II. REMUNERATION REPORT

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

After almost a decade of sustained economic growth, Julius Baer Group's first full year under the stewardship of our Chief Executive Officer (CEO), Bernhard Hodler, was a tale of two halves: record results up to 30 June and a more challenging period in the last six months of the year. Through the CEO's leadership, we have continued to manage the business with prudence and to position it for future success.

Julius Baer Group (Julius Baer or the Group) made significant strides this year to refine its ambition for the future. Building on its history, core values, and strengths the Group set its vision to be the world's most personal and pioneering pure wealth manager.

Through this vision, the Group places an increased focus on improving our clients' overall experience, throughout their interactions with Julius Baer, while at the same time working to attract, retain and motivate employees who deliver best-in-class service. In this regard, the Group took steps in 2018 to expand our service model (Julius Baer Your Wealth) and overall digital services, enhance client offerings, strengthen and scale our investment management capabilities, and improve our client knowledge to serve them better and ultimately add to our strong reputation. From an employee perspective, we pushed forward with empowering our employees by promoting individual accountability, accentuating qualitative performance and risk awareness in business activities, and upgrading tools to assist them in providing suitable, client-focused advice.

Our compensation framework, which incorporates significant levels of deferred compensation, long-term performance periods and a balanced mix of cash and equity awards, did not materially change in the year under review. While we continue to review and implement minor changes to our compensation policy to ensure continued compliance with local regulations in our operating locations, we believe the overall compensation framework remains consistent with the promotion of value creation for all stakeholders. The continued application of this framework provides consistency to our employees, while promoting risk-appropriate growth, applying best practices defined by regulators and peers, and supporting our overall business strategy in a responsible way.

While the year was financially turbulent, the Group's adjusted net operating profit before bonus and taxes (the baseline for the Group's variable compensation pool funding) remained stable in 2018. The available bonus pool also reflected a year of stability with the overall value of the pool slightly decreasing relative to the prior year, following the Group's normal variable compensation pool funding process.

In the upcoming year, the Group will continue its efforts to strengthen our culture through the cornerstones of our vision. Building long-lasting relationships, both internally with our employees (via programmes such as our Julia@Baer networking platform, Career Manager, Coach Approach to Leadership and various mentoring offerings) and externally with our clients (by providing specific, empathetic and differentiating advice), is seen as fundamental to our growth. In addition, we recognise that disciplined and prudent risk-taking are key factors in sustainable success and, as such, our goals also emphasise and reward appropriate behaviours.

We would like to take this opportunity to thank you for the confidence that you have consistently demonstrated in Julius Baer and our compensation framework over the past years. In 2018 we have taken steps to modify our Remuneration Report to simplify and improve the overall presentation, while maintaining the same level of disclosure you are accustomed to receiving. We believe that this new structure will prove helpful to shareholders, who will again be asked to vote on the compensation arrangements for the Board of Directors and the Executive Board disclosed in this Remuneration Report. In addition, mirroring the importance we place on engaging with our shareholders on compensation matters, a consultative vote on the Remuneration Report will again be conducted.

On behalf of the Board of Directors,

Daniel J. Sauter
Chairman

Gareth Penny
Chairman of the Compensation Committee

2018 REMUNERATION HIGHLIGHTS

The following summarises the key elements of Julius Baer Group Ltd.'s compensation programmes and key performance metrics utilised in the compensation decision-making process.

Group performance summary

In a challenging market environment, Julius Baer Group Ltd. (Julius Baer or the Group) completed the fiscal year with stable profitability and robust net new money growth. Performance can be summarised as follows:

Adjusted[1] net profit CHF 810 million (+0.5%)	Net new money CHF 17 billion (4.5% growth)	Assets under management CHF 382 billion (-1.6%)	Cost/income ratio[2] 70.6% (from 69.0%)
• Profits remained stable in 2018 • Adjusted earnings per share attributable to shareholders increased by 1.6% • IFRS net profit attributable to shareholders increased by 4.3%	• Robust inflows within target midterm range • Well-balanced throughout the year and across markets • Strong contributions from European and growth regions	• Supported by robust net new money • Offset by negative market performance and currency impact	• Increase driven by weaker gross margin and additional legal and restructuring expenses • Above medium-term target range

[1] Excluding from the audited IFRS financial statements the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments and the taxes on those respective items.

[2] Calculated using adjusted operating expenses, excluding provisions and losses.

Julius Baer has continued to receive external recognition in the industry through accolades for excellence:
- Private Banker International's Switzerland Awards: 'Outstanding Private Bank Switzerland – Domestic Player'
- Global Private Banking Awards 2018: 'Best Private Bank in the UAE'
- Private Banker International's Global Wealth Awards 2018: 'Outstanding Global Private Bank – Asia Pacific', 'Outstanding Private Bank for Growth Strategy', and 'Best Discretionary & Advisory Offering'
- The Asset's Triple A Private Banking and Wealth Management Awards 2018: 'Best Boutique Private Bank in Asia'
- Spear's Wealth Management Awards 2018: 'Private Bank of the Year (International)'

Sound compensation governance philosophy and practices

Julius Baer employs strong corporate governance practices including the following highlights:

✓ **Pay linked to performance**
Use of adjusted net operating profit before bonus and taxes as baseline for the available bonus pool size directly links variable compensation to the performance of the Group

✓ **Risk governance**
Sound policies and procedures to manage operational and behavioural risks via qualitative assessment processes

✓ **Compensation benchmarking**
Annual review and assessment of compensation against peers within the Group's defined benchmarking quartiles

✓ **No 'golden' arrangements**
No additional entitlements upon joining/departing the Group or upon a change of control

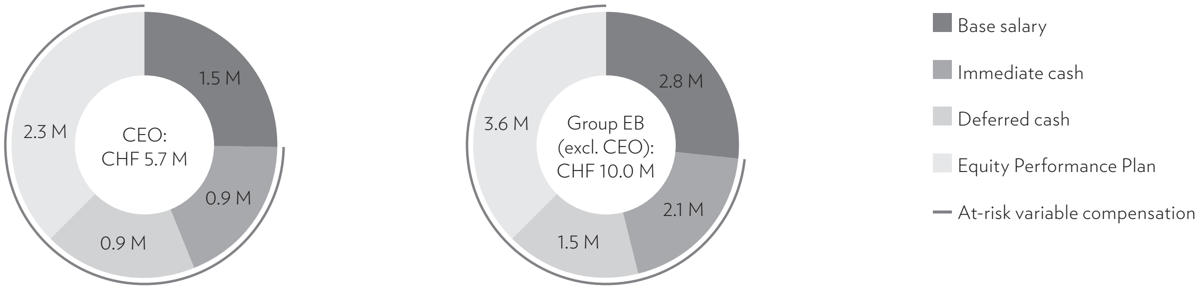
✓ **Pay at risk**
Significant portion of compensation deferred over 3 to 5 years subject to vesting and/or malus and clawback provisions

✓ **Shareholder-aligned compensation**
Equity-based deferred compensation linked to share price, relative shareholder return and Group cumulative economic profit

✓ **Strong shareholding guidelines**
Board of Directors (BoD) and Executive Board (EB) members subject to minimum shareholding requirements after a 3-year build-up period

