OUR MISSION

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

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

- We passionately live pure private banking – for our clients locally and worldwide
- We are competent and foresighted – remaining true to our Swiss family heritage
- We give holistic advice – leveraging our expertise via the Julius Baer open product platform
- We are entrepreneurial and innovative – setting the pace in the industry

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

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

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

#### Consolidated Income Statement

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2017</th>
<th>H2 2017</th>
<th>Change to H1 2017 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>1,788.8</td>
<td>1,591.8</td>
<td>1,660.4</td>
<td>12.4</td>
</tr>
<tr>
<td>Adjusted operating expenses</td>
<td>1,206.1</td>
<td>1,098.1</td>
<td>1,165.5</td>
<td>9.8</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>582.7</td>
<td>493.7</td>
<td>494.9</td>
<td>18.0</td>
</tr>
<tr>
<td>Adjusted net profit for the Group</td>
<td>479.6</td>
<td>403.6</td>
<td>402.1</td>
<td>18.9</td>
</tr>
<tr>
<td>IFRS net profit for the Group</td>
<td>443.8</td>
<td>356.8</td>
<td>359.1</td>
<td>24.4</td>
</tr>
<tr>
<td>Cost/income ratio</td>
<td>67.3%</td>
<td>69.1%</td>
<td>68.9%</td>
<td>-</td>
</tr>
<tr>
<td>Pre-tax margin (basis points)</td>
<td>29.8</td>
<td>28.4</td>
<td>26.2</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Assets Under Management (CHF bn)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets under management</td>
<td>399.9</td>
<td>354.7</td>
<td>388.4</td>
<td>3.0</td>
</tr>
<tr>
<td>Net new money (in period)</td>
<td>9.9</td>
<td>10.2</td>
<td>11.9</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Consolidated Balance Sheet (CHF m)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>103,540.2</td>
<td>93,150.8</td>
<td>97,917.6</td>
<td>5.7</td>
</tr>
<tr>
<td>Total equity</td>
<td>5,788.7</td>
<td>5,427.5</td>
<td>5,854.0</td>
<td>-1.1</td>
</tr>
<tr>
<td>BIS total capital ratio</td>
<td>20.2%</td>
<td>18.5%</td>
<td>22.0%</td>
<td>-</td>
</tr>
<tr>
<td>BIS CET1 capital ratio</td>
<td>13.7%</td>
<td>14.9%</td>
<td>16.7%</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Personnel (FTE)

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>6,643</td>
<td>6,205</td>
<td>6,292</td>
<td>5.6</td>
</tr>
<tr>
<td>Number of relationship managers</td>
<td>1,475</td>
<td>1,381</td>
<td>1,396</td>
<td>5.7</td>
</tr>
</tbody>
</table>

#### Capital Structure

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares</td>
<td>223,809,448</td>
<td>223,809,448</td>
<td>223,809,448</td>
<td>-</td>
</tr>
<tr>
<td>Market capitalisation (CHF m)</td>
<td>13,044</td>
<td>11,291</td>
<td>13,339</td>
<td>-2.2</td>
</tr>
</tbody>
</table>

#### Moody’s Rating Bank Julius Baer & Co. Ltd.

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term deposit rating</td>
<td>Aa2</td>
<td>Aa2</td>
<td>Aa2</td>
<td>-</td>
</tr>
<tr>
<td>Short-term deposit rating</td>
<td>Prime-1</td>
<td>Prime-1</td>
<td>Prime-1</td>
<td>-</td>
</tr>
</tbody>
</table>

---

1. Adjusted results derived by excluding from the reviewed IFRS financial statements the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments.
2. Reconciliation with adjusted net profit for the Group is detailed in the table on page 8.
3. Calculated using adjusted operating expenses, excluding provisions and losses.
Dear Reader

Volatility staged a comeback in the financial markets at the beginning of this year, after months of remaining at unusually low levels. In parallel, ongoing trade tensions put question marks on the future of globalisation – and the resilience of the current late-cycle economic expansion. At Julius Baer, we see such changes in conditions as opportunities to reach out to our clients and advise them on their decisions. And we are convinced that this proactive approach to put our clients’ needs first is what ultimately drives our success.

Looking at our results for the first half of 2018, we continued to deliver on our targets. The cost/income ratio1 ended the period inside the medium-term target range of 64 to 68% as we further improved profitability. Net new money growth was again solid, with existing and new clients contributing CHF 9.9 billion to the rise in assets under management to CHF 400 billion at the end of June 2018.

‘The cost/income ratio1 ended the period inside the medium-term target range of 64 to 68% as we further improved profitability.’

The steady flow of net new money is the greatest recognition of our work. It is testament to the trust we have earned with existing clients and the strength of our brand in attracting new clients. An expanding asset base is also the beginning of a virtuous circle, supporting our competitive standing in our chosen markets and making us an employer of choice for talented employees. Larger business volumes contribute to operational efficiency and enable us to invest in making our offering more scalable while simultaneously retaining the highly personal touch in serving our clients.

In addition, we continue to utilise our expertise in finding and executing targeted and successful acquisitions. The takeover of the well-established Reliance Group in Brazil, announced in January this year, was closed at the beginning of June. This step substantially strengthens our existing local business managed under the GPS brand. In Italy, at the beginning of this year we increased our participation in local wealth manager Kairos in a third step to 100%. And in a pioneering move, in March we announced the establishment of a joint venture with Siam Commercial Bank in Thailand, targeting the rising demand for international wealth management from the growing group of wealthy Thai private clients.

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1 Excluding integration and restructuring expenses, the amortisation of intangible assets related to acquisitions or divestments as well as provisions and losses
Client centricity is at the core of our advice to clients. Julius Baer – Your Wealth is our holistic client advisory approach that brings together all the qualities of pure private banking as we have practiced it for generations, with the content renewed for this day and age and powered with modern technology. Your Wealth has already made a real difference in how we serve our clients, allowing us to tailor solutions even more to a client’s interests, passions and ambitions at any stage of her or his life – covering investment, financing and wealth planning – and to implement those solutions in a faster and more efficient manner. As such, it is a key investment in longer-term organic growth.

Our Group is in an excellent position. With a BIS total capital ratio of 20.2% and a BIS CET1 capital ratio of 13.7% at mid-year, Julius Baer solidly exceeds the regulatory minimums as well as the Group’s own floors. We are well regarded as trusted advisor of choice and a leader in our industry. We owe this to our focused strategy and its relentless implementation. Julius Baer is dedicated to one business: pure private banking. And that is why our clients choose to work with us. With over 6,500 employees sharing the same vision of shaping private banking with pioneering spirit, always ensuring our advice is personal, advancing our strategy is an inspiring and ever-exciting journey.

Thank you for your continued interest and trust in Julius Baer.
FINANCIAL PERFORMANCE IN FIRST HALF 2018

In the first half of 2018, net profit grew significantly on the back of a further increase in client assets and continued robust net inflows, a stable gross margin and a further improvement in the cost/income ratio¹. The Group’s capital position remained solid.

