Sheet Manager with the underlying replication model. Own funds are not part of this calculation.

With regards to reporting, the interest rate risks (EVE) are part of:

- daily management reporting of BJBE
- daily IR sensitivity reporting to Julius Baer Zurich (Group Treasury and Market Risk & Product Control, CRB)
- quarterly Risk Report to the Supervisory Board
- quarterly Risk Report
- quarterly local ALCO monitoring
- annual ICAAP Report.

Interest Rate (IR) Exposures for Net Interest Income (NII)
Circular CSSF 24/848, requires the implementation of EBA/GL/2022/14 "Guidelines specifying criteria for the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of credit spread risk, of institutions' non-trading book activities". This includes an impact-calculation for the next 12 months from interest rate changes on NII and interest rate driven market value changes with impact on P&L or capital components in a baseline scenario and baseline +/- 200bp as well as the SOT.

BJBE calculates NII impacts on a quarterly basis in the regulatory required scenarios.

NII SOT needs to be calculated for the following Stress scenarios:

- +200bp parallel interest rate shift
- -200bp parallel interest rate shift.

The circular defines a limitation of 5% of own funds for NII sensitivity ("Large Decline").

BJBE uses Group tool FIS Balance Sheet Manager for the impact-calculation for simulating net interest income (and other IR-dependent earnings) for different IR curve scenarios, assuming a constant balance sheet structure (unchanged rolling assumptions).

With regards to reporting, the interest rate risks (NII) are part of:

- quarterly Risk Report to the Supervisory Board
- quarterly Risk Report
- quarterly local ALCO monitoring
- annual ICAAP Report.

Hedging interest rate risks
The Bank accepts fixed rate deposits from clients for various periods and either lends these funds on a collateralised basis to clients or invests them in high-quality assets. BJBE's loan portfolio consists in general of loans with short interest terms. Significant single exposures with long interest terms or exposures in selected rare currencies are hedged group-internally. At the same time, a sufficient liquidity buffer is held in order to be always able to meet all maturing obligations and regulatory liquidity ratios.

The following table shows an analysis of the Bank's financial assets and financial liabilities by remaining expected maturities as of the balance sheet date. The expected maturities are based on management estimates and may differ from the contractual maturities. Balances are classified as on demand if the nature of the position concerned indicates that expected maturity modelling will not yield useful insights.

Remaining maturities of financial assets and liabilities

	On demand *EUR mn*	Due within 3 months *EUR mn*	Due within 3 to 12 months *EUR mn*	Due within 12 months to 5 years *EUR mn*	Due after 5 years *EUR mn*	**Total** *EUR mn*
Financial assets						
Cash and cash equivalents	1,096	-	-	-	-	**1,096**
Due from banks	624	-	-	-	-	**624**
Loans	133	2,179	176	7	8	**2,503**
Financial assets measured at FVOCI	-	-	9	64	-	**73**
Financial assets measured at amortised cost	-	-	-	23	-	**23**
Derivative financial instruments	15	-	-	-	-	**15**
Total 31.12.2025	1,868	2,179	185	94	8	**4,334**
Total 31.12.2024	1,345	1,739	181	43	8	3,316
Financial liabilities						
Due to banks	72	121	5	570	8	**776**
Due to customers	1,382	1,819	67	-	-	**3,268**
Derivative financial instruments	14	-	-	-	-	**14**
Total 31.12.2025	1,468	1,940	72	570	8	**4,058**
Total 31.12.2024	758	2,140	161	-	8	3,067

Management of foreign exchange risks

Foreign exchange risks on the banking book are limited and monitored on a daily basis via FX position limits and a VaR (95%, 1 day) limitation.

Management of credit spread risks

Credit spread risks from bond investments are limited and monitored on a daily basis via a weighted +100bp shift credit spread sensitivity.

Operational risk

The bank defines operational risks within the context of the Policy JBG-2236-00 (local policy: LUX-2236-00) as threat of losses, resulting from the inadequacy or failure of internal processes, people or systems or as a consequence of external events.

Framework for the management of operational risk

The "Group operational risk policy" (JBG-2236-00) as well as the "Risk Management Framework" and the "Risk Appetite Framework" of BJBE enables the bank to identify operational risks, take mitigating measures, manage significant risks and promote a high degree of risk awareness with all parties involved, with a focus on internal processes, systems, tools and employees. The overriding goal is to avoid losses from operational risks, which endanger the bank.

BJBE maintains a "three lines of defence" model to ensure clear accountability for risk-taking, oversight and independent assurance.

The operational risk framework comprises the following instruments used to identify, assess and control operational risk:

- Risk Control Self-Assessment ("RCSA")
- Operational key risk indicator ("KRI")
- Operational risk registers ("BaerIncident") and the internal database
- Control Framework including Global Minimum Controls (GMC) + Local key controls. Both managed with the regulation LUX -1007-00 Internal Control Framework (and JBG-1007-00); This includes the annual review and update of the Global Minimum Controls (GMC) as well as the annual Key Control Design and Operating Effectiveness self-assessment (DE/OE)
- Issues Monitoring (issues linked to key control results or self-identified Risk Issues (SIRI) captured in the database "BaerGRC")
- Monitoring of internal control results

Risk department of BJBE uses an internal database for centrally capturing all operational risk related incidents (with and without a financial loss). Further analysis through stress testing is based on these data. The methodology of the tool is to follow a forward-looking principle, allowing the identification and assessment of Operational Risk, for not only materialized risks but also potential risks. The data capturing tool also allows the Bank to further control and analyse deficiencies through all the processes.

All of the above-mentioned instruments were fully implemented in 2025 by BJBE.

An integral part of the "Operational risk framework" are reports, which are used by the Risk department of BJBE and by the management of BJBE, to monitor the operational risks. In particular, the quarterly Risk Report is used for this at BJBE, as well as ad hoc information.

The OpRisk data collection takes place at BJBE in accordance with Policy JBG-2223-00 "Group Operational Risk Incident Reporting Policy" (locally: LUX-2223-00) Consequently, all notifications regarding losses and profits from OpRisk incidents/ errors as well as from disputed incidents (with an OpRisk background) are reported to Risk department BJBE. Risk department BJBE reports OpRisk incidents ≥ CHF 10,000 in the Group's database ("BaerIncident"). Incidents with a possible loss of ≥ CHF 100,000 are reported as quickly as possible to the heads of the Head Office units Operational Risk Control, Non-Financial Risk, Risk Governance & Assessment, and to the Group CRO.

All operational risk events in 2025 were closely analysed by the local Risk Management department. An additional monitoring (approval) of all events > 2,500 CHF by the local CEO and CFO is implemented. Furthermore, very detailed operational risk event descriptions (additional report) were requested by Risk Management for several cases from the originator in order to track the issues and make mistakes fully transparent.

Moreover, Risk Management analysed "near loss" events to have a full picture of all operational risks and to avoid such cases in the future as well.

The "number of OpRisk cases per month" is defined as a Key Risk Indicator and was monitored and reported on a monthly basis.

In 2025 Operational Risk Awareness & Measures were taken to avoid OpRisk incidents. Reference is made to the 2025 Annual Report of the Risk Control Function for a description of the measures implemented.

Business Continuity Management
The objective of the Business Continuity Management (BCM) Programme is to establish and maintain the stability of the overall organisation in the event of massive disturbances to its operations and in crisis situations. The programme aims to protect the Bank's reputation and to minimise any financial loss to clients, the Bank and its employees. To that end, Julius Baer Group has formulated a BCM strategy and implemented a set of Group-wide BCM directives and guidelines, which assign BCM tasks and responsibilities across the Group and define the structure of the crisis management organisation. These directives and guidelines also define the processes for planning, analysing and assessing recovery and continuity measures, and the procedures for communication and internal training. According to these BCM standards Bank Julius Baer Europe has own BCM concepts in place, also reflecting local BCM requirements.

Regular disaster recovery exercises are conducted to assess the effectiveness of these measures, and regular internal and external audits are carried out to review the content of the programme.

Personnel risk
Personnel risks such as bottleneck risk, motivational risk, adaptation risk and departure risk will continue to affect the Bank in the years ahead. These individual types of risk interact with each other in a number of ways. Continuous change, the increasing burdens placed on managers and staff alike as a result of day-to-day business taking place alongside major projects, the relatively inclement economic outlook and current demographic trends are all factors which can be expected to affect a number of different risk areas in the next few years.

Maintaining departure risk at modest levels requires work-structure models for staff that are flexible with regard to both time and location. This needs to be complemented by modular compensation concepts. The bottleneck risk resulting from current demographic trends and political restrictions placed on migration can be addressed through attractive terms of employment, a contemporary and competitive working environment, education and training tailored to individual job functions and strategically oriented staff-development and talent-management concepts. Motivational and adaptation risks are closely interrelated. They reflect the ongoing changes, which are now inherent in day-to-day operations.

In order to take appropriate, targeted action to address these risks, employee surveys and regular dialogue with employees are important. The essential point is for people to understand why change is necessary. They also need to be fairly remunerated for the substantial amount of work they are willing to carry out. Dealing with these issues appropriately is something Julius Baer regards as an important management task, and it is one to which the Bank accords commensurate priority.

The rapid expansion of our branch network and implementation of strategic projects have significantly impacted our corporate functions, resulting in an increased workload for our personnel. While we have made efforts to augment our staff through targeted hiring initiatives, there is still a risk that certain teams may be overburdened, potentially leading to burnout and/or increased risk of leaving. Prolonged periods of high workload can also lead to increased turnover rates as employees may seek better work-life balance elsewhere. To mitigate these risks, we are prioritizing the development of effective workload management strategies, including process optimization, resource reallocation, and employee recognition programs. Additionally, we will continue to monitor employee sentiment and adjust our approach as needed to ensure that our staff remains engaged, motivated, and empowered to drive business growth.

Insurance
In line with general industry practice, and in addition to controlling and minimising the operational risks described above, we also endeavour to cover or reduce their potential adverse financial impact by mitigating the risk of loss in specific areas of our business activities through insurance solutions.

Compliance and legal risk

Legal risk comprises the risk that legal strategies or structures show unfavourable consequences and/or risk of unfavourable development of legal and regulatory environment result in losses for the bank.

Regulatory or compliance risk is the risk of financial or other loss or injury resulting from a breach of applicable laws and regulations (including tax law) or the departure from internal or external codes of conduct or market practice. The loss or injury in such circumstances may take the form of fines imposed by regulatory authorities or other sanctions such as restrictions on business activities or the imposition of mandatory remedial measures.

Measures aimed at minimising legal and regulatory or compliance risks include raising staff awareness of legal and regulatory issues through training and internal directives and controls to ensure adherence to the legal and regulatory requirements within which the Bank operates.

As described in the Risk governance section of this report, the Chief Compliance Officer and the Chief Risk Officer coordinate the management and control of legal and compliance risks. Legal and compliance risks are regularly reported to the Supervisory Board. In line with the development of the legal and regulatory environment of the industry, the Bank has consistently invested in personnel and technical resources to ensure adequate compliance coverage. Measures in place to ensure adherence to current standards include a comprehensive and continuously updated catalogue of policies and manuals and an extensive staff-training concept.

Concentration risk

The management of concentration risk is an integrated part of BJBE's risk management framework. Avoidance of concentration risk is an inherent strategy within risk management. Risk concentrations are analysed on an at least annually basis:

BJBE is a pure private banking entity. The business strategy is focused on the business with private clients. This concentration by customer group is partly mitigated by different target regions and distribution channels.

BJBE has a funding concentration based on private clients' deposits / cash accounts, driven by its business strategy.