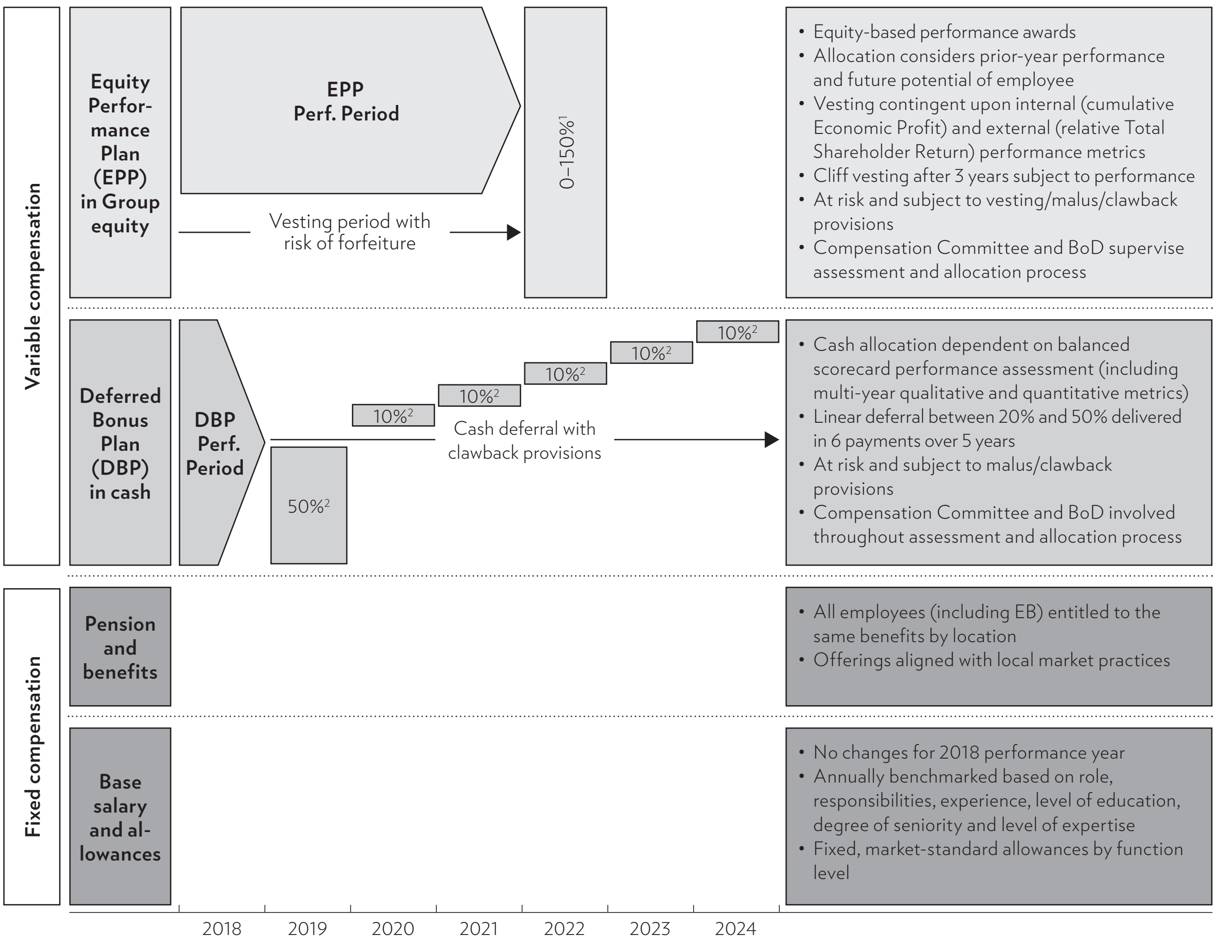
Pay linked to performance

Compensation of the EB is substantially linked to performance and reflects the dual objectives of being performance-oriented and risk-appropriate. The overall 2018 compensation decreased by 1.2% relative to the prior year (excluding replacements and pension fund, social security contributions and varia) with a significant portion of variable compensation awarded in deferred instruments.



Overview of Executive Board compensation structure

The total compensation package offered by Julius Baer has been designed to be competitive and reasonable. Through linkage to the past and future development of the Julius Baer Group's performance, it is aligned with stakeholder interests and encourages prudent risk management over a multi-year period.



[1] Subject to KPI performance; share allocation capped at 150% of Performance Units granted; vesting share value dependent on market performance.
[2] Deferrals from DBP range from 20% to 50% based on the level of the allocated bonus (example assumes 50% DBP deferral).

COMPENSATION GOVERNANCE

COMPENSATION COMMITTEE AUTHORITY AND RESPONSIBILITIES

Julius Baer operates a multi-tiered system of compensation governance, which ensures that there are clear processes governing all aspects of compensation. The Board of Directors sets the overall remuneration policy and retains full responsibility for designing and monitoring all aspects of the compensation paid to the Board of Directors and the Executive Board, which is paid in line with the compensation principles set forth in the Articles of Incorporation.

The Compensation Committee supports the Board of Directors in carrying out the Board's overall responsibility with regard to defining the Julius Baer Group's compensation principles and strategy. The Compensation Committee oversees the compensation of the Board of Directors (including the Chairman), Executive Board members (including the CEO) as well as that of all other employees of Julius Baer on a collective basis. This includes reviewing any compensation principles (changes to which have to be submitted for approval to the Board of Directors), reviewing and approving compensation policies relating to the Group as a whole as well as any compensation policies within the Group which are linked to the shares of Julius Baer Group Ltd. If relevant, the Compensation Committee also collaborates with other Julius Baer Group Committees (e.g. the Audit Committee and the Chairman's and Risk Committee) when shaping policy.

Every year, the Compensation Committee reviews the compensation elements and the share ownership programmes in the context of Julius Baer Group's current business strategy, market practice, the possible impact of new regulatory developments and feedback received from stakeholders. The Compensation Committee also carries out an annual review of the Group's compliance with these principles and policies and ensures that the relevant policies conform to national and international standards and regulations. For each group of recipients, the following table shows the procedures for recommendations and decisions on compensation:

Compensation recipient	Recommended by	Reviewed and agreed by	Approved by
Chairman of the Board of Directors	Chairperson of the Compensation Committee	Compensation Committee	Shareholders
Board of Directors members (excluding the Chairman)	Compensation Committee	Board of Directors	Shareholders
CEO	Chairman of the Board of Directors and Chairperson of the Compensation Committee	Compensation Committee/ Board of Directors	Shareholders
Executive Board (excluding the CEO)	CEO	Compensation Committee/ Board of Directors	Shareholders
Regulated staff (e.g. Key Risk Takers)	Line management	CEO/Executive Board	Compensation Committee
High-income earners	Line management	CEO/Executive Board	Compensation Committee

To avoid any conflicts of interest, the Chairman of the Board, the CEO and other members of the Executive Board do not participate in those segments of the Compensation Committee meetings, which serve to discuss and determine their proposed compensation.

The Compensation Committee consists of at least three members of the Board of Directors who are elected by the Annual General Meeting (AGM). The current Compensation Committee is made up of four members. In case decisions of a specialised nature are required, the Compensation Committee may seek advice from additional members of the Board of Directors.

Members: Gareth Penny (Chairperson), Gilbert Achermann, Heinrich Baumann and Richard M. Campbell-Breeden. As described in the 'Corporate Governance' section of the Annual Report, these four individuals are experienced Board members who have a broad range of expertise in the industry as well as in matters of governance.

The Compensation Committee convenes as often as required and holds a minimum of three meetings each year. During the year under review, the Compensation Committee held six meetings each lasting an average of 2.5 hours.

The following table shows the meetings held by the Compensation Committee of Julius Baer Group Ltd. in 2018 and the Committee members attending each meeting:

	January	April	June	September	October	December
Gareth Penny, Chairperson	x	x	x	x	x	x
Gilbert Achermann	x	x	x	x	x	x
Ann Almeida[1]	x	-	-	-	-	-
Heinrich Baumann	x	x	x	x	x	x
Richard M. Campbell-Breeden[2]	-	x	x	x	x	x
Daniel J. Sauter	G	G	G	G	G	-

[1] Left the Board of Directors at the Ordinary Annual General Meeting on 11 April 2018
[2] Joined the Committee in April 2018
G = attended meeting as guest except for segments of the meeting in which a conflict of interest might have arisen

COMPENSATION PRINCIPLES

The primary compensation principles of the Group are to:

- attract and retain industry professionals who are dedicated to contributing value to the Group;
- foster risk awareness and control, while ensuring full alignment with regulatory compliance;
- incentivise management by rewarding achieved performance and by providing incentives for the creation of future shareholder value; and
- ensure that performance-based variable compensation is in line with the Group's business strategy and relevant current market practice.

The compensation of the members of the Board of Directors and of the Executive Board is governed by and in line with the principles set out in the Articles of Incorporation (Article 11.3). These principles outline the structure and elements of compensation offered to the Board of Directors and the Executive Board as well as the roles and responsibilities related to the determination of Executive Board performance objective setting, metrics, measurement and decision-making processes.

Please refer to www.juliusbaer.com/group/en/julius-baer-at-a-glance/corporate-governance for the full provisions of the Articles of Incorporation.

PEER BENCHMARKING

It is important to the Compensation Committee and the Board of Directors that the Group ensures that its compensation practices, structure and pay levels (adjusted for performance) remain competitive within the marketplace and are consistent with those of its peers.

The Compensation Committee continues to consider the SMI as the most relevant peer group for the purposes of compensation comparison. However, it also looks at industry peers as part of its assessment of corporate governance practices and relative performance reviews. Taking into account the Group's market capitalisation and the complexity of the industry in which it operates, the Group's current positioning between the lower quartile and median of SMI companies remains appropriate. This peer group positioning continues to be reviewed annually.