Assets under management (AuM) ended the first six months at CHF 400 billion, an increase of over CHF 11 billion, or 3%, since the end of 2017. The growth in AuM was driven by net new money of CHF 10 billion, complemented by CHF 4.5 billion from the acquisition of 95% of Reliance Group in Brazil (successfully completed on 4 June 2018), and a positive currency impact of CHF 1 billion. These positive contributions were partly offset by negative market performance of CHF 4 billion, as leading stock markets in Switzerland, Europe and Asia edged lower towards the end of the first half.

The annualised net new money growth rate of 5.1% was well inside the Group’s medium-term target range of 4–6%.

Including assets under custody of CHF 68 billion, total client assets grew by 2% from year-end 2017 to CHF 467 billion.

Operating income rose to CHF 1,789 million. The increase of 12% compared to H1 2017 was in line with the growth in monthly average AuM (to CHF 391 billion), resulting in a largely unchanged gross margin of 91.5 basis points (bp) (H1 2017: 91.6 bp).

Net commission and fee income rose by 10% to CHF 1,015 million, driven by an 11% increase in asset-based fee income and an 8% rise in brokerage commissions. Despite increased AuM, the contribution from Kairos was modestly lower.

¹ Calculated using adjusted operating expenses, excluding provisions and losses.
## CONSOLIDATED INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>H1 2018 CHF m</th>
<th>H1 2017 CHF m</th>
<th>H2 2017 CHF m</th>
<th>Change to H1 2017 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest and dividend income</td>
<td>553.5</td>
<td>566.3</td>
<td>421.4</td>
<td>-2.3</td>
</tr>
<tr>
<td>Net commission and fee income</td>
<td>1,015.5</td>
<td>921.8</td>
<td>1,008.7</td>
<td>10.2</td>
</tr>
<tr>
<td>Net trading income</td>
<td>206.3</td>
<td>90.0</td>
<td>213.6</td>
<td>129.1</td>
</tr>
<tr>
<td>Net impairment losses/(recoveries) on financial assets</td>
<td>-0.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other ordinary results</td>
<td>13.2</td>
<td>13.7</td>
<td>16.6</td>
<td>-3.7</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td><strong>1,788.8</strong></td>
<td><strong>1,591.8</strong></td>
<td><strong>1,660.4</strong></td>
<td><strong>12.4</strong></td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>845.9</td>
<td>761.5</td>
<td>787.5</td>
<td>11.1</td>
</tr>
<tr>
<td>General expenses&lt;sup&gt;2&lt;/sup&gt;</td>
<td>317.4</td>
<td>294.4</td>
<td>332.0</td>
<td>7.8</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>42.8</td>
<td>42.2</td>
<td>46.1</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Adjusted operating expenses</strong></td>
<td><strong>1,206.1</strong></td>
<td><strong>1,098.1</strong></td>
<td><strong>1,165.5</strong></td>
<td><strong>9.8</strong></td>
</tr>
<tr>
<td>Profit before taxes</td>
<td><strong>582.7</strong></td>
<td><strong>493.7</strong></td>
<td><strong>494.9</strong></td>
<td><strong>18.0</strong></td>
</tr>
<tr>
<td>Income taxes</td>
<td>103.1</td>
<td>90.2</td>
<td>92.8</td>
<td>14.4</td>
</tr>
<tr>
<td><strong>Adjusted net profit for the Group</strong></td>
<td><strong>479.6</strong></td>
<td><strong>403.6</strong></td>
<td><strong>402.1</strong></td>
<td><strong>18.9</strong></td>
</tr>
<tr>
<td>IFRS net profit for the Group&lt;sup&gt;3&lt;/sup&gt;</td>
<td><strong>443.8</strong></td>
<td><strong>356.8</strong></td>
<td><strong>359.1</strong></td>
<td><strong>24.4</strong></td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of Julius Baer Group Ltd.</td>
<td>479.6</td>
<td>399.1</td>
<td>393.8</td>
<td>20.2</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>4.5</td>
<td>8.3</td>
<td>-100.0</td>
</tr>
<tr>
<td><strong>Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)</strong></td>
<td><strong>2.20</strong></td>
<td><strong>1.84</strong></td>
<td><strong>1.82</strong></td>
<td><strong>19.6</strong></td>
</tr>
</tbody>
</table>

### Key performance ratios

- **Cost/income ratio<sup>4</sup>**
  - 67.3%
  - 69.1%
  - 68.9%
- **Gross margin (basis points)**
  - 91.5
  - 91.6
  - 88.0
- **Pre-tax margin (basis points)**
  - 29.8
  - 28.4
  - 26.2
- **Tax rate**
  - 17.7%
  - 18.3%
  - 18.8%

---

<sup>1</sup> Adjusted results derived by excluding from the reviewed IFRS financial statements the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments.

<sup>2</sup> Including provisions and losses.

<sup>3</sup> Reconciliation with adjusted net profit for the Group is detailed in the table on page 8.

<sup>4</sup> Calculated using adjusted operating expenses, excluding provisions and losses.
Net interest and dividend income declined by 2% to CHF 554 million. It included CHF 159 million of dividend income on trading portfolios, down 12% year-on-year. Excluding this item, underlying net interest and dividend income was up 2% at CHF 395 million, as the benefit of higher loan volumes and rates was largely offset by a reduction in the portfolio of financial assets as well as an increase in US dollar interest rates payable on client deposits.

Net trading income went up by 129% to CHF 206 million. Including the dividend income related to trading portfolios, underlying net trading income increased by 35% to CHF 365 million. This improvement follows a rise in overall FX and structured products-related trading income.

Other ordinary results (which among other items includes income from associates, rental income and net gains/losses from the disposal of investments from the financial assets portfolio) was essentially unchanged at CHF 14 million.

Operating expenses according to IFRS rose by 8% year-on-year to CHF 1,246 million, driven by an 11% increase in personnel expenses to CHF 847 million, a 3% increase in general expenses to CHF 320 million, a 5% increase in amortisation to CHF 60 million and a 6% decrease in depreciation to CHF 19 million.

As in previous years, in the analysis and discussion of the results in the Business Review, adjusted operating expenses exclude acquisition-related integration and restructuring expenses (CHF 4 million, a decrease of 80% from the CHF 20 million in H1 2017) as well as the acquisition-related amortisation of intangible assets (CHF 36 million, versus CHF 35 million in H1 2017). Adjusted operating expenses increased by 10% to CHF 1,206 million.

‘The number of relationship managers grew by 79 to 1,475, reflecting successful hiring as well as the inclusion of 13 RMs from Reliance Group.’

At 6,643 full-time equivalents (FTEs), personnel rose by 7%, or 438 FTEs, in the twelve months since 30 June 2017, and by 6%, or 351 FTEs, in the six months since the end of 2017. Compared to the first half of 2017, the monthly average number of employees increased by 5% to 6,451. The number of relationship managers (RMs) grew to 1,475, an increase of 94 compared to the end of June 2017, and an increase of 79 since the end of 2017, reflecting successful hiring as well as the inclusion of 13 RMs from Reliance Group.