BJBE has a high interconnection within the Julius Baer Group from a financial, funding, reputational and operative perspective. Nevertheless the Group's good reputation, its financial strength and its low risk profile mitigate the residual risk for BJBE strongly (third party risk).

Management of capital including regulatory capital

For information about capital management including regulatory capital, please refer to Note 28.

Information on the income statement

1 Net interest income

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Interest income on amounts due from banks	**38,258**	58,811	-34.9
Interest income on loans	**72,526**	88,570	-18.1
Interest income on debt instruments at FVOCI	**1,027**	284	261.7
Interest income on debt instruments at amortised cost	**617**	562	9.8
Total interest income on financial instruments measured at amortised cost or FVOCI	**112,428**	148,227	-24.2
Interest expense on amounts due to banks	**13,690**	1,008	1,258.1
Interest expense on amounts due to customers	**54,633**	87,919	-37.9
Interest expense on lease liabilities	**1,373**	598	129.6
Total interest expense on finacial instruments measured at amortised cost	**69,697**	89,525	-22.1
Total	**42,731**	58,702	-27.2

Net interest income declined by 27% to KEUR 42,731 (2024: KEUR 58,702) following the drop in interest rates during the year.

2 Net impairment losses / recoveries on financial assets

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Additions to provisions for risk	**244**	1,251	-80.5
Reversals of provisions for risk	**-**	-20	100.0
Total	**244**	1,231	-80.2

The breakdown of net expenses from additions and reversals is as follows:

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Individual risks	**66**	1,251	-94.8
of which: Receivables from clients	**66**	1,251	-94.8
Portfolio risks	**179**	-20	986.5
of which: Receivables from clients	**179**	-20	986.5
Total	**244**	1,231	-80.2

3 Net commission and fee income

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Advisory and management commissions	**61,202**	53,367	14.7
Investment fund fees	**12,793**	11,856	7.9
Total commission and fee income from asset management	**73,996**	65,223	13.5
Brokerage commissions and income from securities underwriting	**19,203**	14,518	32.3
Commission income credit-related activities	**188**	249	-24.5
Commission and fee income on other services	**27,052**	27,571	-1.9
Total commission and fee income	**120,438**	107,561	12.0
Commission expense	**5,264**	4,120	27.8
Total	**115,174**	103,442	11.3

Net commission and fee income grew by 11% to KEUR 115,174. The advisory and management fees increased by 15% mainly resulting from rise in average asset base and strong net new money inflows of previous year contributing to actual full year commission income.

4 Net trading income

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Net gains/(losses) from debt instruments and foreign exchange	**26,232**	19,856	32.1
Total	**26,232**	19,856	32.1

Net trading income increased by 32% to KEUR 26,232, following the increased client activity.

5 Other ordinary results

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Income from intragroup cost allocation	**30,522**	25,329	20.5
Other ordinary income	**370**	385	-3.8
Other ordinary expenses	**670**	682	-1.7
Total	**30,222**	25,032	20.7

The income from Intragroup cost allocation contains service fees for platform and banking operations services rendered to JB Group entities. The increase is mainly driven by the expansion of the service offering to the branches.

6 Personnel expenses

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Wages and salaries	**79,613**	67,731	17.5
Expenses from share-based payments	**3,792**	3,183	19.1
Expenses for pensions and benefits	**7,424**[1]	6,645[1]	11.7
Other personnel expenses	**2,827**	2,307	22.6
Total	**93,655**	79,866	17.3

[1] of which KEUR 3,542 (2024: KEUR 3,316) payment into a defined contribution plan

Average headcount

	2025[1]	2024	Change *%*
Executive Board	**7**	6	16.7
Management staff	**40**	37	8.1
Employees	**403**	359	12.3
Total	**450**	402	11.9

[1] The Executive Board is composed of four Bank Julius Baer Europe S.A. Board of Managing Directors and three Branch Managers (BJBE Italy Branch opening in 01.04.2025, BJBE Portugal Branch Manager role is covered by the BJBE Spain Branch Manager by 31.12.2025). The Management staff is composed of Bank Julius Baer Europe S.A. and branches governance committees members.

Over the course of the financial year, the members of management were awarded the following compensation:

			Variable compensation			
			Deferred elements			
			Cash-based	Equity-based		
		Base salary[2] *EUR 1,000*	Immediate Cash[3] *EUR 1,000*	Deferred Cash *EUR 1,000*	Share-Based Awards/ Units[4] *EUR 1,000*	Pension fund, social security contributions[5] *EUR 1,000*
Compensation of the members of the Board of Managing Directors[1]						
Total compensation	**2025**	**1,603**	**671**	**68**	**259**	**315**

[1] Four members of the Board of Managing Directors.
[2] The Base Salaries include allowances.
[3] The Immediate cash includes all variable compensation cash elements related to the 2025 performance year.
[4] The fair value of the Performance Units granted for performance year 2025 was based on an equally weighted valuation of (i) the cumulative Economic Profit (cEP) and Return on Common Equity Tier 1 (RoCET1) capital components using a probabilistic model of the potential deviation of the future Group results from the strategic three-year plan, and of (ii) the relative Total Shareholder Return (rTSR) with the bespoke peer group of wealth managers. The final payout of this (Performance Stock Unit) PSU is linked to these three Key Performance Indicators (KPIs). All KPIs have a payout range of 0% to 200%. The PSU granted in March following the reporting year (i.e. grant dated 1 March 2026) was granted at a fair value of CHF 55.42 per Performance Unit.

The grant date fair value for PSP and LTI awards delivered to Key Risk Takers is CHF 65.0051 in March 2026.
[5] Includes company pension plan as well as state social security contributions (health, unemployment, accident and pension).

The key risk takers were awarded the following compensation:

			Variable compensation			
			Deferred elements			
			Disc. Bonus/DCP/DBP	PSP/EPP		
		Base salary[2] *EUR 1,000*	Immediate Cash *EUR 1,000*	Deferred Cash *EUR 1,000*	Share-Based Awards/ Units[3] *EUR 1,000*	Pension fund, social security contributions and varia4 *EUR 1,000*
Compensation of other Key Risk Takers[1]						
Total compensation	**2025**	**10,006**	**5,581**	**1,912**	**2,295**	**1,117**

[1] Twenty-seven Key Risk Takers, excluding four members of the Board of Managing Directors and six Supervisory Board Members not subject to local payroll. Two Key Risk Takers as part-timers.
[2] Includes the complementary pension scheme as fixed compensation element.
3 The fair value of the Performance Units granted for performance year 2025 was based on an equally weighted valuation of (i) the cumulative Economic Profit (cEP) and Return on Common Equity Tier 1 (RoCET1) capital components using a probabilistic model of the potential deviation of the future Group results from the strategic three-year plan, and of (ii) the relative Total Shareholder Return (rTSR) with the bespoke peer group of wealth managers. The final payout of this (Performance Stock Unit) PSU is linked to these three Key Performance Indicators (KPIs). All KPIs have a payout range of 0% to 200%. The PSU granted in March following the reporting year (i.e. grant dated 1 March 2026) was granted at a fair value of CHF 55.42 per Performance Unit.

The grant date fair value for PSP and LTI awards delivered to Key Risk Takers is CHF 65.0051 in March 2026.
4 Includes social security contributions (health, unemployment, accident and pension).

Outstanding units for deferred compensation plans are as follows:

Outstanding Units

	31.12.2025 Board of Managing Directors[1] *EUR 1,000*	Other Key Risk Takers[2] *EUR 1,000*
Deferred Remuneration		
Unvested units outstanding, at the beginning of the year	672	5,281
Granted during the year	328	2,804
Vested/Paid out during the year	-23	-2,206
Performance-related adjustments	-164	-95
Unvested units outstanding, at the end of the year	813	5,784

[1] Four members of the Board of Managing Directors.
[2] Twenty-seven Key Risk Takers.

The value of the unvested awards outstanding at the beginning of the year (as of 1 January 2025) applies the Julius Baer Group Ltd. closing share price as at 31 December 2025, unless such award vested during the 2025 calendar year, in which case, the share price applied is the actual vesting share price. For the Performance Units of the EPP, the expected multiplier of 1 (assumed 100% target estimated achievement) were applied. The 0.227 final multiplier was applied to the EPP granted in February 2022 and shown under 'Performance-related adjustments'. After applying the final multiplier, part of EPP 2022 vested in February 2025 while 2/3 of the awards remain outstanding. The Final Multiplier for EPP 2023 was approved as 0.092; however, will only be applied to awards vesting in 2026.

The value of the granted awards during the year and outstanding at the end of the year applies the Julius Baer Group Ltd. closing share price as at 31 December 2025 for all equity-based awards and the expected vesting multiplier of 1.000 (assumed 100% target achievement) for the outstanding Performance Units.

The value of the vested awards during the year applies the vesting date share price prescribed by the applicable Julius Baer Group Ltd. share plan (i.e., closing one day prior to the vesting date) for all equity-based awards.

Movements in shares/performance units granted under various participation plans are as follows:

Staff Participation Plan	**31.12.2025**	31.12.2024
Unvested shares outstanding, at the beginning of the year	**4,330**	3,925
Granted during the year	**2,532**	1,539
Vested during the year	**-1,299**	-888
Transferred (net) during the year	**-**	-
Forfeited during the year	**-**	-246
Unvested shares outstanding, at the end of the year	**5,563**	4,330
Weighted average fair value per share granted (CHF)	**59.19**	53.15
Fair value of outstanding shares at the end of the year (CHF)	**329,250**	230,139

Long-Term Incentive Plan	**31.12.2025**	31.12.2024
Unvested shares outstanding, at the beginning of the year	**3,843**	5,840
Granted during the year	**22,134**	-
Vested during the year	**-1,994**	-1,997
Transferred (net) during the year	**-**	-
Forfeited during the year	**-**	-
Unvested shares outstanding, at the end of the year	**23,983**	3,843
Weighted average fair value per share awarded (CHF)	**56.97**	61.82
Fair value of outstanding shares at the end of the year (CHF)	**1,366,364**	237,569

Premium Share Plan	**31.12.2025**	31.12.2024
Unvested shares outstanding, at the beginning of the year	**119,995**	107,929
Granted during the year	**58,921**	58,746
Vested during the year	**-52,556**	-46,445
Transferred (net) during the year	**-**	-
Forfeited during the year	**-1,898**	-235
Unvested shares outstanding, at the end of the year	**124,462**	119,995
Weighted average fair value per share granted (CHF)	**55.50**	53.78
Fair value of outstanding shares at the end of the year (CHF)	**6,907,774**	6,452,745

	31.12.2025		31.12.2024	
	Number of units	Number of units	Number of units	Number of units
Equity Performance Plan	Economic Profit	Total Shareholder Return	Economic Profit	Total Shareholder Return
Unvested units outstanding, at the beginning of the year	**5,743**	**5,743**	6,522	6,522
Granted during the year	**2,393**	**2,393**	1,773	1,773
Transferred during the year	**-**	**-**	-	-
Exercised during the year	**-194**	**-194**	-2,552	-2,552
Forfeited during the year	**-**	**-**	-	-
Performance Adjustment	**-1,972**	**-1,972**	-	-
Unvested units outstanding, at the end of the year	**5,971**	**5,971**	5,743	5,743

Compensation expense recognised for the various share plans are:

Compensation expense	**31.12.2025** *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *%*
Equity Performance Plan	**175**	100	75.7
Premium Share Plan	**3,091**	2,895	6.8
Long-Term Incentive Plan	**465**	117	296.2
Staff Participation Plan	**61**	71	-14.7
Total	**3,792**	3,183	19.1

7 General expenses

General expenses of KEUR 57,183 comprise intragroup allocations (KEUR 28,939) and other general expenses (KEUR 28,244).