Overview of peer groups for compensation benchmarking and relative performance review

Industry peer group		**Market peer group (SMI)**		
Credit Suisse	LODH	ABB	Nestlé	Swatch
DBS	Morgan Stanley	Adecco	Novartis	Swiss Life
Deutsche Bank	Pictet	Geberit	Richemont	Swiss Re
EFG	Standard Chartered	Givaudan	Roche	Swisscom
Goldman Sachs	UBS	LafargeHolcim	SGS	Zurich Insurance
HSBC	Vontobel	Lonza	Sika	

EXTERNAL ADVISERS

In 2018, Julius Baer obtained advice from HCM International Ltd. with regard to the valuation of equity-based awards. Boston Consulting Group (BCG) was engaged to provide compensation design strategy advice based on global trends within the financial sector. During the year, Willis Towers Watson and McLagan (a business division of Aon Hewitt) provided compensation survey data and analysis that was utilised internally by the Group for benchmarking purposes. KPMG AG was retained to provide global mobility advisory and expatriate income tax-related services. PricewaterhouseCoopers Ltd. (PwC) rendered assistance on the implementation of certain aspects of the Group's compensation framework. Ernst & Young AG (EY) was mandated to prepare an analysis of various aspects of compensation and diversity. Of these aforementioned advisers, BCG, PwC, KPMG and EY also had other mandates within the Group outside the Rewards and Performance Management department.

SAY-ON-PAY

In accordance with the Swiss Ordinance against Excessive Compensation in Listed Companies (Ordinance), Julius Baer reports the compensation awarded to members of both the Board of Directors and the Executive Board on a business year basis. While the fixed compensation for the Board of Directors and the Executive Board is approved on a prospective basis for operational purposes, shareholders vote on the actual variable compensation amounts awarded to the Executive Board. The Board of Directors recognises that the binding say-on-pay vote is not only a meaningful tool for shareholders, but also one that requires analysis and proper context to enable shareholders to interpret the compensation numbers on which they vote. This Remuneration Report aims to assist shareholders in this responsibility.

The approval of compensation by the AGM is defined in the Articles of Incorporation. This approval determines:

1. the maximum aggregate amount of compensation paid to the Board of Directors for its next term of office;
2. the maximum aggregate amount of fixed compensation of the Executive Board for the financial year following the respective General Meeting of Shareholders;
3. the aggregate amount of variable cash-based compensation elements of the Executive Board for the financial year preceding the respective General Meeting of Shareholders; and
4. the aggregate amount of variable equity-based compensation elements of the Executive Board granted in the current financial year.

In addition, a consultative vote on the Remuneration Report is again scheduled for the AGM on 10 April 2019. The Board of Directors is committed to maintaining a dialogue with shareholders on compensation matters. The detailed compensation data will be provided to shareholders as part of their invitations to the AGM.

The following table summarises the outcomes of the binding say-on-pay votes on compensation and consultative vote on the Remuneration Report held at the 2018 AGM and 2017 AGM.

Results of say-on-pay shareholder approvals

Say-on-pay shareholder approvals	Vote 'for' at 2018 AGM	Vote 'for' at 2017 AGM
Board of Directors maximum aggregate amount of compensation	98.74%	96.58%
Executive Board maximum aggregate amount of fixed compensation	97.78%	95.19%
Executive Board aggregate amount of variable cash-based compensation	97.79%	94.21%
Executive Board aggregate amount of variable equity-based compensation	92.70%	90.13%
Consultative vote on the Remuneration Report	87.23%	88.43%

If the aggregate amount of the fixed compensation approved by shareholders for the Executive Board is not sufficient to cover the fixed compensation (including any replacement award) of a new joiner to the Executive Board (joining after the AGM), the Group may award a supplementary amount. This supplementary amount is defined (in article 11.2 of the Articles of Incorporation):

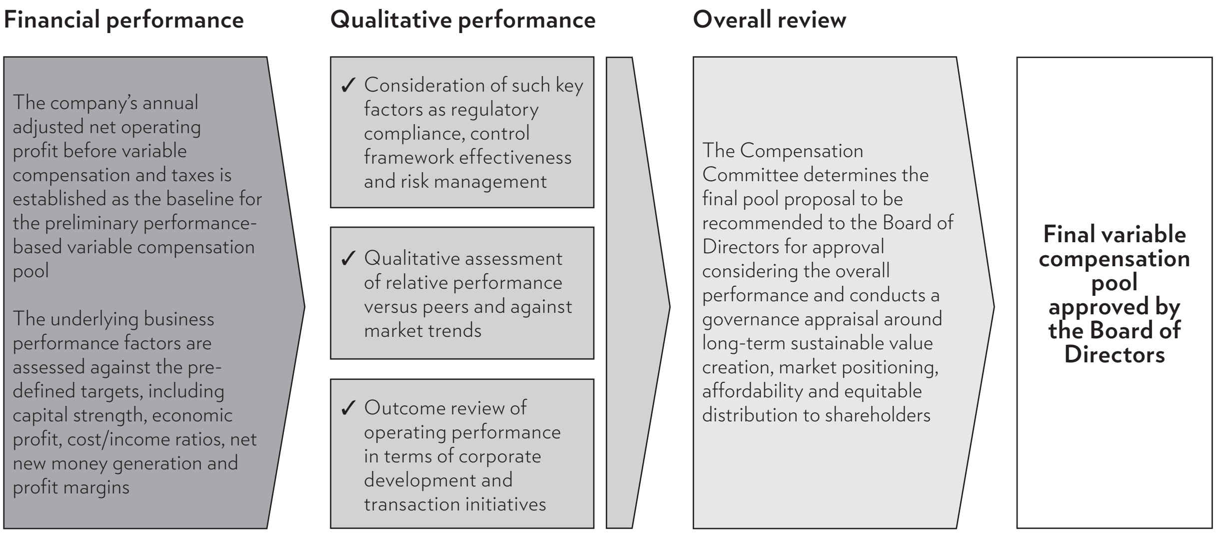
– for a new CEO as a maximum of 40% of the aggregate amounts of compensation last approved by shareholders for the Executive Board;
– for a new member of the Executive Board as a maximum of 25% of the aggregate amounts of compensation last approved by shareholders for the Executive Board.

In the financial year 2018, the supplementary amount was utilised for the purpose of compensation granted to Oliver Bartholet related to his hiring. Additional details are provided in the table entitled 'Compensation of the members of the Executive Board'.

GROUP PERFORMANCE AND VARIABLE COMPENSATION FUNDING

VARIABLE COMPENSATION FUNDING

Variable compensation funding process



Financial performance assessment

The baseline for calculating the Group's variable compensation pool is the annual adjusted net operating profit before bonus (variable compensation) and taxes (adjusted NOPbBT) generated by the Group (as reconciled by the Audit Committee). The Group's adjusted NOPbBT is derived by excluding from the audited IFRS financial statements items such as integration and restructuring expenses as well as amortisation of intangible assets related to previous acquisitions or divestments.

Adjusted NOPbBT has been selected as the appropriate baseline for the variable compensation pool funding as it is the underlying, sustainable operating profit generated by the business. It is an important metric which reflects the Group's actual performance, thus giving the Compensation Committee a clear indication of operating performance and providing a reliable baseline for comparing the year-on-year development of the Group.

In determining the pool, the Compensation Committee also takes other financial metrics into consideration such as changes in and/or the development of the capital ratios, cost/income ratio, gross/net profit margin, economic profit and net new money generation. All quantitative metrics are measured against the overall midterm plan, the strategic goals of the Group and its historical results for the prior three years.

Qualitative performance assessment

The qualitative review of performance is multi-faceted in order for the Compensation Committee to gain a perspective on the sustainability of the financial results and quality of earnings. Firstly, the Group's performance is measured in terms of how successfully key aspects, affecting current and future performance, have been managed with regard to regulatory compliance, control framework effectiveness and risk. Secondly, the financial results (specifically, NNM, cost/income ratio, profit margin and gross margin) are further assessed against the performance of peers and market trends, which guide the determination of the relative value contribution. Finally, the progression and outcomes of key strategic initiatives pertaining to corporate development and transactions (merger and acquisition activity) are also appraised.

Overall review

The Compensation Committee carries out a review of the size of the proposed variable compensation pool taking into account the overall performance as well as factors such as long-term sustainable value creation, affordability and market positioning as part of a governance appraisal. The Compensation

Committee recommends adjustments only in exceptional cases and does not make adjustments to the pool in subsequent years to take into account reduced or revoked variable compensation due to ex-ante or ex-post performance adjustments made in prior years. This additional governance process further helps the Compensation Committee to maintain a balance between the development of the pool and the Group's corporate performance.