Following the rise in average levels of staff and an increase in performance-related remuneration, adjusted personnel expenses went up by 11% to CHF 846 million.

Adjusted general expenses went up by 8% to CHF 317 million, driven mainly by increased marketing spend, a rise in general expenses resulting from the higher staff levels, and to a smaller extent because of a CHF 4 million increase in adjusted provisions and losses.
Adjusted depreciation decreased by 5% to CHF 19 million and adjusted amortisation rose by 7% to CHF 24 million. The growth in adjusted amortisation mainly reflects the rise in IT-related investments in recent years.

The adjusted cost/income ratio\(^1\) improved from 69.1% in H1 2017 to 67.3%, comfortably inside the 64–68% medium-term target range, as higher expenses were more than offset by a robust growth in revenues.

IFRS profit before taxes rose by almost 24% year-on-year to CHF 543 million. As income taxes increased by 20% to CHF 99 million, net profit for the Group grew by more than 24% to CHF 444 million. After considering non-controlling interests in H1 2017 of CHF 4 million, the increase in net profit attributable to shareholders of Julius Baer Group Ltd. was 26% in H1 2018, and EPS rose, also by 25%, to CHF 2.04.

‘The adjusted cost/income ratio\(^1\) improved from 69.1% in H1 2017 to 67.3%, comfortably inside the 64–68% medium-term target range.’

Adjusted profit before taxes grew by 18% to CHF 583 million and the adjusted pre-tax margin improved to 29.8 bp, closer to the 30 bp medium-term target. The related income taxes were CHF 103 million, representing a tax rate of 17.7%, compared to 18.3% in H1 2017.

Adjusted net profit for the Group\(^2\) increased by 19% to CHF 480 million. After considering adjusted non-controlling interests in H1 2017 of CHF 4 million, the rise in adjusted net profit attributable to shareholders of Julius Baer Group Ltd. was 20% in H1 2018, and adjusted EPS grew, also by 20%, to CHF 2.20.

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### Breakdown of assets under management by asset mix

<table>
<thead>
<tr>
<th></th>
<th>30.06.2018</th>
<th>30.06.2017</th>
<th>31.12.2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>28%</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>Investment funds</td>
<td>26%</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>Bonds/convertibles</td>
<td>19%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Client deposits</td>
<td>18%</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Structured products</td>
<td>6%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Money market instruments</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

---

\(^1\) Calculated using adjusted operating expenses, excluding provisions and losses.
\(^2\) Cf. footnote 1 to the table on page 5
Balance sheet and capital development
Since the end of 2017, total assets increased by CHF 6 billion, or 6%, to CHF 104 billion. Despite the increase in AuM, the total loan book remained stable at CHF 47 billion − comprising CHF 37 billion of Lombard loans and CHF 10 billion of mortgages. As deposits rose by CHF 3 billion, or 4%, to CHF 70 billion, the loan-to-deposit ratio came down somewhat to 66% (end of 2017: 69%). Total equity attributable to shareholders of Julius Baer Group Ltd. was at CHF 5.8 billion, a decrease of less than 1%.

Following a partial reinvestment of the Group’s excess capital into accretive acquisitions, i.e. the residual 20% stake in Kairos (Italy) acquired in January 2018 and 95% of Reliance Group (Brazil) purchased in June 2018, CET1 capital increased to CHF 2.7 billion (compared to fully-applied CET1 capital of CHF 2.6 billion at the end of 2017). Mainly as a consequence of the repayment in March 2018 of the CHF 250 million of perpetual Tier 1 bonds issued on 18 September 2012, BIS Tier 1 capital decreased to CHF 3.9 billion (compared to fully-applied Tier 1 capital of CHF 4.1 billion at the end of 2017) and BIS total capital also to CHF 3.9 billion (compared to fully-applied total capital of CHF 4.2 billion at the end of 2017).

As risk-weighted assets decreased slightly, by 1%, to CHF 19.5 billion, the BIS CET1 capital ratio rose to 13.7% at the end of June 2018 (compared to 13.5% fully-applied at the end of 2017) while the BIS total capital ratio came down modestly to 20.2% (compared to 21.2% fully-applied at the end of 2017). The redemption of the Tier 1 bonds and a 6% increase in the leverage exposure, to CHF 102 billion, were the main drivers of the reduction in the Tier 1 leverage ratio to 3.8% (compared to 4.2% fully-applied at the end of 2017).

At these levels, the Group’s capitalisation continues to be solid: the CET1 and total capital ratios remain well above the Group’s own floors of 11% and 15% and significantly in excess of the regulatory minimums of 8.1% and 12.3% respectively, while the Tier 1 leverage ratio is comfortably above the 3.0% regulatory minimum.

Reconciliation consolidated financial statement
1
IFRS to adjusted net profit

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2017</th>
<th>H2 2017</th>
<th>Change to H1 2017 in %</th>
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</thead>
<tbody>
<tr>
<td>IFRS net profit attributable to shareholders of Julius Baer Group Ltd.</td>
<td>443.8</td>
<td>353.2</td>
<td>351.6</td>
<td>25.7</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>3.7</td>
<td>7.5</td>
<td>-100.0</td>
</tr>
<tr>
<td>Profit after tax for the Group per consolidated Financial Statements (IFRS)</td>
<td>443.8</td>
<td>356.8</td>
<td>359.1</td>
<td>24.4</td>
</tr>
<tr>
<td>Amortisation of intangible assets related to previous acquisitions or divestments ²</td>
<td>36.2</td>
<td>34.9</td>
<td>37.1</td>
<td>3.8</td>
</tr>
<tr>
<td>Integration, restructuring and transaction costs</td>
<td>4.0</td>
<td>20.0</td>
<td>10.2</td>
<td>-80.0</td>
</tr>
<tr>
<td>Tax impact</td>
<td>-4.3</td>
<td>-8.1</td>
<td>-4.3</td>
<td>-47.1</td>
</tr>
<tr>
<td>Net impact</td>
<td>35.9</td>
<td>46.7</td>
<td>43.0</td>
<td>-23.2</td>
</tr>
<tr>
<td>Adjusted net profit for the Group</td>
<td>479.6</td>
<td>403.6</td>
<td>402.1</td>
<td>18.9</td>
</tr>
</tbody>
</table>

1 Detailed financial statements are available in the Half-Year Report 2018
² Further details on transaction-related amortisation can be found in the presentation to Investors, Analysts and Media
# Consolidated Balance Sheet

### Assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due from banks</td>
<td>11,863.8</td>
<td>6,855.1</td>
<td>8,308.9</td>
<td>42.8</td>
</tr>
<tr>
<td>Loans to customers¹</td>
<td>46,661.6</td>
<td>40,733.4</td>
<td>46,623.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Trading assets</td>
<td>9,411.0</td>
<td>10,287.4</td>
<td>12,751.8</td>
<td>-26.2</td>
</tr>
<tr>
<td>Financial assets measured at fair value through other comprehensive income</td>
<td>13,044.1</td>
<td>16,335.5</td>
<td>12,246.5</td>
<td>6.5</td>
</tr>
<tr>
<td>Goodwill and other intangible assets</td>
<td>2,955.5</td>
<td>2,846.1</td>
<td>2,872.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Other assets</td>
<td>19,624.1</td>
<td>16,093.4</td>
<td>15,114.4</td>
<td>29.8</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>103,540.2</strong></td>
<td><strong>93,150.8</strong></td>
<td><strong>97,917.6</strong></td>
<td><strong>5.7</strong></td>
</tr>
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### Liabilities and Equity

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</thead>
<tbody>
<tr>
<td>Due to banks</td>
<td>8,219.5</td>
<td>6,089.5</td>
<td>7,209.5</td>
<td>14.0</td>
</tr>
<tr>
<td>Deposits from customers</td>
<td>70,236.7</td>
<td>65,763.3</td>
<td>67,636.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Financial liabilities designated at fair value</td>
<td>13,824.8</td>
<td>11,201.7</td>
<td>11,836.7</td>
<td>16.8</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>5,470.5</td>
<td>4,668.8</td>
<td>5,380.5</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>97,751.5</strong></td>
<td><strong>87,723.3</strong></td>
<td><strong>92,063.6</strong></td>
<td><strong>6.2</strong></td>
</tr>
<tr>
<td>Equity attributable to shareholders of Julius Baer Group Ltd.</td>
<td>5,788.7</td>
<td>5,406.1</td>
<td>5,824.5</td>
<td>-0.6</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>21.4</td>
<td>29.5</td>
<td>-100.0</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>5,788.7</strong></td>
<td><strong>5,427.5</strong></td>
<td><strong>5,854.0</strong></td>
<td><strong>-1.1</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td><strong>103,540.2</strong></td>
<td><strong>93,150.8</strong></td>
<td><strong>97,917.6</strong></td>
<td><strong>5.7</strong></td>
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### Key Performance Ratios

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</thead>
<tbody>
<tr>
<td><strong>Loan-to-deposit ratio</strong></td>
<td>66%</td>
<td>62%</td>
<td>69%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Book value per share outstanding (CHF)²</strong></td>
<td>27.2</td>
<td>25.6</td>
<td>27.3</td>
<td>-0.2</td>
</tr>
<tr>
<td><strong>Return on tangible equity (ROTE) annualised³</strong></td>
<td>33.0%</td>
<td>31.6%</td>
<td>28.6%</td>
<td>-</td>
</tr>
</tbody>
</table>

### BIS Statistics

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<tbody>
<tr>
<td><strong>Risk-weighted assets</strong></td>
<td>19,471.0</td>
<td>20,564.2</td>
<td>19,576.0</td>
<td>-0.5</td>
</tr>
<tr>
<td><strong>BIS total capital</strong></td>
<td>3,934.9</td>
<td>3,800.4</td>
<td>4,298.5</td>
<td>-8.5</td>
</tr>
<tr>
<td><strong>BIS CET1 capital</strong></td>
<td>2,676.6</td>
<td>3,060.3</td>
<td>3,260.8</td>
<td>-17.9</td>
</tr>
<tr>
<td><strong>BIS total capital ratio</strong></td>
<td>20.2%</td>
<td>18.5%</td>
<td>22.0%</td>
<td>-</td>
</tr>
<tr>
<td><strong>BIS CET1 capital ratio</strong></td>
<td>13.7%</td>
<td>14.9%</td>
<td>16.7%</td>
<td>-</td>
</tr>
</tbody>
</table>

¹ Mostly Lombard lending and mortgages to clients
² Based on shareholders’ equity
³ Adjusted net profit attributable to shareholders/(half-yearly) average shareholders’ equity less goodwill and other intangible assets
BUSINESS DEVELOPMENT IN FIRST HALF 2018

During the first half of 2018, we continued to implement our strategy of expanding our presence in growth markets, by adding new teams, making acquisitions and closing a joint venture. In addition, we pushed forward with our efforts to make our business more scalable and efficient.

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

Julius Baer’s new core banking system in Asia was introduced successfully at the end of March 2018. Based on Temenos T24 banking software, the platform has been implemented in the Asian booking centres of Singapore and Hong Kong. It lays the operational and technical foundation for Julius Baer’s further growth in the region and the digitalisation of business processes.

Luxembourg completed the first step of its transformation into Julius Baer’s European hub at the end of 2017. All client relationships managed out of the advisory locations of Luxembourg, Madrid, Amsterdam and Dublin are now booked in Luxembourg. Consequently, the Luxembourg entity was renamed Bank Julius Baer Europe S.A. effective 1 July 2018. The local platform’s capabilities have been further enhanced through the Integrated Advisory Platform to even better support the user in the integrated MIFID II-compliant, end-to-end advisory process. In a second step, we are preparing the migration of clients booked in Monaco and Nassau to the Luxembourg platform. Ultimately, this will result in a fully streamlined operating model supported by unified booking centre capabilities for key EU markets.

Julius Baer – Your Wealth is our holistic client advisory approach to systematically derive the appropriate financial solutions for each client based on their unique situation, encompassing wealth planning, wealth management and wealth financing. The updated and expanded set of tools required for our relationship managers to deliver on this promise in a consistent and efficient fashion was first rolled out in our Swiss home market at the beginning of February this year. Other markets will follow, with the roll-out in the UK to start in the second half of 2018. This integrated approach to providing advisory services will ensure a consistent client experience as well as compliance with local rules and regulations primarily focusing on customer protection (see also page 18).

Following last year’s implementation of the MIFID II processes in the Group’s European locations and the enhancements achieved in the first half of 2018, the focus is now on preparing the Bank for similar legislation in Switzerland. Rolled out in stages, different aspects of compliance with the forthcoming FinfraG (infrastructure) and FIDLEG (services) legislation have either already been implemented in the affected booking centres of the Group or are in preparation. This includes a set of new advisory tools, which we continue to refine in order to facilitate the work of our relationship managers.
Evolving regulatory frameworks, such as the Common Reporting Standard (CRS) for the Automatic Exchange of Information (AEI), QI/FATCA or international tax offence prevention initiatives, resulted in system updates across the Group. Related compliance training efforts were rolled out to the entire Group – client-facing staff in particular – including mandatory certification programmes and corresponding refresher courses. Amid the movement towards international tax transparency, we maintained a constructive, proactive stance with our clients, informing them about developments and opportunities to solve potentially outstanding tax issues. The tax treatment of investment vehicles gained in importance in various markets and triggered projects focused on automation, allowing us to test some external solutions provided by FinTech start-ups.