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Occupancy expense	**1,906**	1,368	39.3
IT and other equipment expense	**2,287**	2,386	-4.2
Information, communication and advertising expense	**5,305**	3,964	33.8
Other general expenses	**18,746**	21,052	-11.0
Total	**28,244**	28,770	-1.8

Intragroup cost allocations are recognised in administrative expenses and comprise the following:

Intragroup cost allocation

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Services provided by group entities	**28,939**	28,907	0.1
Total	**28,939**	28,907	0.1

The fees for the auditor KPMG Luxembourg were recognised as part of other general expenses and comprise the following:

Fees for auditors (excluding value-added tax)

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Audit of annual financial statements	**174**	130	34.1
Audit related services	**30**	29	3.4
Tax consulting services	**31**	33	-6.6
Total	**235**	192	22.4

8 Income taxes

The following reconciliation statement shows the relationship between the annual result before taxes on income under IFRS Accounting Standards and the taxes on income during the financial year.

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Income tax on profit before taxes (expected tax expense)	**11,312**	13,334	-15.2
Effect of tax rate differences in foreign jurisdictions	**-664**	-705	5.8
Effect from temporary value differences between tax balance and IFRS	**-2,075**	-268	-674.3
Effect from tax loss carryforwards	**1,460**	-	
Effect from non-deductible operating expenses	**217**	226	-4.0
Top-up taxes	**192**	164	17.1
Adjustments related to prior years	**-17**	379	-104.5
Effect from other differences	**583**	188	210.1
Actual income tax expense	**11,008**	13,318	-17.3

The basis for the above table is the statutory income tax rate of 23.87% (2024: 24.94%) which corresponds to the tax rate in Luxembourg. The taxable income of BJBE with KEUR 33,468 results in current taxes of KEUR 8,071. The taxable income of Ireland Branch with KEUR 11,339 is subject to Irish corporate tax at 12.5%, which results in current taxes of KEUR 1,625 and in addition a top-up-tax (QDMTT) exposure of KEUR 192. The taxable income of Spanish Branch with KEUR 9,973 is subject to Spanish corporate tax at 30.0%, which results – after considering tax adjustments for previous year – in current taxes of KEUR 3,196. The taxable income of our newly opened branches in Italy and Portugal is negative, leading to no current taxation. Subtracting the deferred taxes of KEUR 2,075 coming from temporary differences between tax balance and IFRS, the income tax results in KEUR 11,008.

The following table shows the level of current and deferred taxes:

	2025 *EUR 1,000*	2024 *EUR 1,000*	Change *%*
Domestic income taxes	**13,083**	13,586	-3.7
Foreign income taxes	**-**	-	
Total	**13,083**	13,586	-3.7

Current income taxes	**13,083**	13,586	-3.7
Deferred income taxes	**-2,075**	-268	-674.3
Total	**11,008**	13,318	-17.3

Information on the balance sheet

9 Classification of financial assets and financial liabilities

				31.12.2025
	Mandatory at FVTPL *EUR 1,000*	FVOCI - Debt instruments *EUR 1,000*	Amortised cost *EUR 1,000*	**Total** *EUR 1,000*
Financial assets				
Cash and cash equivalents	-	-	1,095,573	**1,095,573**
Due from banks	-	-	623,827	**623,827**
Loans	-	-	2,503,262	**2,503,262**
Provisions for loan losses	-	-	-1,607	**-1,607**
Derivative financial instruments	15,182	-	-	**15,182**
Financial assets	-	72,721	22,747	**95,469**
Total	**15,182**	**72,721**	**4,243,802**	**4,331,705**

	Mandatory at FVTPL *EUR 1,000*	FVOCI - Debt instruments *EUR 1,000*	Amortised cost *EUR 1,000*	**Total** *EUR 1,000*
Financial liabilities				
Due to banks	-	-	775,859	**775,859**
Due to customers	-	-	3,267,730	**3,267,730**
Derivative financial instruments	13,516	-	-	**13,516**
Total	**13,516**	**-**	**4,043,589**	**4,057,104**

10 Cash and cash equivalents

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *EUR 1,000*
Deposits with central banks	**1,095,573**	839,011	256,562
Total	**1,095,573**	839,011	256,562

Deposits with central banks relate to the funds deposited with Banque Centrale du Luxembourg, which include the minimum reserve to be held from 23 December 2025 to 10 February 2026 (KEUR 38,121). Other than that, the Bank does not hold any cash that is contractually or legally restricted.

11 Due from banks

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *EUR 1,000*
Due from banks	**623,827**	403,519	220,308
Allowance for credit losses	**-**	-	-
Total	**623,827**	403,519	220,308

Due from banks by main transaction types:

Due on demand	**623,827**	403,519	220,308
Other claims	**-**	-	-
Total	**623,827**	403,519	220,308

Receivables from financial institutions are allocated to the loans and receivables category.

12 Loans

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *EUR 1,000*
Loans	**2,501,546**	1,994,217	507,329
Mortgages	**1,716**	3,109	-1,393
Subtotal	**2,503,262**	1,997,326	505,936
Allowance for credit losses	**-1,607**	-1,502	-104
Total	**2,501,655**	1,995,823	505,831

Receivables from clients are allocated to the loans and receivables category.

13 Provisions for loan losses

Provisions for loan losses are created in accordance with standardised Group regulations and cover all discernible credit risks. Portfolio allowances have been determined for defaults that have occurred but not yet become known.

Additions and reversals recognised in the income statement led to risk provision expense of KEUR 244 (prior year: KEUR 1,231).

Divided into individual and portfolio allowances, provisions for loan losses are broken down as follows:

	2025		2024	
	Specific *EUR 1,000*	Collective *EUR 1,000*	Specific *EUR 1,000*	Collective *EUR 1,000*
Balance at the beginning of the year	**1,473**	**29**	1,263	49
Interest income recorded as an allowance	**-140**	**-**	-1,041	-
Increase in allowance for credit losses	**66**	**179**	1,251	-
Decrease in allowance for credit losses	**-**	**-**	-	-20
Balance at the end of the year	**1,399**	**208**	1,473	29

The portfolio allowance includes KEUR 208 (prior year: KEUR 29) related to receivables from clients.

14 Financial assets measured at FVOCI and at amortised cost

Financial assets measured at FVOCI and at amortised cost are broken down as follows:

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *EUR 1,000*
Government bonds	**4,231**	29,041	-24,810
Financial institution bonds	**91,237**	14,098	77,140
Debt instruments	**95,468**	43,139	52,329
of which quoted	***95,468***	*43,139*	*52,329*
Total	**95,468**	43,139	52,329

The Bank has acquired new debt instruments for its asset and liability management purposes.

15 Intangible assets

The development of intangible assets during the financial year is presented below:

	Customer relationships *EUR 1,000*	Software *EUR 1,000*	**Total intangible assets** *EUR 1,000*
Historical cost			
Balance on 01.01.2024	43,982	47,445	91,427
Additions	-	7,764	7,764
Disposals/Transfers	-	-	-
Balance on 31.12.2024	43,982	55,209	99,191
Additions	-	9,257	9,257
Disposals/Transfers	-	-562	-562
Balance on 31.12.2025	43,982	63,904	107,886
Depreciation, amortisation and impairment			
Balance on 01.01.2024	29,701	12,943	42,644
Charge for the period	4,887	4,422	9,309
Disposals/Transfers		-	-
Balance on 31.12.2024	34,588	17,365	51,953
Charge for the period	4,887	5,080	9,966
Disposals/Transfers	-	-562	-562
Balance on 31.12.2025	39,474	21,882	61,357
Carrying value			
Balance on 31.12.2024	9,394	37,844	47,239
Balance on 31.12.2025	**4,508**	**42,021**	**46,529**

For the 2025 financial year no impairment on software was required. Project costs of EUR 4.2 mn (prior year: EUR 7.6 mn) have been expensed in the income statement.

16 Property and equipment and leases

The development of property and equipment and leases during the financial year is presented below:

	Office leases *EUR 1,000*	Other leases *EUR 1,000*	Other property and equipment *EUR 1,000*	**Total property and equipment and leases** *EUR 1,000*
Historical cost				
Balance on 01.01.2024	22,856	308	5,748	28,912
Additions	29,070	224	3,506	32,800
Disposals/Transfers	-139	-31	-368	-538
Balance on 31.12.2024	51,787	502	8,886	61,174
Additions	2,064	273	8,643	10,979
Disposals/Transfers	-17,029	-144	-791	-17,965
Balance on 31.12.2025	36,821	630	16,737	54,189
Depreciation, amortisation and impairment				
Balance on 01.01.2024	14,833	223	3,337	18,393
Charge for the period	4,561	90	835	5,485
Disposals/Transfers	-139	-31	-368	-538
Balance on 31.12.2024	19,255	282	3,803	23,340
Charge for the period	4,649	99	1,172	5,920
Disposals/Transfers	-17,029	-144	-791	-17,965
Balance on 31.12.2025	6,875	237	4,184	11,296
Carrying value				
Balance on 31.12.2024	32,532	219	5,082	37,834
Balance on 31.12.2025	**29,947**	**393**	**12,554**	**42,893**

For the 2025 financial year an impairment on property and equipment was required (KEUR 8) The increase in other property and equipment is associated with the relocation to the new building.

Details on lease activities are listed below:

	31.12.2025 **Total** *EUR 1,000*
Amounts recognised in the income statement	
Depreciation charge	**4,749**
Interest expense on lease liability	**1,373**
Expense related to short-term/low-value leases	**-**
Total	**6,122**
Total cash outflows for leases	**3,079**
Maturity analysis - contractual undiscounted cash flows	
Less than one year	**4,377**
One to five years	**16,047**
More than five years	**19,996**
Total	**40,420**

17 Other assets

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *EUR 1,000*
Precious metals and claims on precious metals	**123,414**	91,221	32,192
Receivables from tax administrations for taxes not related to income	**2,333**	1,741	593
Accruals and deferrals	**29,228**	24,087	5,141
Other assets	**5,312**	5,865	-553
Total	**160,287**	122,914	37,372

The item precious metals is related to precious metal certificates issued by the Bank. Accruals and deferrals comprise mainly the deferred income for advisory and management fees (KEUR 18,551).

18 Due to banks

Liabilities to financial institutions are assigned to the category “liabilities valued at amortised cost”.

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *EUR 1,000*
Liabilities from money market transactions	**703,900**	78,064	625,836
Other liabilities	**71,959**	7,625	64,334
Total	**775,859**	85,689	690,170

The increase in intragroup term deposits was driven by the Bank’s active asset and liability management.

19 Due to customers

Liabilities to clients are assigned to the category “liabilities valued at amortised cost”.

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *EUR 1,000*
Liabilities from money market transactions	**1,885,494**	2,230,941	-345,448
Liabilities on demand	**1,382,237**	728,730	653,507
Total	**3,267,730**	2,959,671	308,059

20 Provisions

During the financial year 2025 the provision for labour related cases in the Spanish branch was increased by KEUR 2, then KEUR 64 were used and KEUR 68 were released.

21 Current and deferred taxes

Provisions for income taxes are potential tax obligations for which a legally binding tax assessment has not yet been received.

The components of deferred tax assets are mainly employee compensation and benefits (KEUR 2,074) and property and equipment (KEUR 58).

Deferred tax liabilities are related to financial assets measured at FVOCI.