As part of the approval of the final variable compensation pool, the Board of Directors seeks to ensure that the profit distribution amongst stakeholders (principally through shareholder dividends, global taxes paid to the relevant authorities, employee variable compensation and reinvestment into the business) is sustainable and reflects an appropriate, equitable distribution.

This approved variable compensation pool is allocated across the various business units and entities based on such factors as headcount, financial performance, significant achievements, regulatory compliance and contributions to the adjusted NOPbBT. This policy has been consistently employed over many years and thus allows meaningful year-on-year comparisons and the continued implementation of a stable compensation system.

2018 JULIUS BAER GROUP PERFORMANCE

As part of the Group's strategy to focus on core markets, it continued to prioritise its presence, client offerings and growth investments in 2018. Julius Baer expanded its presence in key growth markets and entered strategic cooperation agreements. In addition, efforts were accelerated to make the business more scalable and efficient for the longer term.

This year the Group geographically broadened its presence in Germany and the United Kingdom. In Brazil, the acquisition of Reliance Group significantly enlarged its already strong market standing. Targeted moves were made in defined growth markets with the initiation of strategic partnerships with Siam Commercial Bank in Thailand and with Nomura in Japan, and through the opening of an advisory office in South Africa (Johannesburg). In contrast, the Group reassessed and reduced business offerings in the Netherlands and throughout other parts of Latin America.

In a challenging market environment (particularly the latter part of 2018), Julius Baer maintained stable profit with adjusted[1] net profit for the Group increasing slightly to CHF 810 million (from CHF 806 million). As a result, adjusted earnings per share (EPS) attributable to shareholders of the Group increased by 1.6% to CHF 3.72.

While assets under management (AuM) decreased by 1.6% to CHF 382 billion, significantly influenced by negative market performance, the Group continued to deliver on net new money (NNM) with an annualised growth rate of 4.5% (or CHF 17 billion), well within the 4–6% target range.

Operating income continued to rise this year to CHF 3,368 million (increase of 3.6%). Despite increased operating income and a larger average client asset base, the adjusted cost/income ratio[2] went up from 69.0% to 70.6% (above the medium-term target range of 64–68%), driven by the second half decline in the gross margin and additional legal and restructuring expenses.

At the end of 2018, notwithstanding the partial reinvestment of the Group's excess capital into accretive acquisitions during the year, the fully-applied CET1 capital rose by 3% to CHF 2.7 billion. The Group's BIS CET1 capital ratio of 12.8% and BIS total capital ratio of 18.7% remain well above minimum regulatory capital requirements and the Group's own floors.

2018 VARIABLE COMPENSATION POOL

The Group considers it fundamental that the amount of performance-based variable compensation available for distribution to its employees

[1] Excluding the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments and the taxes on those respective items.
[2] Calculated using adjusted operating expenses, excluding provisions and losses.

is directly linked to the overall performance of the Group whilst also considering individual and business unit performance.

While the financial year (particularly the second half) was turbulent, the Group's adjusted NOPbBT (the baseline for the Group's variable compensation pool funding) remained stable in 2018. The available pool reflects this year of stability with the overall value of the variable compensation pool slightly decreasing relative to the prior year. The decreased pool size relates specifically to shifts in profitability throughout the Group's divisions (e.g. variable compensation decreases in Kairos due to lower performance, counter-balancing increases in the profitability and variable compensation of the wealth management sector) and reductions in hiring costs (e.g. replacements).

The Compensation Committee is confident that the 2018 pool properly reflects the Group's pay-for-performance culture in a reasonable and measured manner.

OVERVIEW OF 2018 VARIABLE COMPENSATION PLANS

The following table summarises the key features of our variable compensation plans funded by the pool, including the relevant population eligibility:

Summary of 2018 deferred compensation plans

		Ongoing plans[1]				Sign-ons and replacements[2]	Employee share purchase
		Deferred Bonus Plan (DBP)	**Equity Performance Plan (EPP)**	**Deferred Cash Plan (DCP)**	**Premium Share Plan (PSP)**	**Long-Term Incentive Plan (LTI)**	**Staff Participation Plan (SPP)**
Eligibility		Executives and selected senior man-agement with bonus over CHF 125,000	Executives and selected senior management by CEO invitation	Employees with bonus over CHF 125,000	Employees with bonus over CHF 125,000	New hires who lost compensation due to change in employer	All employees who are not participants in other company share plans[3]
Purpose		Align with sustainable value creation	Align long-term performance and retention	Align with sustainable value creation	Align 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	3 years	3 years	3 years	3 years	3 years
Payout factors	**Share price**		•		•	•	•
	Vesting performance conditions		•				
	Forfeiture clauses and clawback	• (clawback)	•	•	•	•	• (additional shares)
Settlement		Cash	Shares	Cash	Shares	Shares	Shares

1 Staff who are participants of the DBP and EPP are not normally eligible to participate in the DCP and PSP and vice versa.
2 In very exceptional cases (e.g. restructuring), retention awards are granted under the LTI. The LTI may also be utilised in lieu of the PSP for locations with restrictions on variable compensation.
3 Employees in some locations are excluded from participating for legal or regulatory reasons.
4 For every three shares purchased by the employee, an additional share is delivered free of charge at the end of the three-year vesting period.

EXECUTIVE BOARD AND SENIOR MANAGEMENT COMPENSATION

This section provides the details of the compensation system for members of the Executive Board and selected members of senior management (Senior Management).

Summary of 2018 compensation components

<table>
<tr><th>Element</th><th>Payment Structure</th><th>Description</th><th>Governance</th></tr>
<tr><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>Deferred Bonus Plan (DBP)</td><td>100% in Cash delivered in 6 tranches over 5 years

(partly deferred)</td><td>Annual, variable compensation determined based on the Group and individual performance (via Scorecard for EB). 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.

DBP awards are deferred at rates between 20 and 50% (linear increase) between the minimum and maximum thresholds (CHF 125,000 to CHF 1 million, respectively). The maximum deferral rate (50%) applies thereafter. Amounts below the DBP minimum threshold are not subject to deferral.

The non-deferred tranche of the DBP is paid to EB members following shareholder approval. The deferred amount is delivered in five equal annual instalments. Subject to legislative requirements, the deferred DBP can be invested (in full or in part) into three specific Julius Baer Strategy Mutual Funds (Income, Balanced or Growth) during the deferral period. Investment elections cannot be adjusted during the deferral period.</td><td>Links compensation to Group performance in a risk-aligned manner. Deferral promotes a long-term orientation, allowing for claw-back in the event of legal/regulatory breaches, financial losses (e.g. misrepresentation of variables underlying DBP award) and a variety of other events where conduct has substantially contributed to a financial loss or has caused reputational damage.

The deferral element is not intended to function as a retention measure.

Immediate cash payment to EB only following shareholder approval.</td></tr>
<tr><td>Equity Performance Plan (EPP)</td><td>100% in equity delivered on the third anniversary of the grant date

(fully deferred)</td><td>Annual, rolling equity grant recommended following the close of the relevant financial year based on factors such as: Scorecard assessment, current and projected future contributions, defined total pay mix, level of responsibility and seniority. Incentive functions as a retention element and links compensation to Julius Baer share price and the Group's future performance via two KPIs (internal: cumulative Economic Profit [cEP][1] and external: relative Total Shareholder Return [rTSR][2]).

The number of shares delivered under the EPP is between 0% and 150% of the number of Performance Units granted in any given year (with each individual KPI capped at a maximum multiplying factor of 200%). The cEP target is set based on the strategic three-year budget/plan that is approved by the BoD on an annual basis. KPI targets are set by the Compensation Committee each year for the upcoming grant. Multiplier performance target ranges remain unchanged for 2018:
<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>-50%</td><td>100%</td><td>+50%</td></tr><tr><td>rTSR</td><td>-22%</td><td>+3%</td><td>+28%</td></tr></table>
Performance of each KPI is measured on a linear basis between the minimum, target and maximum.</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. Promotes retention and, through capped multiplier, promotes stable growth that does not incentivise excessive risk-taking. EPP is subject to forfeiture/clawback provisions.

The final cEP is based on figures approved by the Audit Committee. The calculation and all its components are audited. The Compensation Committee reviews and approves the final multiplier.