Digitalisation continues to be the focus of various initiatives towards new and further improved tools and channels. The overarching aims are to constantly improve the client and user experience throughout all stages of the client journey, to reduce the time required to address future business needs and to further increase operational efficiency.

An example is the continued digitalisation of client documents in Switzerland. In this respect, our cooperation with Switzerland’s F10 FinTech Incubator and Accelerator Association has proven beneficial. We are evaluating a number of FinTech solutions for possible integration into our value chain (see also above). Furthermore, a new global robotics competence centre established in Switzerland, Luxembourg and Asia provides a standard platform and the related methodology that allows for assessing and implementing robotics cases within weeks.

Our international sponsoring cooperation with FIA Formula E reached another high point with the Julius Baer Zurich E-Prix 2018 at the beginning of June. This event, the first circuit motor race in Switzerland in more than 60 years, was also a huge opportunity to showcase Julius Baer’s capabilities in our home market. By opening a window into the future beyond the obvious topic of mobility, the innovative campaign centred on the motto How we invest today is how we live tomorrow.
Our locations in other parts of the world

- Europe
  - Brussels
  - Luxembourg
  - Manheim
  - Mannheim
  - Munich
  - Milan
  - Naples
  - Paris
  - Rome
  - Stockholm
  - Madrid
  - Athens
  - Lisbon
  - Frankfurt
  - Kiel

- Switzerland
  - Zurich
  - Geneva
  - Lausanne
  - Sion
  - Crans-Montana
  - Verbier
  - Lugano
  - St. Moritz
  - St. Gallen
  - Kreuzlingen
  - Basle
  - Lugano
  - St. Moritz
  - St. Gallen
  - Kreuzlingen

- Global Presence
  - Bahrain
  - Beirut
  - Manama
  - Kuwait
  - Baku
  - Moscow
  - Nicosia
  - Moscow
  - Berlin
  - Hamburg
  - Amsterdam
  - Duesseldorf
  - Frankfurt
  - Stuttgart
  - Munich
  - Vienna
  - Edinburgh
  - Leeds
  - Manchester
  - Denver
  - London
  - Guernsey
  - Monmouth
  - London
  - Dublin
  - London
  - Edinburgh
  - Manchester
  - Amsterdam
  - Duesseldorf
  - Frankfurt
  - Stuttgart
  - Munich
  - Vienna

**Notes:**
- Additional advisory locations in Bangalore, Chennai, Kolkata and New Delhi
- Julius Baer is present in Milan with Julius Baer Fiduciaria S.p.A.
- Julius Baer is present in Milan with Julius Baer Fiduciaria S.p.A.
OUR ACTIVITIES WITH CLIENTS

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

With our focus on pure private banking, client centricity is at the core of how we address the particular requirements of ultra-high net worth individuals (UHNWI), high net worth individuals (HNWI) and intermediaries. Thanks to our 14 locations across the country as well as our suite of fast growing digital channels, we continued to benefit from our close client proximity.

Our offering is structured to take into account the specific preferences of our Switzerland-based clients, such as risk appetite, home bias and pension provisioning, but also considers aspects related to their specific profession, non-financial assets and succession dynamics. In this context, our broad and growing suite of wealth planning services continued to gain in importance, supporting our growth ambitions and at the same time fostering client retention. To address the particular needs of entrepreneurs, we established a dedicated set of financing solutions, also in cooperation with external partners.

With the introduction of the final toolset of Julius Baer – Your Wealth at the beginning of February 2018, we further improved our offering. Your Wealth is the Group’s holistic advisory approach to serving clients through all stages of their lives. It enables Julius Baer to fully harness the Group’s broad investment, financing and wealth structuring expertise for the benefit of our clients.

Net new money inflows markedly improved in the first half year. Higher asset levels in combination with increased mandate penetration contributed to rising asset-based income and total revenues. Overall, margins remained stable year on year.

Europe
Europe is an important region for our Group where we see plenty of growth opportunities. Our booking centre in Luxembourg, complementing those in Switzerland, Germany and Guernsey, serves as the European hub for Julius Baer. This setup allows us to establish a fully streamlined operating model supported by unified booking centre capabilities for private banking clients and intermediaries of our advisory locations in Luxembourg, Madrid, Amsterdam and Dublin, in line with the latest regulatory requirements.

In a next step, we are looking to migrate accounts booked in Monaco and Nassau onto the Luxembourg platform as well.

In the first half of 2018, asset levels from European clients increased, driven by strong net new money inflows. While the introduction of MIFID II dampened client activity, margins held up well.

Germany is one of the most attractive wealth management markets in Europe. Despite being fragmented and mature, the German market continues to show sustainable growth rates. The strong reputation of the Julius Baer brand underlines the competitive market standing we have achieved through the successful expansion of our franchise in recent years. In the period under review, we continued to broaden our base of experienced relationship managers (RMs), for example by hiring additional teams in Munich and Frankfurt. A particular focus was on further developing our services for UHNWI clients. This initiative is complemented by a new, dedicated offering for family offices, in cooperation with an external provider.

Client proximity and local focus are essential differentiating factors for retaining existing clients and winning new ones. In the first half of 2018, we further extended our network of local offices by opening a new branch in Hanover. This increases our network to nine locations across the country.
Frankfurt-based Bank Julius Baer Germany Ltd.’s locally booked private client business showed robust momentum in the first half of 2018. Net new money inflows strongly improved during this period. On the back of higher asset levels and a rising share of asset-based income, total revenues increased.

Dutch clients are primarily served from Zurich and our local office in the Netherlands. We continued to benefit from the international capabilities our business model offers as well as from its client centricity.

The seeming dominance of a few large universal banks obscures the true business potential for clients seeking pure wealth management services in Spain. On the back of a further expanding RM base, our Madrid unit achieved strong net new money inflows.

We continued to gain market share in Monaco in the first half of 2018. The Bank now ranks among the top three wealth managers in the Principality. On the back of the continued expansion of our RM base, net new money inflows were again robust. The significantly higher asset base and sustained client activity resulted in rising revenues. We aim to further leverage the wealth management and booking centre capabilities of this important Group location, primarily for the benefit of our large and growing local client base but also for private clients and intermediaries from selected markets in Western and Eastern Europe, the Middle East and Latin America.

Italy is served from different Swiss locations. Local activities centre on specialised wealth and asset manager Kairos and on Julius Baer Fiduciaria S.p.A. in Milan, one of the largest fiduciary companies in the country. This combination of activities helped to increase the awareness of our brand among local clients. Italy’s business potential as one of the largest European markets in terms of savings remains intact despite intense competition. Parallel to the economic recovery gaining traction, business momentum started to pick up, mostly unaffected by the heightened political uncertainty.