The current tax liabilities include provisions for the Spanish branch (KEUR 615), for the Irish branch (KEUR 834) and for BJBE (KEUR 22,012) and are at KEUR 23,461 (prior year KEUR 15,257).

22 Other liabilities

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *EUR 1,000*
Preferential liabilities	**10,293**	6,107	4,186
Debts to suppliers	**29**	-	29
Accruals and deferrals	**31,946**	28,439	3,507
Lease liabilities	**34,611**	33,965	646
Precious metals certificates liabilities	**123,414**	91,221	32,192
Other liabilities	**4,348**	3,847	502
Total	**204,641**	163,579	41,062

Preferential liabilities contain liabilities to the security agencies of KEUR 2,904 and liabilities to tax authorities of KEUR 7,389.

23 Composition of equity capital

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *EUR 1,000*
Subscribed capital	**95,734**	95,734	-
Capital reserve	**25,753**	25,753	-
Retained earnings	**140,559**	115,771	24,788
of which statutory reserve	**9,573**	7,982	1,591
Other equity components	**-90**	-298	208
Annual surplus/deficit	**36,382**	40,145	-3,763
Total	**298,338**	277,105	21,233

The fully paid-up share capital stands at KEUR 95,734 and is divided into 11,488,064 no-par value shares. In accordance with Article 72 of the Law of 10 August 1915, 5% of the annual profit must be allocated in advance to the statutory reserve until it reaches 10% of the subscribed capital. The statutory reserve may not be distributed. The development of equity capital is presented in the statement of changes in equity.

24 Return on capital and return on assets

The return on capital, which is calculated as the ratio of net profit to equity, stands at 12.2%. The return on assets, calculated as profit divided by total balance sheet, is at 0.8%.

25 Contingent liabilities and irrevocable commitments

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *%*
Contingent liabilities	**34,249**	55,472	-38.3
from loan guarantees	**10,801**	33,339	-67.6
from other guarantees	**23,448**	22,133	5.9
Irrevocable commitments	**946**	967	-2.2
Total	**35,195**	56,439	-37.6

Contingent liabilities from other guarantees comprise credit card guarantees.

26 Foreign currency volumes

As at 31 December 2025, the following assets and liabilities were recognised in foreign currency:

	USD *EUR 1,000*	GBP *EUR 1,000*	CHF *EUR 1,000*	Other *EUR 1,000*	**2025 Total** *EUR 1,000*	2024 Total *EUR 1,000*
Due from banks	178,823	82,484	446	218,037	**479,790**	313,021
Due from customers	136,710	204,732	222,319	188,895	**752,656**	620,342
Financial assets measured at FVOCI	30,366	12,151	-	-	**42,518**	14,098
Financial assets measured at amortised cost	12,573	-	-	-	**12,573**	14,047
Other balance sheet items	-	2	170	123,414	**123,586**	91,356
Total foreign currency assets	**358,473**	**299,370**	**222,935**	**530,345**	**1,411,123**	1,052,863
Due to banks	1,111	60	28,315	18,091	**47,576**	1,757
Due to customers	562,522	427,652	32,274	285,632	**1,308,079**	1,242,601
Other balance sheet items	1	-	295	123,414	**123,709**	91,246
Total foreign currency liabilities	**563,633**	**427,712**	**60,883**	**427,137**	**1,479,365**	1,335,604

The open balance sheet items are matched by forward currency transactions with similar maturities.

Additional information

27 Cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. It shows the change in cash and cash equivalents via cash flows from operating activities as well as investment and financing activities.

The cash flow from operating activities shows payment flows (inflows and outflows) from receivables from financial institutions and clients as well as other assets. Inflows and outflows from liabilities to financial institutions and clients, from securitised liabilities and other liabilities also belong to operating activities. Both interest income and interest expenses resulting from operating activities are also recognised in the cash flow from operating activities.

The cash flow from investment activities results from incoming and outgoing payments relating to the sale or acquisition of financial assets or property and equipment. The cash flow from financing activities includes all payment flows from transactions relating to equity capital and subordinated capital.

In accordance with the strict definition, the cash and cash equivalents shown solely include the cash reserve, which comprises cash at hand and deposits with central banks.

As far as BJBE is concerned, the cash flow statement can be considered not very substantial. It neither replaces liquidity or financial planning, nor is it deemed to represent a control instrument.

28 Equity capital under regulatory law

The equity ratio is calculated as per Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 and CSSF Regulation 18–03 of 5 June 2018 on the basis of IAS/IFRS.

The Bank uses the following approaches to calculate the capital requirement:

- For credit risks: standard approach
- For operational risks: basic indicator approach
- For market risks: standard approach

As at 31 December 2025, the Bank's equity capital under regulatory law stood at EUR 226 mn (prior year: EUR 200 mn) with a total ratio of 33.6% (prior year: 33.3%).

At the request of the Bank, the CSSF accepted the full exemption of risks relating to Group units of the Julius Baer Group as part of the calculation of large exposures in accordance with article 56-1 of the Law of 5 April 1993 on the financial sector and Article 493.3 of Regulation (EU) No 575/2013 on supervisory requirements for credit institutions (CRR).

Capital coefficient

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *EUR 1,000*
Subscribed capital	**95,734**	95,734	-
Reserves	**166,222**	141,226	24,996
Deductions from core capital	**-35,522**	-36,472	950
Total Equity Tier 1	**226,434**	200,488	25,946
Capital requirements	**53,900**	48,218	5,683
of which: Credit risk	**25,223**	18,818	6,405
of which: Valuation adjustment	**319**	409	-90
of which: Commodity Risk	**3,124**	747	2,377
of which: Operational risk	**25,234**	28,244	-3,009
Total capital ratio (%)	**33.61**	33.26	0.34

Capital requirement by credit risk items

	31.12.2025 **Total** *EUR 1,000*
Receivables from retail clients	**3,690**
Receivables from institutions	**10,767**
Receivables from companies	**3,683**
Receivables from exposures in default	**1**
Other assets	**7,082**
Credit valuation adjustment	**319**
Commodity risk	**3,124**
Operational risk	**25,234**
Total	**53,900**

	31.12.2024 Total *EUR 1,000*
Receivables from retail clients	-
Receivables from institutions	6,665
Receivables from companies	5,652
Receivables from exposures in default	65
Other assets	6,436
Credit valuation adjustment	409
Commodity risk	747
Operational risk	28,244
Total	**48,218**

During the financial year, the regulatory capital requirements were fulfilled at all times and the relevant figures are well above the legal minimum requirements.

29 Related party transactions

Under IAS 24, a related party is a natural person or company that can be influenced by BJBE, can exert an influence on BJBE or is under the influence of another related party of BJBE.

Within the framework of normal business activities, BJBE enters into business relationships with related persons and companies. Individuals in key positions are exclusively members of the Board of Managing Directors and Supervisory Board of Julius Baer Group, their relatives and companies controlled by these individuals. In 2025 no business activities have been entered into with these people except those mentioned in the Remuneration Report.

Related companies include the parent company and other consolidated entities. Transactions are concluded at normal market terms and conditions.

The following table shows the relevant scope of these transactions:

	31.12.2025 *EUR 1,000*	31.12.2024 *EUR 1,000*	Change *%*
Assets from related parties			
Receivables from financial institutions	**614,086**	400,805	53.2
Derivative financial instruments	**13,544**	11,953	13.3
Other assets	**3,425**	3,702	-7.5
Total	**631,055**	416,460	51.5
Liabilities to related parties			
Liabilities to financial institutions	**761,967**	83,450	813.1
Derivative financial instruments	**2,081**	20,852	-90.0
Other liabilities	**503**	410	22.7
Total	**764,551**	104,712	630.1

Receivables from and liabilities to financial institutions as well as derivative financial instruments contain transactions with Bank Julius Baer & Co. Ltd, Switzerland.

Other assets comprise cost allocations to and accrued income from Bank Julius Baer & Co. Ltd., Switzerland (KEUR 2,476) as well as accrued income from Bank Julius Baer & Co. Ltd., Guernsey Branch (KEUR 241), Bank Julius Baer (Monaco) S.A.M (KEUR 241), Three Rock Capital Management Ltd. (KEUR 203), Loteco Foundation (KEUR 170), Julius Baer Services (Spain) (KEUR 87) and Bank Julius Bär Deutschland AG (KEUR 6).

Other liabilities contain liabilities to Bank Julius Baer & Co. Ltd., Switzerland (KEUR 500) and Bank Julius Baer & Co. Ltd, Singapore Branch (KEUR 3). The respective positions in the income statement are shown in Notes 5 and 7.

30 Derivative financial instruments

A derivative is a financial instrument with a value determined by a so called underlying security. This underlying security may, for example, be an interest rate, foreign exchange rate or bond price. The derivative transactions involve OTC derivatives, with a nominal amount, maturity and price which are agreed individually between the Bank and its counterparties.

The nominal amount shows the volume traded by the Bank. The positive and negative fair values listed in the tables, however, are the expenses which would be incurred by the Bank or the counterparty to replace the contracts originally concluded with transactions of an equivalent financial value. From the Bank's perspective, a positive fair value thus indicates the maximum potential counterparty-specific default risk that existed from derivative transactions as at the balance sheet date.

In addition to the nominal amounts and fair values of the derivative transactions broken down by interest-rate-based contracts, currency-based contracts and contracts based on other price risks, the table below also shows the maturity structure of these transactions. The fair values are the totals of the positive and negative amounts per contract. The nominal amount represents the gross volume of all sales and purchases.

	Contract/ Notional amount *EUR 1,000*	Positive replacement value *EUR 1,000*	Negative replacement value *EUR 1,000*
Foreign exchange derivatives			
Spot and Forward contracts	2,831,053	14,750	13,084
Options (OTC)	280,593	432	432
Total foreign exchange derivatives 31.12.2025	**3,111,646**	**15,182**	**13,516**
Total foreign exchange derivatives 31.12.2024	2,628,471	33,298	21,467
Precious metals derivatives			
Forward contracts	-	-	-
Options (OTC)	-	-	-
Total precious metals derivatives 31.12.2025	**-**	**-**	**-**
Total precious metals derivatives 31.12.2024	-	-	-

The use of derivative financial instruments is shown in the table below. Derivative financial instruments are used for trading and hedging purposes.

The relevant criteria are described in the accounting and valuation methods.

Total derivatives held for trading 31.12.2025	**3,111,646**	**15,182**	**13,516**
Total derivatives held for trading 31.12.2024	2,628,471	33,298	21,467
Total derivatives held for hedging 31.12.2025	**-**	**-**	**-**
Total derivatives held for hedging 31.12.2024	-	-	-
Total derivative financial instruments 31.12.2025	**3,111,646**	**15,182**	**13,516**
Total derivative financial instruments 31.12.2024	2,628,471	33,298	21,467

31 Financial instruments by category

This note addresses, in particular, the calculation of fair values for financials instruments that are not recognised in the balance sheet at fair value, but for which a fair value must also be provided under IFRS 7.

The methods for determining the financial instruments recognised in the balance sheet at fair value are shown in the accounting and valuation methods as well as below in the "Fair value determination" section.

The nominal value of financial instruments that are due on a daily basis is taken at their fair value. These instruments include the cash reserve as well as receivables and liabilities relating to financial institutions and clients that are due on a daily basis.

Immediate market prices are not available for loans, as there are no organised markets on which these financial instruments are traded. The fair value of these instruments is calculated using recognised actuarial valuation processes with current market parameters. A discounted cash flow model is used for loans. A risk-free interest rate curve is also used to calculate the fair value of liabilities.