Granted to EB following shareholder approval.</td></tr>
<tr><td>Pension and other benefits</td><td></td><td>Senior Management (including the EB) are entitled to the same pension and benefits as other employees within their employment location.</td><td></td></tr>
<tr><td>Other compensation</td><td></td><td>Senior Management (including the EB) 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 = NOPbB – Taxes – CoC; where NOPbB = adjusted net operating profit before variable compensation (as defined previously) adjusted for non-performance-related extraordinary events approved by the CompC. Fair value calculated externally using a probabilistic model of potential deviation from the Group's strategic plan (MTP).

[2] The Julius Baer Group's TSR is compared against the performance of the STOXX Europe 600 Banks gross return Index (the Index).

TOTAL COMPENSATION PAY MIX

The total compensation of the members of the Executive Board including the CEO consists of a base salary in cash, a cash-based variable compensation component (DBP) and an equity-based variable component (EPP), the latter two being linked to performance. There were no significant pay mix or compensation adjustments applied to the Executive Board members in 2018. All variable compensation was determined based on a combination of the Group's performance and that of the individual Executive Board member against set regional/divisional objectives.

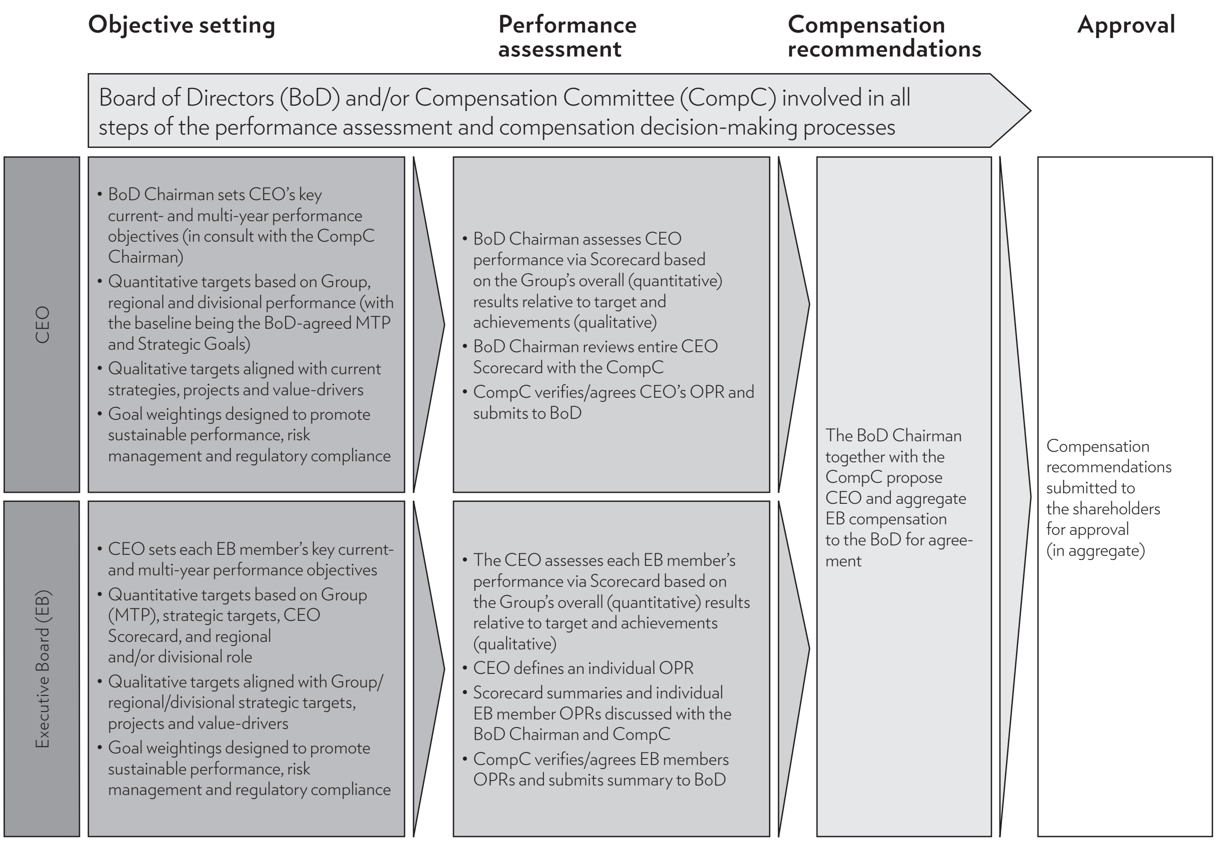
VARIABLE COMPENSATION

Performance assessment process
Julius Baer rewards Executive Board members who contribute to:

– enhancing value by employing investor capital efficiently while at the same time managing risks;
– adhering to regulatory requirements; and
– meeting Julius Baer's corporate culture standards.

Although Julius Baer's variable compensation scheme is discretionary, the final amounts allocated to its individual participants are based on a careful assessment of each individual's attainment of a mix of specific quantitative and qualitative objectives. These objectives are individually weighted to support the alignment of managerial actions with shareholder interests as part of a balanced scorecard (Scorecard) which results in an Overall Performance Rating (OPR). The Compensation Committee and/or Board of Directors are involved in all stages of the objective setting, performance assessment and compensation decision-making processes for the Executive Board (including the CEO). The following illustration provides an overview of this process:

Objective setting and performance assessment



The following Scorecard summarises the key performance objectives set for the Group CEO in 2018 along with the individual assessments leading to the CEO's OPR.

CEO's 2018 OPR[3] **Overall Rating: A**

CEO Core objectives (30%)

Rating: C | B | **A** | A+ | A++

Objectives	Assessment
• Overall 2018 budget achievement in terms of profitability including operating income and expenses and maintaining BIS CET1 capital ratios **Key Performance Indicators 2018** • NNM • Operating income • Profit after taxes • Cost/Income Ratio • Gross margin • AuM	Key performance indicators are measured on a weighted average basis with each metric being assessed against the Group's target performance. • NNM growth rate of 4.5% • Operating income increased by 3.6% • Increases in adjusted net profit, IFRS net profit and IFRS net profit attributable to shareholders • Cost/Income Ratio increased to 70.6% (prior year 69.0%) • Gross margin decreased by 4 basis points to 86 basis points • AuM decreased by 1.6% The Group's BIS CET1 capital ratio (12.8%) and BIS total capital ratio (18.7%) remain well above minimum regulatory requirements and the Group's own floors. Year-end Group performance benefited from swiftly implemented, midyear cost-savings initiatives implemented by the CEO and management in anticipation of weaker performance in the latter part of the year. The overall rating of core objectives performance, while within the Group's defined A rating scale (91%–110% performance), was below target (100%).

CEO Project objectives (30%)

Rating: C | B | **A** | A+ | A++

Objectives	Assessment
• Continue to support and drive the Group forward in accordance with the target growth strategy	Successful continuation of organic growth within the Group's medium-term range (with particular success in target markets), completing the acquisition of a substantial stake in Reliance Group (Brazil) and entering into strategic joint ventures / partnerships in Japan and Thailand, thereby strengthening the Group's global presence. Proactive steps to reduce operations in locations no longer part of the Group's strategic future.
• Strengthen the Group's client service framework, investment management capabilities and advisory processes	Further global roll-out of the Group's advisory platforms with enhancements focused on client suitability; continued transformation and development of Investment Management division in support of local market strategies; and diversification of investment offerings (particularly via the launch of the Unconstrained Fixed Income and Next Generation offerings).
• Increase productivity, flexibility and compliance through upgrades to the Group's technology platforms and processes	Successful implementation of digital enhancements which continue to transform the business and help maintain future competitiveness including: successful core banking platform roll-out (Asia), robotics competence centre development and refinement of the Group's investment suitability tool. Completed multi-year project in home market to increase compliance and improve data quality via client documentation enhancements (ongoing globally).
• Develop initiatives in line with Group transformation targets	Continued driving the implementation of the Group's digital strategies and empowering change throughout the organisation; further development of the business and digital transformation strategies, establishing internal governance committees, and advances in development of defined projects.