At the beginning of 2018, the Group increased its participation in Kairos from 80% to 100%. The competitive suite of specialised Kairos funds continued to attract investor’s interest, resulting in gratifying net new money inflows in the first semester 2018. The increase in asset volume managed by Kairos was attributable in part to the intensified cooperation with Julius Baer. Several funds were again recognised for their outstanding performance over prolonged periods, among them Kairos International Sicav KEY and Italia. In addition, Kairos International Sicav PEGASUS was named Europe Best Performing Fund in 2017 by UCTIS Hedge Awards.

Our business activities in the United Kingdom are complemented by our business with UK-related international clients served from different Group locations. The development of regional offices in Manchester, Leeds and Edinburgh in 2017 significantly increased the scope of the addressable market, both for RMs and clients. Clients based outside of London and the South East, which account for two thirds of the UK’s wealth, show a higher propensity for wealth planning and discretionary solutions. On the back of a further strong increase of our RM base, both in London and in the regions, we achieved robust net new money inflows. Much of this was invested in discretionary mandates, which again showed outstanding performance. The share of asset-based income thus further increased.

Our business in the smaller yet dynamic wealth management market of Ireland is served from Dublin. Performance in the first six month of 2018 was good, both in terms of assets under management and revenues.

Russia, Central & Eastern Europe
This geographic area continues to be a key growth region for Julius Baer. Given persistent geopolitical, regulatory and economic uncertainties, however, the business environment during the first six months of the year was demanding. The size of our franchise, our market reach and our brand recognition continue to set us apart in the market. We aim to grow our market share, also via our expanding base of RMs. Revenues benefitted from higher asset levels and increased client activity. Some deleveraging and rising cash allocations, however, indicated clients’ more cautious risk stance.
We view the longer-term potential for the region as intact. Among the Commonwealth of Independent States, our focus markets are Russia and Kazakhstan. In Central and Eastern Europe, we focus on serving clients in the Czech Republic, Hungary and Poland. In addition to our office in Moscow, we serve clients in this attractive region also from various Group locations in Europe, the Middle East and Asia.

Asia

Asia continues to feature many of the world's fastest growing countries for wealth creation. As a result, the region now harbours the largest number of HNWIs worldwide and outpaces all other regions in the growth of HNWI wealth. Julius Baer is one of the region's largest and most focused private banking providers, and therefore we call Asia the Group's second home market. This makes us the first address for clients and intermediaries in search of a trusted advisor and service provider and puts us in an excellent position to take advantage of the region's strong rise in investable assets.

Julius Baer serves this diverse region from a number of locations, including Singapore, Hong Kong and India. We are currently focusing on five key markets to achieve organic growth: mainland China, Hong Kong, Indonesia, Singapore and India. Other promising markets and client segments in the region include Thailand and the Philippines, Japan as well as the regional intermediaries business. As a testament to our strong growth in the region, the front office teams in Singapore relocated to new premises at the beginning of June and now occupy one of the largest prime grade-A office floors in Asia.

Besides fostering organic growth, we also seek other means of developing our business in the region. At the beginning of March, we announced the establishment of a joint venture with Siam Commercial Bank in Thailand, targeting the rising demand for international wealth management services from the growing group of wealthy Thai private clients.

CUSTOMISATION MEETS TECHNOLOGY: JULIUS BAER MARKETS TOOLBOX

It sounds like a client's dream: your specific investment idea cast into an individual product and issued just for you – in almost no time, across a whole universe of underlying assets and in denominations hardly available elsewhere. Yet this is the reality of Markets Toolbox, the web-based real-time trading platform of Julius Baer’s Markets unit.

Markets Toolbox gives Julius Baer’s relationship managers access to a broad range of existing Julius Baer structured products with equities, indices, exchange traded funds, foreign exchange (FX) and precious metals (PM) as their underlying. Besides tailoring structured products on the spot, it also allows relationship managers to price and execute FX and PM transactions as well as over-the-counter options on behalf of their clients with just a few mouse clicks.

Built upon cutting-edge technology, Markets Toolbox is a powerful solution featuring streaming prices, immediate execution and automated end-to-end processing of transactions. It is a key structural element to further improve efficiency and scalability of our flow business and strongly contributes to an excellent client experience. In addition, it serves as the main digital platform for structured products and FX across the Group and runs on a 24-hour basis to cover the needs of Julius Baer's clients across the globe. The platform currently counts more than 3,000 active users.
While we continue to invest in our base of experienced RMs, our hiring efforts have become more selective, accompanied by strict management centred on RM performance. Combined with some deleveraging in clients’ portfolios, this tempered the inflow of net new money, which nevertheless remained at substantial levels. On the back of increased mandate penetration and strong client activity particularly at the beginning of the year, revenues and profitability improved year on year.

At the beginning of the year, Julius Baer was named Best Private Bank – Philippines International for the first time as well as Best Private Bank – IAM Services for the fifth time in the Asian Private Banker Awards for Distinction 2017.

In Japan, clients are served by our subsidiary Julius Baer Wealth Management Ltd. in Tokyo.

Julius Baer is one of the largest and best established foreign wealth managers in India. The domestic Indian market is covered from the five major cities of Mumbai, New Delhi, Kolkata, Chennai and Bangalore. In addition, Julius Baer serves a large and rising global base of non-resident Indians from different Group locations in Asia, the Middle East and Europe. This global India approach is a key differentiating factor of Julius Baer.

Business momentum remained strong in the first half of 2018. We successfully broadened our RM base both domestically and in the Group’s dedicated desks. Our open product platform was further enhanced to include specialised, domestic-oriented external solutions. We also continued to strengthen our internal research capabilities and complemented them via cooperation agreements with two renowned external research houses.

Eastern Mediterranean, Middle East & Africa
Despite the challenging political environment, subdued economic expansion and ever-changing regulatory regimes, we were able to maintain positive business momentum across the Eastern Mediterranean region as well as our chosen markets in the Middle East and Africa. We serve this diverse region primarily from our main regional hub in Dubai, complemented by local offices in Istanbul, Beirut, Manama, Abu Dhabi and Cairo as well as from a growing number of Group locations in Europe and Asia. Coverage includes the Middle Eastern markets, the Levant, Turkey and Greece. We successfully broadened our base of experienced RMs in several teams in the first six months of the year. Net new money inflows remained at attractive levels but below potential, mirroring clients’ propensity to reduce leverage in portfolios as well as the recent shifts in the USD exchange rate. Revenues, however, held up well.

Julius Baer ranks among the top foreign wealth managers in Israel. We serve this appealing but highly competitive market from a number of Group locations and locally from our Tel Aviv office. We achieved strong net new money inflows in the first half of 2018, contributing to higher assets under management. Despite clients’ subdued risk appetite, revenues improved. We target Israel’s significant wealth creation both domestically in a targeted fashion and via the global Israeli community.

Latin America
Political and economic difficulties as well as exchange rate movements continued to strongly influence the region’s development in the first half of 2018, however with marked differences between individual countries. This prevented the region from realising its full potential for growth and wealth creation.
Serving Latin American private clients and intermediaries both locally and increasingly from other key Group locations, we were able to accommodate both the emerging trend of clients seeking local investment solutions via our domestic platforms or through cooperation agreements with external partners as well as the requirements for international asset diversification. Overall, net new money inflows were muted in the first six months of the year, though there was wide disparity between individual markets. Despite this, revenues and profitability held up well.