The table below compares the fair values of the balance sheet items with their book values:

Financial assets

	31.12.2025		31.12.2024	
	Carrying value *EUR 1,000*	Fair value *EUR 1,000*	Carrying value *EUR 1,000*	Fair value *EUR 1,000*
Financial assets at amortised cost				
Cash and cash equivalents	**1,095,573**	**1,095,573**	839,011	839,011
Due from banks	**623,827**	**623,827**	403,519	403,519
Loans	**2,501,655**	**2,501,736**	1,995,823	1,996,223
Financial investments measured at amortised cost	**22,747**	**23,056**	29,041	28,877
Total	**4,243,802**	**4,244,192**	3,267,394	3,267,630
Financial assets at FVTPL				
Derivative financial instruments	**15,182**	**15,182**	33,298	33,298
Total	**15,182**	**15,182**	33,298	33,298
Financial assets at FVOCI				
Financial investments measured at FVOCI	**72,721**	**72,721**	14,098	14,098
Total	**72,721**	**72,721**	14,098	14,098
Total financial assets	**4,258,983**	**4,259,373**	3,300,692	3,300,928

Financial liabilities

	31.12.2025		31.12.2024	
	Carrying value *EUR 1,000*	Fair value *EUR 1,000*	Carrying value *EUR 1,000*	Fair value *EUR 1,000*
Financial liabilities at amortised costs				
Due to banks	**775,859**	**782,242**	85,689	85,809
Due to customers	**3,267,730**	**3,267,730**	2,959,671	2,959,671
Total	**4,043,589**	**4,049,972**	3,045,359	3,045,479
Financial liabilities at FVTPL				
Derivative financial instruments	**13,516**	**13,516**	21,467	21,467
Total	**13,516**	**13,516**	21,467	21,467
Total financial liabilities	**4,057,105**	**4,063,488**	3,066,826	3,066,946

Short-term financial instruments

Financial instruments with a maturity or a refinancing profile of one year or less are generally classified as short-term. This applies for the balance sheet items cash and money market instruments. Depending on the maturity, it also includes the following: due from banks, loans, mortgages, due to banks, due to customers and debt issued. For short-term financial instruments which do not have a market price published by a recognised stock exchange or notable market (referred to hereinafter as a market price), the carrying value fundamentally approximates the fair value.

Long-term financial instruments

Depending on the maturity, these include the following balance sheet items: due from banks, loans, mortgages, due to banks, due to customers and debt issued. The fair value of long-term financial instruments which have a maturity or a refinancing profile of more than one year is derived by using the net present value method.

32 Financial instruments – Fair value determination

Level 1
For trading assets as well as for certain financial investments available-for-sale and exchange-traded derivatives whose prices are quoted in an active market, the fair value is determined directly from the quoted market prices.

Level 2
For financial instruments for which quoted market prices are not directly available or are not derived from active markets, fair values are estimated using valuation techniques or models based wherever possible on assumptions supported by observable market prices or rates existing on the balance sheet date. This is the case for the majority of OTC derivatives, most unquoted financial instruments, and other items that are not traded in active markets. The main pricing models and valuation techniques applied to these financial instruments include forward pricing and swap models using present-value calculations, and option models such as the Black-Scholes model. The values derived from applying these models and techniques are significantly impacted by the choice of the valuation model used and the underlying assumptions made, such as the amounts and timing of future cash flows, discount rates, volatility, or credit risk.

Level 3
For certain financial instruments, neither quoted market prices nor valuation techniques or models based on observable market prices are available for determining the fair value. In these cases, fair value is estimated indirectly using valuation techniques or models based on reasonable assumptions reflecting market conditions.

The assignment of specific financial instruments to the level categories requires a systematic assessment by management, particularly if the valuation is based on both parameters that can and cannot be observed on the market. The classification of an instrument may change over time as changes in market liquidity and thus price transparency are taken into account.

The Bank's portfolio did not contain any financial instrument valued according to level 3 neither at 31 December 2025 nor 31 December 2024. During the period under review, there were no reclassifications between the different level categories.

The fair value of financial instruments carried at fair value is determined as follows:

	Quoted market price	Valuation technique market-observable inputs	Valuation technique non-market-observable inputs	**31.12.2025** **Total**
	Level 1 *EUR 1,000*	Level 2 *EUR 1,000*	Level 3 *EUR 1,000*	*EUR 1,000*
Financial assets and liabilities measured at fair value				
Foreign exchange derivatives	-	15,182	-	15,182
Total derivative financial instruments	**-**	**15,182**	**-**	**15,182**
Debt instruments at FVOCI	72,721	-	-	72,721
Total financial assets measured at FVOCI	**72,721**	**-**	**-**	**72,721**
Total assets	**72,721**	**15,182**	**-**	**87,903**
Foreign exchange derivatives	-	13,516	-	13,516
Total derivative financial instruments	**-**	**13,516**	**-**	**13,516**
Total liabilities	**-**	**13,516**	**-**	**13,516**

	Quoted market price	Valuation technique market-observable inputs	Valuation technique non-market-observable inputs	31.12.2024 Total
	Level 1 *EUR 1,000*	Level 2 *EUR 1,000*	Level 3 *EUR 1,000*	*EUR 1,000*
Financial assets and liabilities measured at fair value				
Foreign exchange derivatives	-	33,298	-	33,298
Total derivative financial instruments	-	33,298	-	33,298
Debt instruments at FVOCI	14,098	-	-	14,098
Total Debt instruments at FVOCI	14,098	-	-	14,098
Total assets	14,098	33,298	-	47,396
Foreign exchange derivatives	-	21,467	-	21,467
Total derivative financial instruments	-	21,467	-	21,467
Total liabilities	-	21,467	-	21,467

33 Deposit protection

On 18 December 2015, the act on measures for the resolution, recovery and winding down of financial institutions and securities firms as well as on systems for deposit protection and investor compensation (the "Act") was passed, which in turn brought about the implementation under Luxembourg law of EU Directive 2014/59/EU on the definition of a framework for the recovery and winding down of financial institutions and securities firms as well as EU Directive 2014/49/EU on deposit protection and investor compensation systems.

The deposit guarantee and investor protection system in place in Luxembourg is a contribution based deposit guarantee and investor compensation system (FGDL). The system secures deposits of the same depositor up to an amount of KEUR 100 and investments of up to KEUR 20.

The Act also protects deposits resulting from certain transactions or that serve specific social or other purposes for amounts over KEUR 100 for a period of 12 months.

The target amount for the FGDL's financial resources is set at 0.8% of the guaranteed deposits of the relevant financial institutions as per Article 163 no. 8 of the Act and was originally achieved by the end of 2018. The contributions were made on an annual basis between 2016 and 2018. According to Article 179 no. 4 second sentence, where the financial capacity falls short of the target level, the payment of contributions shall resume at least until the target level is reached again.

Upon reaching the target amount of 0.8%, the Luxembourg financial institutions have to make further contributions over the following eight years in order to create an additional safety buffer of 0.8% of the guaranteed deposits defined in Article 163 no. 8 of the Act ("second compartment").

In addition, in accordance with Article 1 no. 36 of the Act, the Single Resolution Fund's (FRL) target amount for financial resources of at least 1% of the guaranteed deposits of all financial institutions in all participating member states must be achieved by the start of 2024. This amount will be raised through annual contributions from the financial institutions in the financial years between 2016 and 2023.

The contribution for 2025 of KEUR 115 for FGDL (2024: KEUR 55) was recognised as other operating expenses.

34 Events after the balance sheet date

There are no events to report that had an influence on the balance sheet or the income statement for the 2025 financial year.

35 Registered office

Bank Julius Baer Europe S.A.
14, Rue Edward Steichen
2540 Luxembourg
Luxembourg

36 Information on consolidated companies

Bank Julius Baer Europe S.A. is included as a subsidiary in the consolidated financial statements of Julius Baer Group Ltd., Zurich/Switzerland. The consolidated financial statements of Julius Baer Group Ltd. are available from the following address:

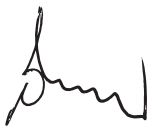
Julius Baer Group Ltd.
Bahnhofstrasse 36
8010 Zurich
Switzerland

37 Responsibility statement by the legal representatives

To the best of our knowledge, we declare that the annual financial statements prepared in accordance with the applicable accounting standards give a true and fair view of the Bank's assets, financial position and results of operations, and that the management report presents the business development, performance and position of the Bank so as to give an appropriate view of the actual circumstances, and of the principal opportunities and risks of the Bank's likely future development.

Luxembourg, 18 March 2026

The Board of Managing Directors






IV Remuneration Report 2025

Compensation Governance

Julius Baer applies a rigorous, multi-layered compensation governance framework to ensure accountability, alignment with strategy, and adherence to the highest corporate governance standards. The Julius Baer Group Ltd. (Group) Board of Directors (BoD) has ultimate responsibility for establishing and overseeing the Group's remuneration policy, including all compensation awarded to the BoD, Group Executive Board (ExB), and the Group Global Wealth Management Committee (GWMC). The BoD ensures that all compensation is aligned with the principles established in the Articles of Incorporation (cf. www.juliusbaer.com/cg), which define the structure and components as well as governance processes for BoD and ExB pay, including the setting, assessment, and approval of performance goals and related decision-making processes.

The JB Group Nomination & Compensation Committee (NCC) acts in a supportive and advisory capacity to the BoD, with specific duties including:

- Defining the Julius Baer Group's compensation principles and strategy (changes to which are submitted for approval to the BoD);
- Overseeing compensation of the BoD (including the Chairperson), ExB members (including the CEO), and employees of Julius Baer on a collective basis;
- Governing all share-based compensation plans;
- Managing the long-term succession planning for the BoD.

Where necessary, the NCC collaborates with other Board members or Group committees – such as the Audit Committee or the Governance & Risk Committee (GRC) – on matters requiring specialist oversight.

Annually, the NCC evaluates the compensation structures and share ownership programmes in light of the Group's evolving business strategy, prevailing market practices, emerging regulatory requirements, and input from key stakeholders. It also conducts a comprehensive review of the Group's compliance with internal policies and external standards, ensuring alignment with applicable national and international regulations. Please refer to the Group Remuneration Report for further details regarding the Group Nomination and Compensation Committee.

The Group has defined compensation governance standards that are applied throughout the Group to ensure sound, consistent and coherent policies and practices.

Locally, the Bank Julius Baer Europe S.A. (BJBE) Supervisory Board has established a BJBE Remuneration and Nomination Committee (RNC) responsible for the Luxembourg based entity and its branches in Ireland, Spain, Italy and Portugal, and, composed of the BJBE Supervisory Board Members, including the Chairman of the BJBE Supervisory Board responsible for BJBE related review and implementation in light of local and European applicable regulations.

Proportionality principle
The proportionality principle encoded in the remuneration regulations of the European Banking Authority and of the Commission de Surveillance du Secteur Financier (CSSF) aims to match remuneration policies and practices consistently with the risk profile, the risk appetite and the strategy of an individual financial institution. In assessing the application of the remuneration policy requirements in a proportionate manner, the BJBE Supervisory Board has considered a combination of several criteria, including the Bank's size, internal organisation as well as the nature, scope and complexity of its activities.