CEO General objectives and qualitative targets (30%)

Rating: C | B | **A** | A+ | A++

Objectives	Assessment
• Regulatory awareness and compliance • Risk objectives • Corporate social responsibility (CSR) • Succession/retention management • Communication • Group value proposition	Continued development of digital offerings to assist the client-facing teams comply with regulatory changes under MiFID II and protecting clients through implementation of preparatory programmes to comply with FiDLEG and FinfraG.
	Strengthened processes and procedures to prevent fraudulent activities, enhancements to Risk Management and Risk Tolerance frameworks, and augmentation of standards and processes designed to identify and raise awareness of suspicious activities and digital data security and to promote individual-level accountability.
	Promoted sustainability internally and externally, marked by the roll-out of the Group's Next Generation investment approach (promoting sustainable growth opportunities within growing markets), establishment of a new Sustainability Board and improved the Group's overall sustainability score by 50% on the SAM Corporate Sustainability Assessment.
	Retained key employees and continued to enhance the succession-planning pipeline. Actively and appropriately managed communication with stakeholders, broadened internal lines of communication, and continued to develop the Group's internal culture and identity through roll-out of the Corporate Character framework.

CEO Personal goals (10%)

Rating: C | B | **A** | A+ | A++

Objectives	Assessment
• Meet development plan targets • Organisational empowerment	The CEO actively drove and facilitated the empowerment of senior management and employees, took steps in the development of key performance indicators to measure operation efficiency gains and continued to define and refine the Group's digital strategy to drive change.

[3] Whereby performance achievement is defined as: A++ >133%; A+ = 111%–133%; A = 91%–110%; B = 67%–90% and C <67%

CEO compensation decisions
Based on the aforementioned Scorecard assessment, the Compensation Committee decided (on 28 January 2019) on the DBP and EPP awards to be granted to the CEO.

As disclosed in 2017, due to the shift in role from Chief Risk Officer (CRO) to CEO, the CEO's base salary was increased to CHF 1.5 million as of 1 January 2018.

The CEO's OPR, as disclosed in the Scorecard, reflects the Group's and the CEO's consistent performance in the range of 91–110% of overall targets. The overall value of the variable compensation decided for the CEO is CHF 4.15 million. This total variable compensation award is an increase over his 2017 awards (up 12%). This change is a reflection of the increased responsibilities associated with the change in role from CRO to CEO (i.e. 2017 compensation related to eleven months as CRO and one month as CEO) and the CEO's achievements over the course of 2018.

The determined variable compensation has been allocated as CHF 1.85 million in DBP (up 68% over 2017) and CHF 2.3 million in EPP (11.5% decrease relative to 2017). The DBP increase reflects an alignment of the CEO's variable compensation to his role and the respective level of responsibility; however, the DBP granted is below the expectations set for the performance year based on Group performance and Scorecard assessment. The EPP for the performance year 2018, considering such items as the CEO's performance, current/projected future contributions, defined pay mix, and role, responsibilities and seniority decreased relative to 2017.

The determined value is in line with the Group's target pay mix and deemed appropriate given the Group's overall and the CEO's specific performance.

The following summary provides the key performance achievements for the Group's Executive Board members in 2018 and the average OPR:

Executive Board's 2018 OPR[3] (average) **Overall Rating: A**

Executive Board's 2018 Performance Summary

In addition to Group performance, the following summarises the most significant KPIs affecting the EB performance assessment for 2018 (i.e. extracted from the detailed, individual Scorecards):

- Actively implemented cost-savings initiatives to preserve profitability in difficult market conditions
- Managed large-scale direct expenses related to key internal projects appropriately (mostly at or below budget)
- Enhanced client advisory experience to strengthen the quality and scalability of Julius Baer's portfolio management
- Strengthened global client-facing management through 'First Line of Defence'-focused leadership structure
- Completed multi-year client documentation project in Switzerland improving client knowledge and compliance (ongoing globally)
- Drove market-strategic regionalisation and organisational set-up (including opening and closure of offices)
- Developed structured, Group-wide project controlling (business case reviews, cost monitoring/savings initiatives)
- Further aligned legal risk management and compliance with regulatory requirements on a global basis
- Developed and implemented Group-wide marketing strategy and introduced and managed social media presence
- Promoted sustainable investment programme
- Focused on core client base to increase efficiency and profitability
- Continued to attract relationship managers on a global basis in diverse markets

Executive Board compensation decisions
This section relates specifically to the Executive Board members excluding the CEO. The Compensation Committee decided (on 28 January 2019) on the DBP and EPP awards to be granted to the Group's Executive Board members.

Total base salary allocated to EB members decreased in 2018 due to exiting EB members; however, increases of CHF 0.08 million were allocated to existing EB members for the performance year.

The OPR for each EB member (and hence the average OPR) reflects the Group's consistent financial performance and continued achievement of regional/divisional, transformational and project targets in 2018. The variable compensation delivered to the EB is CHF 7.15 million. This reflects an overall 5.9% decrease in total variable compensation delivered to the members of the EB for performance year 2018.

Variable compensation for the EB totals CHF 3.6 million in DBP (decrease of 20% relative to 2017) and CHF 3.55 million in EPP (up 14.5% relative to 2017). The decreased DBP reflects the impacts of the Group's financially stable (albeit below target) performance, the executives' achievements of regional/divisional, transformational and strategic project targets, and the overall decreased bonus pool. The EPP for the performance year 2018 was increased to reflect the current and projected future contributions of these executives.

The determined values are in line with the Group's target pay mix and deemed appropriate given the Group's and individuals' performance.

COMPENSATION CAPS

The Compensation Committee agrees that it is important to ensure that the compensation paid to members of the Executive Board is benchmarked and subject to specifically defined caps which set an appropriately balanced pay mix. There are no changes to the prior year's compensation caps.

2018 targets and maximum caps for the Executive Board (all caps as a multiple of base salary)

	Target		Cap	
	Average EB	CEO	Average EB	CEO
Total variable compensation (DBP/EPP)	3.0	3.2	4.0	4.0
Cash-based variable compensation (DBP)	–	–	2.0	2.0
Equity-based variable compensation (EPP)	–	–	2.0	2.0

For 2018 the members of the Julius Baer Executive Board are subject to the following caps:

– The total sum of the variable compensation allocated to the members (in aggregate) of the Executive Board (including the CEO) shall be targeted at three times, but will be capped at four times the total sum of the base salaries paid to the entire Executive Board.
– The total sum of the DBP and the total sum of EPP allocated to all members (in aggregate) of the Executive Board (including the CEO) will each be capped at two times the total sum of the base salaries paid to the entire Executive Board.
– The total sum of the variable compensation allocated to the CEO shall be targeted at 3.2 times, but will be capped at four times the CEO's base salary.
– The total sum of the DBP and the total sum of the EPP allocated to the CEO will each be capped at two times the CEO's base salary.

The Compensation Committee is responsible for ensuring that the total variable compensation paid to the Executive Board members is compliant with the applicable compensation caps.

GUIDELINES ON SHARE OWNERSHIP

Since 2014, the Executive Board members have been required to build up their total vested shareholdings until they reach the following levels:

Executive Board member	Share ownership requirement (in vested Julius Baer Group Ltd. shares)
Chief Executive Officer (CEO)	100,000 shares
Executive Board members (excluding the CEO)	30,000 shares (or 2.5 times base salary, if lower)

The members of the Executive Board have a period of three full calendar years starting from the beginning of their appointment to the Executive Board to build up their Julius Baer Group Ltd. shareholdings. The final measurement will be performed on 31 December of the third calendar year following the Executive Board member's appointment to the Board.

Details of the shareholdings of each member of the Executive Board can be found in the 'Compensation, loans and shareholdings of the Executive Board' section of this Remuneration Report. In accordance with the Compensation Committee's instructions, 50% of all outstanding equity-based grants shall be held back from any Executive Board member who has not reached his or her target at the measurement date until the defined level has been reached.

Executive Board members are not permitted to hedge Julius Baer Group Ltd. shares.

EMPLOYMENT CONTRACTS

As part of article 12.2 of the Articles of Incorporation, employment agreements for the Executive Board may have a maximum notice period of twelve months. In practice, the notice period for all members of the Executive Board does not exceed six months. The Executive Board members are not entitled to any special severance payments or special termination benefits under the pension plans compared to the general staff population.

Furthermore, non-compete agreements for members of the Executive Board for the time after the termination of an employment agreement are permissible (see article 12.3 of the Articles of Incorporation) for a duration of up to two years. The consideration payable to such former members in respect of such agreements shall not exceed the total annual compensation last paid to them prior to termination.

OTHER VARIABLE COMPENSATION

Newly joining Executive Board members are not entitled to hiring bonuses; however, they may be eligible to receive a replacement of compensation that was forfeited at their previous employer (including unpaid current year and/or prior-year outstanding deferred compensation). All replacements of lost compensation must be documented prior to being replaced by Julius Baer and are replaced based on prevailing fair market value. Current year compensation replacements shall be partially deferred at rates in line with the Group's standard variable compensation deferral policy and will be delivered partially in immediate cash and partly in deferred equity-based awards under the Group's Long-Term Incentive Plan. Prior-year outstanding deferred compensation shall be replaced in a fully deferred manner under the Group's Long-Term Incentive Plan.