We intend to capture the potential of this promising region by expanding our presence either organically, by further broadening our base of experienced RMs, or by seeking opportunities to develop a strong domestic presence in selected markets. The Brazilian market is a prime example of the latter approach. Our takeover of the well-established Reliance Group in Brazil, announced in January this year, was closed at the beginning of June. This step substantially strengthens our existing local business managed under the GPS brand.

In the first half of 2018, GPS continued to benefit from its strong competitive standing as one of Brazil’s largest independent asset managers. Net new money inflows remained robust and contributed to rising assets under management and revenues. The cooperation with NSC Asesores in Mexico was further deepened. The latter firm, in which Julius Baer holds a 40% participation, achieved strong net money inflows in the reporting period. At the same time, however, cautious clients and additional investments into the franchise weighed on profitability.

Intermediaries business
Our business with intermediaries, i.e. external asset managers (EAMs) and external financial advisors (EFAs), had a promising start to 2018. Business momentum accelerated in many markets as the year progressed, with a particularly high number of new EAM relationships materialising in the second quarter of the year. This development mirrored the findings of recent independent market surveys from around the globe: despite mounting regulatory and cost pressure, the EAM industry is looking to the future with confidence.

The successful completion of the technology and platform upgrade of Julius Baer’s European hub in Luxembourg also represented an important milestone for our local intermediaries business. This hub will particularly benefit from the lean and efficient structures, the expanded service and product offering as well as the enhanced technology platform, which will be rolled out to intermediaries via the web-based interface Baer®Online Intermediaries. Now that the platform is fully operational, there is currently a clear focus on signing new intermediaries and opening accounts for their clients.

Technology is crucial in our service proposition to intermediaries. Providing holistic advice in this business means supporting the intermediaries along their entire value chain. Julius Baer therefore focuses on providing an attractive digital access and offering via its dedicated intermediary platforms. Of particular relevance are connectivity services, which allow intermediaries to connect their systems more efficiently with ours for automated end-to-end processing. This complements their own drive for higher efficiency via investments into more sophisticated IT solutions.
The timely availability of investment views and recommendations as well as their skilful implementation in mandates and portfolios is ensured by our specialised units Investment Management (IM), Advisory Solutions (AS) and Markets, complemented by Global Custody.

**Investment Management**
IM is responsible for the disciplined and active management of client assets with the aim to achieve consistent risk-adjusted investment returns. Given the challenging political and economic environment, Multi-Asset-Class Mandates achieved a slight underperformance in the first semester 2018. CHF-based mandates were lagging somewhat due to adverse currency effects.

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

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

**Advisory Solutions**
The overarching mission of AS is to deliver *Julius Baer – Your Wealth*, our holistic client advisory approach, in a concerted manner across functions and in close cooperation with our front units.

The updated and expanded elements and tools of *Your Wealth*, rolled out for Switzerland-domiciled clients at the beginning of February 2018, facilitate the coordinated support of relationship managers by Julius Baer experts in the areas of wealth planning, wealth management and wealth financing. The result is a consistent client experience matching clients’ individual preferences. At the core of *Your Wealth* is the much enhanced Julius Baer Advisory Process, delivered via the new advisory service models.

Providing steady updates and fresh ideas to clients is an integral part of the Advisory Process. The most important views on risks and opportunities in financial markets are shared with clients according to their individual preferences, aided by the robo-assistant functionality of our *Integrated Advisory Platform*, a key technology in the implementation of the *Your Wealth* approach. After its successful implementation in Switzerland and the European locations booked in Luxembourg, we began rolling out the new Advisory Process for clients advised out of the UK. The UK roll-out of *Your Wealth* is in preparation and will start later this year.

Both our Advice Advanced and Advice Premium Mandates, our new service models aimed at clients seeking financial advice from our experienced and dedicated investment advisors and investment partners, saw a substantial increase in the number of accounts and related assets under management. In the first half of 2018, we implemented a stronger regional approach and structure, allowing our international locations to further improve and tailor their services. This network also facilitated the distribution of investment content covering themes such as ‘Future Mobility’, ‘Think Yellow’ (gender-lens investing) and ‘Spotlight idea China’.

The new EU regulation MIFID II entered into force at the beginning of 2018. *Research* therefore redefined its processes for the use and compensation of primary research sourced externally. As a result, the access to expertise for our research analysts (for secondary research) is now more focused and fully transparent. In parallel, Julius Baer entered into a relationship with the independent research company Morningstar to offer a broad equity universe of more than 3,000 stocks globally across all sectors and regions. Julius Baer analysts in Hong Kong, Singapore and Switzerland will continue to cover the core universe of those 500+ stocks clients own or should own in their view.
INVESTMENT RESEARCH: FIRST HALF 2018 IN REVIEW

The first half of 2018 was characterised by a good economy, bad politics and mediocre market performance. The new notion for investors was that the worst risk for markets has become the markets themselves.

Growth: solid
The global economy was on cruising speed and turned in a solid performance in the first half of 2018. In terms of economic output, China grew at above 6%, the US by almost 3% and Europe at around 2% versus the previous year. This left global growth just shy of 4%, which is by far better than any growth rate of the past five years. At the same time, inflation was tame if not absent at around 3%. While the less volatile aggregates of inflation measures (ex food and energy) remained very subdued, the commodity part, in particular energy prices, started to rise. Yet there was no material feed-through of the commodity prices into the rest of the economy. So all in all, economists perceived the state of the world economy as ‘goldilocks’ – not too hot, not too cold.

Politics: messy
The contrast to the political arena could therefore not be starker: misguided policies all the way that made headlines a challenge for global financial markets. In particular, trade wars, geopolitical clashes and an impeachment risk in the US spurred uncertainties, aggravated by the hot phase of the forthcoming US mid-term elections. At the same time, Italian election woes reignited euro break-up fears. And last but not least, the Brexit project did not seem to go anywhere near a solution.

Performance: mixed
Given the strongly diverging signals from economic fundamentals versus political clamour, the performance of financial markets was mixed at best. Developed equity markets were marginally up, emerging markets more or less flat and US government bonds, emerging market bonds and long-dated corporate bonds even down. This was mirrored in the sector performance of stock markets where so-called bond proxies tanked and cyclical names soared. Bond proxies or stable earners like consumer staples, telecom services and utilities stocks used to be a panacea against falling yields for decades. Now as rates rose, stocks benefiting from rising growth prospects, such as information technology, consumer discretionary and energy stocks, fared way better than bond proxies. In commodity markets, energy stood, while gold trod water.