Taking into consideration both the threshold (in terms of balance sheet) laid out in the article 38-6 (2) (a) of the Luxembourg law of 5 April 1993 as amended ("LFS") on the financial sector, as amended, and additional elements such as the private banking operations of BJBE, its scope of action on the Luxembourg market (wealth management), its size and the functions of the staff members working for it (private banking), the BJBE Supervisory Board came to the conclusion that it can apply the proportionality principle at the level of the institution as provided for under the aforementioned

provisions. Hence, the Bank would be allowed to disapply the variable remuneration payout rules (deferred payment of 40% to 60% of the initially awarded variable compensation over a period of 4 to 5 years, awarding 50% of the variable compensation in equity-based instruments which are subject to a further retention period). The proportionality principle applicability is reviewed on an annual basis based on the European applicable regulatory rules.

However, in a view to ensure consistent practices throughout the Julius Baer Group, it has nonetheless been decided to implement the payout rules in relation to all staff members, irrespective of their functions, newly based on a total compensation approach.

This year, the Group strengthened its compensation deferral framework by transitioning from a model based solely on variable compensation to a total compensation deferral approach. Effective from the 2025 calendar year, employees whose total compensation - comprising both base salary and annual variable compensation - equals or exceeds CHF 300,000 will be subject to mandatory deferral. Deferral rates are market-aligned and structured in brackets, ranging from 20% to 60% of total eligible variable compensation. Higher deferral rates may apply to Group Key Risk Takers (up to 60%), reinforcing long-term accountability and risk alignment.

In this regard, BJBE employees with higher total compensation are subject to: (i) deferral of at least 20% of the awarded variable compensation into cash- and/or equity-based deferred compensation plans and (ii) ex-post incorporation of risk for awarded variable compensation (forfeiture and clawback). The application of the aforementioned rules is made even in relation to staff members who are not considered as Key Risk Takers.

The application of the proportionality principle is reviewed at least annually as well as at any time during the year when a substantial corporate event occurs.

Compensation principles

At Julius Baer, we strongly believe in a performance culture where we recognise and reward high performance and support employees to grow and develop. We therefore follow a “pay for performance” approach which is embedded in a market-aligned total compensation framework consisting, in general, of fixed and variable compensation.

The Group pays only fixed and, potentially, variable compensation (which may be subject to deferral). There are no other categories of compensation (i.e. compensation components will either qualify as fixed or as variable compensation). The Group seeks to have an appropriate balance between these two elements allowing for a fully flexible variable compensation scheme (including the ability to pay no variable compensation) and the alignment of total compensation with the interests of stakeholders (company, employee, shareholders, etc.) in a sustainable manner.

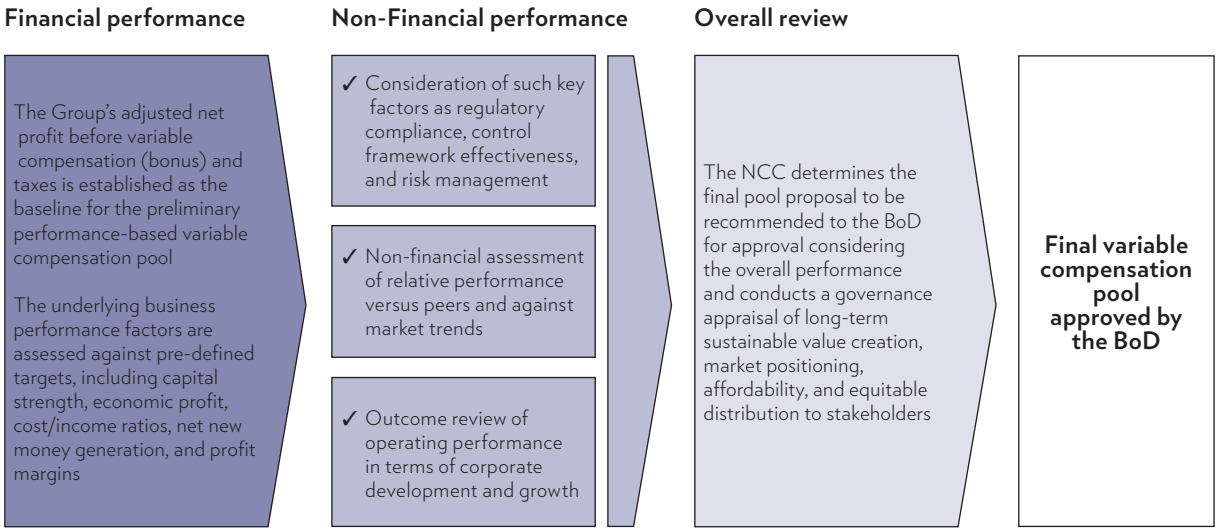
The primary compensation principles of the Bank are to (i) attract and retain industry professionals who are dedicated to contributing value to BJBE and the Group; (ii) ensure that Compensation is determined and granted to Staff Members on a fair, equitable and gender-neutral basis whereby employees receive equal pay for equal work (or work of equal value); (iii) Incentivise management by rewarding achieved performance and by providing incentives for the creation of future shareholder value; (iv) prevent that the Compensation of Staff Members results in careless or unfair treatment of clients (as a result of for instance misadvising, mis-selling or product pushing); (v) ensure that the Variable Compensation is in line with the business strategy, objectives, values and long-term interests of BJBE and the Group, and incorporates measures to avoid conflicts of interest; (vi) contribute to sound and effective risk management and discourage the taking of unacceptable risks. Foster risk awareness and control, while ensuring regulatory compliance; (vii) ensure that the overall performance of BJBE, costs of capital and required liquidity, will be taken into account; (viii) ensure that the size and internal organisation, as well as the nature, scope, and complexity of the activities of BJBE will be taken into consideration when adopting and applying Remuneration policies; (ix) ensure that current and future risks will be taken into account; and (x) Ensure that performance-based variable compensation is in line with the Group’s business strategy, regulatory standards and relevant current market practice.

Peer benchmarking
The BJBE RNC and the BoMD place significant importance on ensuring that the compensation practices, structures, and performance-adjusted pay levels remain competitive and well-positioned relative to the external talent market.

To this end, BJBE conducts an annual review of its reference peer group's corresponding pay practices and compensation positioning. This reference peer group comprises financial institutions that share comparable business complexity and talent demands but is not limited exclusively to pure-play wealth managers. By taking a broader market perspective, the Bank strengthens its ability to attract, motivate, and retain key talent in a highly competitive environment. In 2025, McLagan (a business division of Aon) provided compensation survey data and analyses that were utilised locally for benchmarking purposes. KPMG AG was retained to provide global mobility advisory and expatriate income tax-related service, and the law firm Linklaters was engaged to support on European Pay Transparency (EUPT) regulatory implementation and an internal Equal Pay review was led by internal Compensation and Performance experts. HCM International Ltd. advised on equity-based award structures and valuation at Group Level.

Variable compensation funding

Variable compensation funding process



Financial performance assessment

The calculation of the Group's variable compensation pool is based on Adjusted Net Profit before Bonus and Taxes (ANPbBT, as reconciled by the Audit Committee) and its impact on Adjusted Group Cost / Income ratio (C/I ratio). These measures adjust the audited IFRS net profit by excluding non-recurring or non-operational items such as integration and restructuring costs as well as amortisation of intangible assets arising from prior acquisitions or divestments but include the impact of the net credit losses booked in 2025. A detailed reconciliation can be found in chapter VII. Alternative Performance Measures of this Annual Report.

ANPbBT and adjusted Group C/I ratio represent the Group's sustainable operating profitability and efficiency, effectively capturing the core performance of the business. By using these metrics as the foundation for determining the variable compensation pool, the Group ensures a direct and transparent link between financial results and reward outcomes.

In determining the variable compensation pool, the NCC considers a comprehensive set of financial metrics beyond ANPbBT and adjusted Group C/I ratio to ensure a balanced and forward-looking assessment of performance. These include:

- impact on employees' total compensation (including both fixed and variable compensations);
- capital ratios (e.g., CET1 ratio) and their trajectory, reflecting the Group's financial resilience and ability to withstand adverse conditions;
- adjusted cost/income ratio, measuring operational efficiency;
- economic profit, which captures returns above the Group's cost of capital; and
- Net New Money (NNM) generation, serving as a key indicator of client franchise strength and organic growth.

These quantitative/financial metrics are evaluated against the Group's mid-term financial plan, approved strategic objectives, and historical performance trends. Together, they enable the NCC to assess not only absolute performance but also progress toward sustainable, risk-adjusted value

creation. This holistic approach ensures that the variable compensation pool reflects both short-term results and long-term strategic execution.

For further details regarding the Group's variable compensation pool funding please refer to the Group's Remuneration Report.

2025 Group variable compensation pool
The Group remains committed to linking variable compensation directly to overall performance while also reflecting individual and business unit contributions across the organisation.

As in prior years, the pool review encompassed key qualitative factors, including:

- operational achievements such as progress on strategic initiatives, digitalisation, regional performance, service enhancements, cost discipline, and risk management, considered in light of prevailing external market conditions;
- value creation measured by Economic Profit;
- relative performance compared to peers;
- the overall development of the Group's profit distribution, including proposed dividend allocations.

As in previous years, the determination of the variable compensation pool is directly linked to the Group's disclosed adjusted net profit. It thereby incorporates the net impact of legal and credit provisions recognised in 2025. As part of the qualitative review the NCC also took into account business sustainability, business unit performance, cost efficiency, and long-term profitability outlook; as well as the Group's ongoing investment in talent, its continued restructuring activities, and its commitment to disciplined resource allocation. This qualitative review resulted in a moderate increase to the overall pool. The determined pool dually reflects the strong underlying performance of the Group while ensuring that the overall spend was risk-appropriate and supported the Group's cost/income ratio targets.

The regional bonus pool is distributed by the Group CEO to the Region Heads. The BJBE variable compensation pool is determined by taking into consideration BJBE's annual performance, including its financial performance, target/goal achievements, cost/income ratio and compliance with regulatory requirements and risk behaviour assessment. Local performance review and calibrations are performed by the BJBE Board of Managing Directors in collaboration with Human Resources and final compensation for Employees and particularly Key Risk Takers is reviewed and approved by the Supervisory Board

Pay for performance principles
Staff members may be eligible for variable compensation in line with their individual and the business performance. In order to achieve BJBE's and the Group's strategic goals, each staff member on an annual basis receives specific and challenging qualitative and quantitative targets from his or her line manager and is held accountable for delivering results. During the annual performance review, each staff member receives a formal assessment of performance as well as value and risk behaviour, which results in an overall performance rating which is documented in a performance management tool. This assessment is one of the several factors considered in the determination of the total variable compensation. Other factors are total compensation levels in relation to internal peers, market benchmarks, the performance of BJBE and the performance of the relevant Division/Region/business unit as well as the overall size of the Group's variable compensation pool.

Sustainability in Compensation
Sustainability is a key enabler of Julius Baer's strategy. The Group recognises the importance of integrating sustainability throughout its business activities, including within its compensation systems. Sustainability-related elements are reflected in various aspects of the Group's compensation systems and governance, as well as through performance measurement standards (around values, including sustainability-linked, client satisfaction, and employee development) and risk management considerations.

ExB members have Group-level targets outlined in their performance assessment Scorecard. These targets are linked directly to the goals and priorities set by our Sustainability Committee and approved by the ExB and BoD. Those priorities also include climate-specific and DEI targets. They are quantitatively and qualitatively measured on an

annual basis and taken into account in the ExB's variable compensation. These priorities and objectives are cascaded locally trough respective functions and divisions.

All employees are held to high conduct standards via the Code of Ethics and Business Conduct. Specifically, they are measured on their ability to reflect the core values (Care, Passion and Excellence) and risk behaviours throughout daily business activities via an annual Conduct Assessment, which includes sustainability-related elements. Effective for 2026, the Group will shift to a combined Culture and Conduct assessment framework, ensuring that cultural alignment becomes more central to the performance assessment process.