CLAUSES FOR CHANGE OF CONTROL

Executive Board members are not entitled to specific payments upon a change of control or upon termination of employment related to a change of control; however, they are eligible to receive such benefits (e.g. accrued holiday pay, death/disability/retirement benefits under the pension plan, etc.) which are generally available to other Julius Baer employees. The Executive Board members are not entitled to other severance payments or special termination benefits under the pension plans compared to the general staff population.

Special change-of-control and good-leaver provisions may be available under the variable compensation plans. The 'Termination Provisions of Julius Baer Plans' table provides general details of the vesting and forfeiture rules for termination events. All provisions remain subject to the prevailing legislation in each of the applicable jurisdictions at the time of the change of control.

OTHER EMPLOYEE COMPENSATION

This section provides details of the ongoing compensation system for the employees of Julius Baer (excluding the Executive Board and Senior Management, whose compensation was addressed in the previous section). Swiss rules regarding the disclosure of compensation concern only the Board of Directors and the Executive Board; thus, it is on these groups that this Remuneration Report focuses. However, Julius Baer's success also depends on the continued excellence of all its employees. Accordingly, this section discusses the salient features of the compensation system for non-executive employees.

Summary of 2018 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 concerned. 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 share-based awards	Individual variable compensation amounts depend on the formal year-end assessment of performance against a range of quantitative and qualitative 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 and 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, overall variable compensation and/or nomination for participation in the relevant plan on an annual basis. In general the deferral structure is the following:
		• Variable compensation below the annual deferral threshold: 100% immediate cash payment
		• Variable compensation at or above the annual deferral threshold: deferral applies to the full variable compensation amount (based on the same linear deferral scale and rates applicable to Senior Management). Deferred awards are subject to 3-year pro rata vesting with service-based vesting, malus and clawback provisions. The deferral structure results in a maximum deferral of the following:
		  • 50% of immediate cash
		  • 25% deferred cash (Deferred Cash Plan [DCP])
		  • 25% deferred equity (Premium Share Plan [PSP]) plus a premium share component equal to one-third of the granted 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 (including the same provisions as noted in the DBP) and aligns compensation with shareholders' interests.

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.	

COMPENSATION ARRANGEMENTS IN STRATEGIC PARTNERSHIPS

In certain strategic partnerships, Julius Baer operates special compensation arrangements unique to the organisation concerned. Such arrangements can include compensation linked to the strategic partner entity's shares or where regulatory required, compensation linked to the performance of the strategic partner entity's managed investment funds. No such arrangements are currently linked to the shares of Julius Baer Group Ltd. However, share ownership requirements, defined in terms of Julius Baer Group Ltd. shares, are in place for senior staff of certain strategic partnerships.

KEY RISK TAKERS AND REGULATED STAFF

In accordance with European legislation, Julius Baer takes particular care in identifying staff whose professional activities may have a material impact on the Group's risk profile (Key Risk Takers) and in identifying the proper pay-out structure for such employees. Key Risk Takers are identified on an annual basis throughout the entire Group (i.e. not limited merely to the European Economic Area) and the Group's annual Key Risk Takers include both regulated (as defined by the applicable legislation) and non-regulated staff members. 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 Executive Board 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 the entity employing them or the Group. Regulated staff (e.g. Key Risk Takers) are reviewed by the Compensation Committee on an individual basis.

The European regulatory requirements include a number of provisions that impact the variable compensation awarded to employees and directors of the Group entities that fall under the jurisdiction of the European Economic Area. To comply with the applicable regulatory requirements, certain employees (e.g. identified Key Risk Takers) may receive 50% of their non-deferred variable compensation in the form of vested shares or fund-linked instruments which are blocked between six months and one year (in lieu of what otherwise would have been paid in cash).

Furthermore, one of the central provisions of the European Capital Requirements Directive (CRD IV) requires that variable compensation paid to specific individuals (e.g. identified Key Risk Takers regulated under CRD IV) 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 two times fixed compensation.

OTHER VARIABLE COMPENSATION

Although Julius Baer only offers performance-based compensation to its current staff (including the Executive Board), it may in the course of its recruitment processes offer incentives (e.g. sign-ons 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 the employee's 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). Such incentives may be made in the form of cash and/or deferred shares (under the Group's LTI Plan).

Actual parameters may vary according to location, local regulation and the specific circumstances of the employee. In all cases where equity-based awards are not permitted in a specific location, such awards are made in cash in accordance with the terms and conditions in the DCP.

Long-Term Incentive Plan (LTI)
An LTI granted in these circumstances generally runs over a three-year plan period. Julius Baer currently operates two different vesting schedules for this plan: (1) three equal one-third tranches vesting over a three-year period, (2) cliff-vesting of all granted shares in one single tranche at the end of a three-year period. The shares are transferred to participants at the time of vesting, subject to continued employment and any other conditions set out at grant. 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.

In cases where a deferral-eligible employee cannot receive the additional shares granted under the PSP (generally for legal or regulatory reasons), the individual will be granted an LTI award (with amended, PSP-aligned termination provisions).

EMPLOYEE SHARE PURCHASE

Staff Participation Plan (SPP)
The SPP is offered to most of Julius Baer's global employee population. Some individuals or employees in specific locations are excluded from participating because, for example, the employees concerned are participants in another Julius Baer equity-based plan or because the SPP cannot be offered in a particular jurisdiction for legal or regulatory reasons. Under this plan, eligible participants may voluntarily purchase Julius Baer Group Ltd. shares at the prevailing market price and for every three shares purchased, they will be granted one additional share free of charge. These free shares vest after three years, subject to continued employment. Purchases under the SPP only occur once a year.

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.

BOARD OF DIRECTORS COMPENSATION

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

Summary of compensation components

Element	Payment Structure	Description	Governance
Fixed compensation	Cash and share-based awards	Members of the Board of Directors (including the Chairman) are only entitled to fixed compensation for their term in office in the form of a combination of cash and share-based awards. This fixed compensation is determined by the workload of the individual Board member based on the Board Committees on which he or she serves and his or her committee position. The cash-based compensation is paid in December each year for all members of the Board of Directors except the Chairman who receives the cash element on a quarterly basis. Share-based awards are granted under the Group's Long-Term Incentive Plan at the beginning of each term based on a fixed total compensation value. The grant price is equal to a five-day volume-weighted average price with a one-year, service-based vesting period (equal to that of the individual's term of office). Under the award's forfeiture provisions, the award will only vest if the Board member concerned fulfils the entire term for which he or she has been elected or re-elected. No dividends are payable on unvested award; all shares are delivered unrestricted at vesting (subject to the Guidelines on Share Ownership provided below). No additional compensation is paid to members of the Board of Directors for attending meetings.	Reflecting the independent status of all members of the Board of Directors (including the Chairman), the remuneration package does not include a variable component and is therefore not dependent on the financial performance of the Group. However, a share-based element is included to align their compensation with shareholder interests.
Other benefits		Members of the Board of Directors benefit from preferential staff conditions for transactions (e.g. in securities) executed in-house.	In order to avoid conflicts of interest, no other preferential staff conditions (e.g. lower rates on mortgages or Lombard loans) are offered to members of the Board of Directors.

The cash element of fixed compensation is disclosed on a business-year basis (i.e. split across the two calendar years that make up a Board member's term) and the share-based element is disclosed at grant value in the year of election or re-election.

The Board of Director compensation was bench-marked again in 2018. The Chairman's and overall Board of Director compensation pay mix remains in line with market standards and pay levels are in line with Julius Baer's target pay levels (e.g. the lower quartile to median of the SMI). As such, the total compensation and compensation pay mix of the Board of Directors (including the Chairman) remained unchanged for the period between the 2018 AGM and the 2019 AGM.

The maximum aggregate compensation amount will again be presented to shareholders for approval at the 2019 AGM for the subsequent compensation period (2019 AGM to 2020 AGM).

GUIDELINES ON SHARE OWNERSHIP

Share ownership is considered an additional factor underscoring commitment towards Julius Baer. The Board of Directors believes these require-ments will strengthen the ownership mentality of Board members and ensure the alignment of the Board of Directors' decisions with the interests of our shareholders.