Risks: a new kid on the block
While the previous years were mostly about external shocks, the risk landscape changed at the outset of 2018 with a new kid on the block: market-intrinsic risks. Of course there have been flash crashes and major market-internal setbacks in the past, but with the flash crash in February this year, this caught up with investors’ perception of market risks. A 1987 type of setback seemed more likely than ever given the forces that made markets turn into self-defeating mode. The trouble there is that the probable trigger for such unpredictable moves lies very much in the dark as far as algorithmic trading and its consequences for market setbacks are concerned. For the time being, investors are aware of these risks without being able to properly model them.
The global Wealth Planning unit further enhanced its presence and capabilities and showcased them at many client events. When refining our business model, we strongly focus on proximity to our clients and engineer solutions which help the clients to meet their personal objectives in the most efficient way. This includes value-adding support services, enabling clients to meet the demands of local authorities. We continued to enhance our global network of external wealth planning specialists. The 700 providers added will complement our internal know-how, also with niche products. The enhancement of our digital platform helps us to manage our comprehensive offering efficiently and build strong intelligence across the globe, for the benefit of our clients.

Advisory Solutions Asia serves our second home market. In the first half of 2018, assets under management for both Wealth Planning and Advisory Mandates recorded strong growth year on year. We continue to seek out opportunities to broaden our Asian funds offering landscape by launching new private equity funds. The closer collaboration fostered in Asia between AS and IM has allowed clients to benefit from the best of discretionary and advisory solutions, catered to their individual needs. Our Market Outlook Series serves as an important platform to articulate our high conviction investment ideas to clients. Alpha Conferences give us the opportunity to share our key investment strategies and to connect our clients with the best-in-class fund managers. Complementing our flagship publication Wealth Report: Asia, in May 2018 we launched a special feature on luxury wine, a key component of the Julius Baer Lifestyle Index.

Markets
The Markets unit caters to the Group’s private banking clients and serves direct and institutional client segments with trade execution, product structuring and advisory services across all asset classes. Our efficient transaction and risk management infrastructure, combined with comprehensive market access via a large counterparty network, ensures the high quality level of our execution and trading activities. Between the centres in Zurich and Singapore, we offer 24-hour availability for sophisticated clients. The access to our experts for relationship managers and direct clients ensures comprehensive support in all execution, trading and structuring-related matters.

Complementing the Julius Baer open product platform, Markets plays an important role as manufacturer of structured products issued by Julius Baer.

The Markets Toolbox, a real-time platform for structured products, currencies and precious metals, is a key enabler to achieve a high level of customer experience and service efficiency (see page 15). Continued investments in the Markets Toolbox and the structured product offering have further supported the remarkable growth of this important asset class.

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

In response to the changing business environment and requirements of different target groups, an enhanced service offering has been rolled out to institutional clients, investment funds, UHNWIs and family offices. The business covers the full range of country-specific expertise and client-oriented solutions comprising a wide variety of products and services, including custody, asset and depository services as well as transaction banking and access to a wealth of other value-adding bank capabilities such as analytics and reporting.
The Group’s employee base grew by 351 or 5.6% in the first six months of the year, to 6,643 FTEs (full-time equivalents) at the end of June 2018.

Expanding our base of experienced relationship managers (RMs) remains an important element of our strategy to achieve sustainable, profitable growth. We were able to further increase the total number of experienced RMs by 79 individuals (net) to 1,475 RMs in the first half of 2018, including 13 RMs from newly acquired Reliance Group. The residual net increase of 66 RMs is well in line with our intention to hire about 80 RMs annually (net) and reflects a seasonal tilt in hiring in favour of the first half of the year.

Julius Baer is present in more than 50 locations worldwide and employs people from well over 100 different nations. This variety of unique backgrounds, skill sets, experiences and capabilities broadens our perspective when addressing today’s business challenges. Yet, from a human resources point of view, diversity does not stop here. In order to cover the topic comprehensively and to achieve a lasting impact on our employee population over time, several diversity initiatives have been integrated into the Group’s comprehensive transformation programme, whose goal is to make Julius Baer fit for the future.

These initiatives comprise seven offerings that aim to further increase Julius Baer’s attractiveness as the employer of choice in wealth management and cover gender, age and work culture, amongst other aspects. The initial set of pilot programmes was launched in the first half of 2018, addressing topics such as unconscious bias training to develop a work culture that embraces diversity, MyBrand training to improve the unique selling proposition of engaged employees and reverse mentoring to close the generation gap.

In this context, gender distribution continues to be of particular importance at Julius Baer. To further increase the share of women in our workforce (41.4% at 30 June 2018, of which 26.5% in senior ranks, up from 17.6% in 2009), we have established an initial dedicated networking platform for senior women executives in Switzerland, spurring knowledge exchange and interactive dialogue. And encouraged by the success of the first Senior Women Mentoring Programme, we have just launched a second edition, comprising 35 mentorship pairs within an enlarged geographic scope.

Our efforts to position Julius Baer as the employer of choice also for the next generation of employees have been recognised by graduates in Switzerland, as reflected in a recent study by Universum on the Most Attractive Employers. Julius Baer was ranked third among Swiss private banks. In addition, Julius Baer received the Top Climber Award for the highest improvement in overall ranking since the study’s 2017 edition.
OUR COMMITMENT

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

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

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

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

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

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

In our home market of Switzerland, a dedicated framework actively encourages staff to assume roles in political bodies in the militia system of politics or in social areas alongside their regular work.
Poverty and the lack of basic services, particularly regarding health care, often go hand in hand. To break this vicious cycle in rural Bangladesh, the Julius Baer Foundation supports a multiyear project led by partner organisation Swisscontact, motivating young adults to become community paramedics.

The project’s aims are twofold: the first of these is to provide some 180,000 people in the remoter parts of the country with access to first-line medical assistance. The community paramedics will bring relief by treating both frequent and relatively uncomplicated diseases and by providing support during pregnancies and births.

Of equal importance is the project’s second aim, increasing the incomes of those who graduate from the two-year medical training course. Graduates are encouraged to seek employment at local clinics. Alternatively, they are given support in becoming independent professionals, as in the case of 24-year-old Marzia: ‘I never really thought that I could do both, i.e. look after my family and at the same time make such a respectable living.’

The success of the project strongly depends on training quality and the close relationship with the communities. Six locally rooted training institutes are currently educating 480 young adults. Regular exchange with civil society organisations ensures that people living in the project districts raise their awareness for health topics such as nutrition and hygiene. This in turn strengthens the trust in the new health professionals, so they are seen as an effective alternative or supplement to traditional healers.

The Julius Baer Foundation focuses its activities on the three core areas of Vocational Training, Recycling PLUS and Wealth Inequality. More information about their scope, the full range of projects currently supported and how to donate is available at www.juliusbaer.com/foundation
IMPORTANT DATES

Publication of Interim Management Statement: 20 November 2018
Publication of 2018 annual results: 4 February 2019
Annual General Meeting: 10 April 2019

CORPORATE CONTACTS

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

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

Media Relations
Jan Vonder Muehll
Telephone +41 (0) 58 888 8888

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

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


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