The Group's compensation framework is designed to ensure compliance with global rules and regulations in the context of sustainability. Group and business unit compensation decisions include assessments of metrics related to financial, market, legal, risk, and compliance to ensure that compensation properly reflects both internal and external factors. Compensation deferral mechanisms, with risk-adjusted performance metrics, are applied to deter excessive risk-taking.

The Group operates various sustainability-related initiatives with the ambition to empower clients, employees, and broader stakeholder groups to make a positive impact on society and the environment. Internally, this relates to talent management and development, inclusion, community building, and employee engagement. These are areas that continue to evolve annually to support our ambition to become an employer of choice.

In BJBE, local goals included ESG related elements included in non-financial, Risk assessment, Value Behaviour Conduct Assessment for all staff and a local goal toward sustainable growth goal was implemented for non-front key functions.

Overview of 2025 variable compensation plans

The following table summarizes the key features of BJBE variable compensation plans funded by the pool, including the relevant population eligibility (Including Board of Managing Directors):

Summary of 2025 deferred compensation plans

		Ongoing plans[1]				Hiring-related replacements[2]	Employee share purchase
		Restricted Stock Unit Plan (RSU)	**Performance Stock Unit (PSU)**	**Deferred Cash Plan (DCP)**	**Premium Share Plan (PSP)**	**Long-Term Incentive Plan (LTI)**	**Staff Participation Plan (SPP)**
Eligibility		Executive Board, GWMC and Group KRTs	Executive Board, GWMC and Group KRTs	All other employees	All other employees	New hires who lost compensation due to change in employer	All employees[3]
Purpose		Align with long-term performance and retention	Align with long-term performance and retention	Align with sustainable value creation	Align with long-term performance and retention	Attraction and long-term alignment	Shareholder alignment
Funding drivers		Company, business, and individual performance		Company, business, and individual performance		Business and company affordability checks	Mainly self-financed[4]
Duration		5 years	5 years	3 years	3 years	3 years	3 years
Pay-out factors	**Instrument price**	•	•		•	•	•
	Vesting performance conditions		•				
	Forfeiture clauses and clawback	•	•	•	•	•	• (additional shares)
Settlement		Shares	Shares	Cash	Shares/Funds[5]	Shares	Shares

[1] Staff who are participants of the RSU and PSU are not eligible to participate in the DCP and PSP, and vice versa. Minimum total compensation deferral basis of CHF 300,000 applies.
[2] The LTI may be used in exceptional cases for retention awards or in lieu of the PSP if restrictions on variable compensation apply. It is also utilised to deliver vested but blocked (if required) shares as part of immediate cash variable compensation to regulated staff.
[3] Employees in some locations are excluded from participating for legal, regulatory or administrative reasons. Group ExB members are ineligible.
[4] For every three shares purchased by the employee, one additional share is delivered free of charge at the end of the three-year vesting period.
[5] Deferral may also be into Julius Baer fund instruments (if required) for regulated employees.

BJBE Compensation

Supervisory board compensation

Members of the BJBE Supervisory Board are not compensated for their role within BJBE.

Board of managing directors compensation

This section provides the details of the compensation system for the four members of the BJBE Board of Managing Directors.

Structure of the compensation model

The Julius Baer Group tailors its compensation model structures per employee population segment. For selected senior management, including the BJBE CEO who is a member of the Board of Managing Directors, the compensation model is structured as follows:

Summary of 2025 compensation components

<table>
<tr><th></th><th>Element</th><th>Payment Structure</th><th>Description</th><th>Governance</th></tr>
<tr><td rowspan="2">Fixed compensation</td><td>Base salary and allowances</td><td>100% in cash (monthly)</td><td>Base salary is set individually taking into account the market value of the function based on role (benchmarked), responsibilities, experience, level of education, degree of seniority, and level of expertise. Similar to Group employees, senior management is eligible for allowances based on rank, function level, and their location of employment.</td><td>Provides an appropriate level of income by function at market rates, while permitting the Group to operate a fully flexible policy for variable compensation.</td></tr>
<tr><td>Pension and other benefits</td><td></td><td>Senior management are entitled to the same pension and benefits as other employees within their employment location.</td><td></td></tr>
<tr><td rowspan="3">Variable compensation</td><td>Immediate cash</td><td>100% in cash or partially deferred</td><td>Variable compensation determined annually based on the Group and individual performance (including via scorecard for Front roles). Developed to link compensation to business strategy and to ensure that participants continue to manage Julius Baer for sustainable long-term shareholder value creation, emulate Julius Baer values, and carry out all business activities in a regulatory-compliant manner.

The BoMD and Group Key Risk Takers are subject to deferral rates from 20% to 60% of variable compensation determined for the performance year where applicable. For employees considered Group Key Risk Takers, the deferred portion of the variable compensation is awarded via the RSU and PSU plans. The deferral can exceed the maximum rate if the total non-deferred portion of variable compensation reaches the Variable Compensation Cash Cap (CHF 1.5 million). All amounts in excess of the Variable Compensation Cash Cap are deferred.</td><td>Links compensation to Group performance in a risk-aligned manner.

Immediate cash payment is capped and is delivered to eligible Group KRTs only following Remuneration and Nomination Committee approval.</td></tr>
<tr><td>Restricted Stock Unit (RSU)

75%</td><td>100% in equity delivered in 5 vesting tranches over 5 years (fully deferred)</td><td>Awards vest on a pro rata basis over five consecutive years subject to service-based vesting conditions. Granted awards are eligible for a dividend discount at grant and all awards are subject to forfeiture/clawback provisions.</td><td>Deferral promotes a long-term orientation, allowing for application of malus and clawback. Equity-based awards ensure alignment with shareholders' interests.</td></tr>
<tr><td>Performance Stock Unit (PSU)

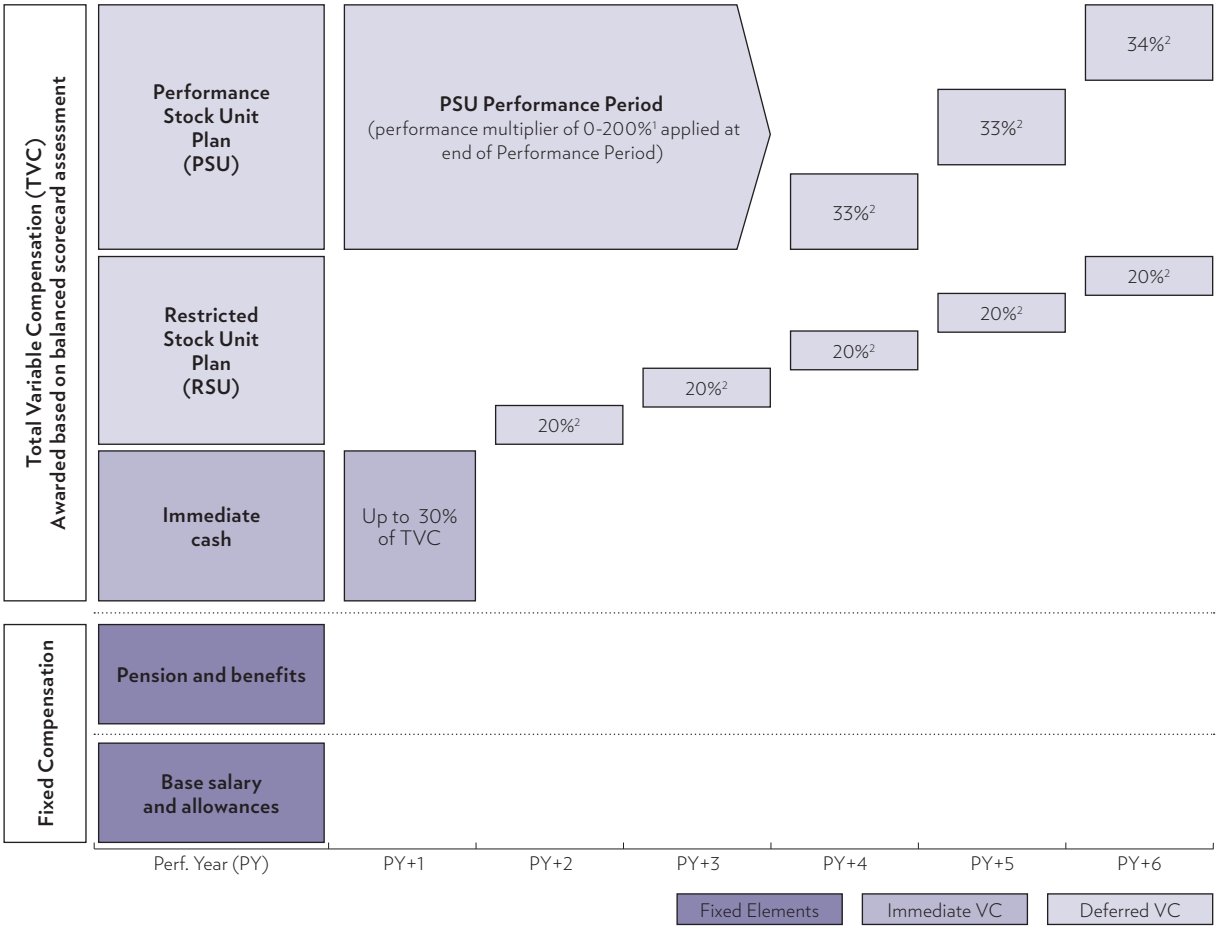
25%</td><td>100% in equity delivered in 3 vesting tranches over 5 years (in years 3, 4 and 5) (fully deferred)</td><td>The PSUs function as a retention element and link compensation to the Julius Baer share price and the Group's future performance via three KPIs (internal: cumulative economic profit [cEP][1] and Return on CET1 capital [RoCET1][1] and external: relative total shareholder return [rTSR][2]).

The number of shares delivered under the PSU (assessed in year 3) is 0%–200% of the Performance Units granted. The cEP and RoCET1 targets are set based on the strategic three-year MTP that is approved by the BoD on an annual basis. KPI targets are set by the NCC each year for the upcoming grant:<table><tr><th></th><th>Minimum (0% KPI multiplier)</th><th>Target (100% KPI multiplier)</th><th>Maximum (200% KPI multiplier)</th></tr><tr><td>cEP</td><td>–33.3%</td><td>MTP Target</td><td>+33.3%</td></tr><tr><td>RoCET1</td><td>–25.0%</td><td>MTP Target</td><td>+25%</td></tr><tr><td>rTSR</td><td>Lower Quartile</td><td>Median</td><td>Upper Quartile</td></tr></table>Performance of each KPI is measured on a linear basis within the target ranges. All awards are subject to forfeiture/clawback provisions.</td><td>Aligns compensation with shareholders' interests and ties it more closely to contributions to the future performance of the Group via internal and external metrics which are market-linked and risk adjusted. The internal KPIs are assessed based on figures approved by the Audit Committee at Group Level. The calculation is subject to audit review and the Group NCC approves the final multiplier.</td></tr>
<tr><td>Other</td><td>Other compensation</td><td></td><td>Senior Management are not entitled to receive any other special compensation elements which are not offered to other employees within their employment location.</td><td></td></tr>
</table>

[1] cEP = ANPbB – Taxes – CoC; where ANPbB = adjusted net profit before variable compensation (as defined previously) adjusted for non-performance-related extraordinary events approved by the Group NCC. Fair value calculated externally using a probabilistic model of potential deviation from the Group's strategic plan (MTP). RoCET1 = average adjusted net profit / CET1 (the latter being fixed as 14% of Risk Weighted Assets) with an 11% CET1 underpin.

[2] As of 2025, the Julius Baer Group's TSR is compared against a bespoke peer group of 13 peers (refer to the Julius Baer Group Remuneration Report), measured in CHF.

Please see the graph below for an illustration of this mechanism.



[1] Subject to KPI Performance assessment on 3rd anniversary of the Grant Date, share allocation capped at 200% of Performance Units granted; vesting share value dependent on market performance at vesting date.

[2] Represents % of awards granted.

The NCC is responsible for ensuring that the structure and level of senior management compensation effectively incentivise executives to drive long-term, sustainable growth and deliver on the Group's financial objectives without excessive focus on short-term outcomes. In support of these objectives, the performance-driven component of senior management remuneration is delivered partly in immediate cash with the remainder allocated equally in equity through RSUs and PSUs.

The new RSU programme constitutes a service-based award, granted after the completion of the performance year and vesting in five equal instalments over a five-year period. The ultimate value realised by senior management is directly tied to the share price performance of Julius Baer. The PSU awards are linked to three KPIs measuring growth (cEP), return (RoCET1) and relative (rTSR) performance over a three-year performance cycle. The two internal KPIs – cEP and RoCET1 – were selected to incorporate the Group's core operating performance targets, and, the external KPI – rTSR – ensures pay-for-performance alignment with peers.

For further details regarding the RSU/PSU vesting calculation, please refer to the Group's Remuneration Report.

Compensation caps

One of the central provisions of the European 'Capital Requirements Directive (CRD V)' requires that variable compensation paid to Key Risk Takers regulated under CRD V shall not exceed the value of their fixed remuneration unless shareholder approval is obtained to increase this cap. The Julius Baer entities within the European Economic Area requested and were granted approval by their respective shareholders to increase the variable compensation cap to maximum two times fixed compensation. As Key Risk Takers, this variable compensation cap of two times fixed compensation applies to the BJBE Board of Managing Directors as requested individually on an annual basis through the higher ration notification and based on pay for performance aspects.

For BJBE Board of Managing Directors, no outstanding deferred variable remuneration or paid-out variable remuneration allocated for previous performance year was reduced due to performance adjustments (i.e. ex-post risk adjustment) in 2025. Furthermore, no severance related payments have been made during the performance year.

The variable compensation awarded to the members of the BJBE Board of Managing Directors has not exceeded 200% of their fixed remuneration.

Outstanding variable compensation awards
Details of the outstanding variable compensation awards of the Board of Managing Directors can be found in the 'Key Risk Taker outstanding variable compensation awards' section of this Remuneration Report.

Other employee compensation

This section provides details of the ongoing compensation system for the employees of Julius Baer (excluding the member BJBE Board of Managing Directors noted above, whose compensation scheme was addressed in the previous section).

Summary of 2025 employee compensation components

Element	Payment structure	Description	Governance
Base salary and allowances	100% in cash (monthly)	Base salary is set individually based on the Group's functional model comprising ten function levels, each of which represents an increasing degree of job complexity. Salary bands are assigned to each function level which define the target base salary range for jobs assigned to the respective function level. Individual salaries are then determined in accordance with these salary bands, taking market benchmarks into account. Group employees are eligible for allowances based on rank, function level and their location of employment.	Provides an appropriate level of income by function at market rates while permitting the Group to operate a fully flexible policy for variable compensation.

Short-term variable compensation	100% in cash or partially deferred into cash- and equity-based awards	Individual variable compensation amounts depend on the formal year-end assessment of performance against a range of financial and non-financial objectives (e.g. adherence to compliance and regulatory standards and to the Group policies, core values and procedures) as well as skills, expertise, and conduct/value behaviours. In addition to the plans offered to the members of senior management (as described previously), Julius Baer also offers equity- and cash-based deferred plans to members of the global staff population. Participation in these plans depends on various factors such as function level and total compensation. The deferral structure is generally as follows:
		• Total compensation below the annual deferral basis threshold (CHF 300,000 as of 2025): 100% immediate cash payment
		• Total compensation at or above the annual deferral basis thresholds: deferral applies to the full variable compensation amount based on deferral brackets. Unless required otherwise by regulation, deferred awards are subject to 3-year pro rata vesting with service-based vesting, malus and clawback provisions. The deferral structure generally results in a maximum deferral of the following:
		  • 50% of immediate cash (subject to the Variable Compensation Cash Cap of CHF 1.5 million)
		  • 25% deferred cash (Deferred Cash Plan [DCP])
		  • 25% deferred equity (Premium Share Plan [PSP]) plus a premium equity component equal to one-third of the granted PSP
		Variable compensation in excess of the Group's Variable Compensation Cash Cap is fully deferred (equally under the DCP and PSP).
			In line with market practice, the Group's balanced variable compensation scheme targets deferral for the more senior and/or high-performing members of staff and provides immediate cash to the remainder.
			
			For eligible staff members, the deferral programme serves as a retention mechanism, promotes long-term orientation allowing for clawback and aligns compensation with shareholders' interests.
			
			The Variable Compensation Cash Cap augments the deferral programme and increases the overall deferral for the Group's highest earners.

Pension and other benefits		Julius Baer offers competitive and market-appropriate pension and benefit programmes throughout its global offices. All programmes are in compliance with rules and regulations of the country in which they operate.	
Other compensation		Benefits and other compensation arrangements are offered globally by Group entities based on the prevailing market practices and the local rules and regulations.	

Key risk taker compensation

In accordance with European legislation, BJBE takes particular care in identifying staff whose professional activities may have a material impact on the Bank's risk profile. BJBE Key Risk Takers are identified on an annual basis. Quantitative and qualitative criteria are both taken into consideration in the identification process. Defined minimum compensation standards are applicable (in general) to members of the BJBE Board of Managing Directors as well as employees (including relationship managers) with a relatively high total compensation and/or who hold a function that has a high impact on the risk profile of BJBE or the Group. Regulated staff members (e.g. Key Risk Takers) are reviewed by the BJBE Supervisory Board on an individual basis, which also takes the potential payout volatility (pay riskiness) of their total compensation into account. For the year of 2025, the BJBE Supervisory Board identified thirty-nine Key Risk Takers including six Supervisory Board members (incl. two replacements in the course of 2025), four Board of Managing Directors within BJBE and the newly appointed Key Risk Takers respectively in the Bank Julius Baer Europe S.A., Succursale in Italia and Bank Julius Baer Europe S.A., Sucursal Portugal.

As previously noted, the European 'Capital Requirements Directive (CRD V)' requires that variable compensation paid to Key Risk Takers regulated under CRD V shall not exceed the value

of their fixed remuneration unless shareholder approval is obtained to increase this cap. BJBE requested and was granted approval by their respective shareholders to increase the variable compensation cap to two times fixed compensation for selected cases and on the basis of pay for performance principles. The awarded variable compensation to BJBE Key Risk Takers, including the BJBE Board of Managing Directors, was fully in line with this variable compensation cap. Additionally, Group Key Risk Takers, whose professional activities may have a material impact on the Group's risk profile are subject to higher rates of deferral than employees not in such roles; one BJBE Key Risk Taker has also been classified as a Group Key Risk Taker.

In 2025, one BJBE Key Risk Taker received a hiring/replacement award and ten received LTI retention related awards.

High income earners
Nine BJBE Key Risk Takers have been remunerated a total compensation amount of above EUR 1 million for the 2025 reporting year based on the total compensation 2024.

Other Variable Compensation

Although Julius Baer only offers performance-based compensation to its current staff, it may in the course of its recruitment processes offer incentives (e.g. hiring and replacements of forfeited compensation from their previous employment) for specific new hires when they join the Group. Such incentives may be made in the form of cash (subject to a minimum one-year clawback from hiring date) and/or deferred shares (under the Group's Long-Term Incentive Plan [LTI]). As a general policy, Julius Baer offers such forms of remuneration only on an exceptional basis, typically in the first year of employment.

Additionally, retention payments may be made to current staff in extraordinary or critical circumstances (e.g. restructuring situations, change in control). Such incentives are generally in the form of deferred shares (under the Group's LTI Plan). Actual parameters may vary according to the applicable regulation and the specific circumstances of the employee.

Long-Term Incentive Plan (LTI)

In certain specific situations, the Group may also offer incentives outside the annual compensation cycle (as previously noted in the prior section of this report). Compensatory payments to new hires for deferred awards they have forfeited by resigning from their previous employer or retention payments to key employees during extraordinary or critical circumstances may be made by granting individuals an equity-based LTI.

Group LTI awards generally run over a minimum plan period of three years (pro rata vesting permitted). The shares are transferred to participants at the time of vesting, subject to continued employment and any other conditions set out at grant. The plan allows for the addition of post-vesting blocking periods and/or performance metrics. In the event of termination of employment before the end of the plan period for any other reason than death, disability or retirement, unvested shares are forfeited.

Staff participation plan (SPP)

The SPP is available to most of Julius Baer's global employees, fostering broad-based ownership and alignment with shareholder interests. However, participation may be restricted for certain individuals, for instance, where local legal, regulatory, or administrative constraints prevent the offering of the SPP in a specific jurisdiction. Under the plan, eligible employees may voluntarily purchase Julius Baer Group Ltd. shares at the prevailing market price. For every three shares purchased, participants receive one additional matching share as a company contribution. These matching shares vest after a three-year holding period, conditional upon continued employment. Participation in the SPP occurs once annually. Notably, members of the ExB are excluded from the plan in accordance with the Group's differentiated compensation framework for senior leaders.

The objective of this plan is to strengthen the employee's identification with the Group, to encourage entrepreneurial spirit, to generate greater interest in the business through ownership, and to provide employees with financial recognition for their long-term dedication to the Group.

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank Julius Baer Europe S.A. (the "Bank"), which comprise the balance sheet as at 31 December 2025, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Commission and Fee income

Why is it a key audit matter?

The Bank has a total amount of EUR 120,4 million of commission and fee income, being the biggest caption on the Bank's income statement. The main categories of these commissions and fees are advisory and management fees, investment fund fees, income from securities underwriting as well as commission and fee income on other services.

We identified the completeness, existence and accuracy of commission and fee income as a key audit matter due to the size of this caption and therefore its significance to the financial results of the Bank.

Please refer to the disclosures in Note 3 of the financial statements.

How we responded to the risk

Our audit approach included testing both the effectiveness of the control environment regarding commission and fee income as well as substantive audit procedures.

We tested the design and implementation including tests of operating effectiveness over the quarterly fee reconciliation performed by the Bank as well as over the account opening for clients including the corresponding fee parameters.

In addition, we assessed customer complaints received and the analysis prepared by responsible staff of these complaints. We tested a sample of complaints to ensure this analysis was properly prepared.

We involved our IT audit specialists in all stages of the testing regarding the automatic part of the commission and fee income calculation.

We tested the design and operating effectiveness of the Bank's IT controls over the Bank's core system that is responsible for the automatic fee calculation (Logical access, changes management and aspects of IT operational controls). In addition, we used Data & Analytics routines in order to recalculate the main components (Advisory Fee, Safe-Custody Fee, Management Fee) of commission and fee income for the financial year 2025.

Furthermore, we performed substantive audit procedures covering the main categories of commission fee income by reconciling the amount of different types of commission and fee income with supporting documentation (e.g. contracts, invoices).

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the Board of Directors on 18 March 2025 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 10 years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

Luxembourg, 18 March 2026

KPMG Audit S.à r.l.
Cabinet de révision agréé



M. Jahke

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