The members of the Board of Directors will be required to build up their total vested shareholdings until they reach the following levels:

Board member	Share ownership requirement (in vested Julius Baer Group Ltd. shares)
Chairman of the Board of Directors	25,000 shares
Members of the Board of Directors (excluding the Chairman)	7,500 shares

The members of the Board of Directors will have a period of three full calendar years starting from their initial election to the Board of Directors to build up their Julius Baer Group Ltd. shareholdings to the minimum required levels. The final measurement will be performed on 31 December of the third calendar year following the Board member's election to the Julius Baer Group Ltd. Board of Directors. If the above shareholding requirements are not reached by the measurement date, 50% of the shares vesting from the individual's equity-based compensation grant will be held back until the defined level of shareholding has been reached.

Under these rules, individuals who were members of the Board of Directors from the inception of the shareholding guideline requirements (in May 2014) have been required to build up the aforementioned Julius Baer Group Ltd. shareholdings by 31 December 2017.

All members of the Board of Directors with at least three full years of tenure have fulfilled their share ownership requirements as at 31 December 2018.

Details of the shareholdings of each member of the Board of Directors can be found in the 'Compensation, loans and shareholdings of the Board of Directors' section of this Remuneration Report.

CONTRACTS

The members of the Board of Directors do not have contracts with Julius Baer Group Ltd. which provide for benefits upon termination of their term of office on the Board of Directors.

COMPENSATION, LOANS AND SHAREHOLDINGS OF THE EXECUTIVE BOARD (AUDITED)

This section provides the data for 2018 and 2017. The details of the compensation system for members of the Executive Board are presented in the 'Executive Board and Senior Management compensation' section of this Remuneration Report.

				Variable compensation[7]				
					Deferred elements			
				DBP		EPP		
Compensation of the members of the Executive Board		Base salary[1] *CHF 1,000*	Replacements[4] *CHF 1,000*	Cash *CHF 1,000*	Cash *CHF 1,000*	Performance Units *CHF 1,000*	Pension fund, social security contributions and varia[8] *CHF 1,000*	**Total** *CHF 1,000*
Total compensation	**2018**	**4,321**[2]	**3,079**[5]	**3,006**	**2,444**	**5,850**	**1,899**	**20,599**
Total compensation	2017	4,509[3]	99[6]	3,766	1,834	5,700	1,774	17,682

[1] All current members of the Executive Board have a full-time (100%) employment relationship with the Group. The disclosed 2018 and 2017 amounts include lump sum expense allowances up to CHF 22,800 p.a. per member of the Executive Board (including the new CEO for 2017) and CHF 24,000 p.a. to the respective CEO (2018: Bernhard Hodler; 2017: Boris F.J. Collardi), in aggregate: CHF 130,360 for 2018; CHF 134,160 for 2017.

[2] The 2018 amounts disclosed above include the base salary actually paid to the new CRO Oliver Bartholet who joined the Group and the Executive Board on 1 March 2018. The disclosed amount excludes any compensation paid in 2018 to the former CEO Boris F.J. Collardi through his legal ending date on 31 May 2018 (refer to the 'Former Executive' section below for additional details).

[3] The 2017 amounts include the fixed compensation paid to the former CEO Boris F.J. Collardi on a 12-month basis (his effective fixed compensation from 1 January to 31 December 2017 in line with the Group's contractual obligations), the former CCO Jan A. Bielinski on a 6-month basis (his effective fixed compensation from 1 January to 30 June 2017), the current CCO Larissa Alghisi Rubner on a 6-month basis (her effective fixed compensation from 1 July to 31 December 2017) as well as the other four members of the Executive Board on a 12-month basis. In the Remuneration Report 2018, the disclosed amount was adjusted to exclude the replacements granted to Larissa Alghisi Rubner which is now separately reported in the new 'Replacements' column.

[4] Replacements include grants and/or payments made to newly joining Executive Board members in replacement of documented compensation forfeiting at the individual's previous employer. Amounts are fully or partially deferred.

[5] In 2018, replacements were granted to Oliver Bartholet in the amount of CHF 3,079,091 (16% delivered in immediate cash subject to 1-year clawback; 84% deferred under the LTI [3-year pro rata vesting with malus/clawback provisions]). Grant date fair values per share were CHF 58.84 (forfeited current-year variable compensation) and CHF 61.60 (forfeited deferred compensation). The aggregate amount spent on replacements in 2018 was within the permissible supplementary amount under article 11.2 of the Articles of Incorporation (25% of the aggregate amounts of compensation last approved by shareholders at the 2018 AGM for the Executive Board compensation).

[6] The 2017 amount includes a replacement of CHF 98,864 granted as a fully deferred LTI award to Larissa Alghisi Rubner (grant date fair value of CHF 54.26). The aggregate amount spent on replacements in 2017 was within the maximum total fixed compensation for the 2017 financial year approved for the Executive Board at the 2017 AGM.

[7] The DBP and EPP awards disclosed above for 2018 relate to prior-year (i.e. 2018) performance and are subject to approval by the shareholders at the AGM in April 2019 (DBP and EPP awards related to 2017 performance [granted in 2018] were approved at the April 2018 AGM). The immediately payable portion of the DBP for the 2018 performance is not paid to the recipients until shareholder approval has been granted at the AGM. The fair value of the Performance Units is based on an equally weighted valuation of (i) the cumulative Economic Profit (cEP) component 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 peer group being the STOXX 600 Europe Banks gross return Index. EPP grant date fair values were CHF 32.04 (grant date: 15 February 2019) and CHF 55.03 (grant date: 15 February 2018), respectively.

Starting with the 2017 reporting year, the EPP granted in February following the reporting year is disclosed as compensation for the reporting year, as such awards are based on the performance of the eligible Executive Board members in the reporting year and the overall achievements by the Group in the plan period. While the plan policies, accounting principles (including a shift to a four-year, service-based vesting expense cycle) and reporting changed for the EPP grant dated 15 February 2018, the underlying EPP award cycle has stayed the same and no additional grants have been made. Similarly, no modifications have been made to the binding say-on-pay votes (as defined in article 11.1 of our Articles of Incorporation).

The reported amount of variable compensation (EPP and DBP awards) for 2017 includes the variable compensation awarded to the current Executive Board members, the amount awarded to the former CCO Jan A. Bielinski on a 6-month basis and a contractually agreed award to Gregory F. Gatesman (the former COO). In 2017, Gregory F. Gatesman, who departed from the Executive Board of Julius Baer Group Ltd. as of 31 December 2016, but whose employment relationship continued until end of April 2017, was granted a cash payment in the amount of CHF 1,350,000 as a result of a contractually agreed award. This amount has been included in the reported variable compensation for 2017 (as disclosed in the table) and was approved by shareholders at the 2018 AGM. Furthermore, Gregory F. Gatesman's fixed compensation was paid until the end of his notice period in 2017.

All deferred elements of the variable compensation of the Executive Board are subject to forfeiture and clawback provisions.

In 2018, the average ratio of fixed to variable compensation for the members of the Executive Board amounted to 28%:72% (excluding replacements considered permissible supplementary amounts under Article 11.2 of the Articles of Incorporation), compared to 29%:71% in 2017 (including replacements approved as part of fixed compensation). 73% of the variable compensation of the members of the Executive Board in the reporting period was deferred either for a period of five years for the DBP or three years for the EPP (67% in 2017).

[8] The amounts reported in this column include actual employer contributions to social security (AHV/ALV) for base salaries and estimated future contributions based on the grant values of the DBP for the 2018 and 2017 performance years and the fair value of the Performance Units/EPP granted for performance years 2018 and 2017. These amounts also include premiums for additional accident insurance. The aggregate amount of these social security and accident insurance costs for each respective year is CHF 1,260,905 for 2018 and CHF 1,114,377 for 2017.

COMPENSATION OF THE HIGHEST-PAID MEMBER OF THE EXECUTIVE BOARD (AUDITED)

This section provides the data for 2018 and 2017 on the highest-paid member of the Executive Board.

			Variable compensation[2]				
				Deferred elements			
				DBP	EPP		
Details of the compensation of the highest-paid member of the Executive Board		Base salary[1] *CHF 1,000*	Cash *CHF 1,000*	Cash *CHF 1,000*	Performance Units *CHF 1,000*	Pension fund, social security contributions and varia[3] *CHF 1,000*	**Total** *CHF 1,000*
Total compensation CEO (Bernhard Hodler)	**2018**	**1,500**	**925**	**925**	**2,300**	**507**	**6,157**
Total compensation CEO (Bernard Hodler)	2017	700	550	550	2,600	420	4,820
Total compensation former CEO (Boris F.J. Collardi)[4]	2017	1,500	-	-	-	218	1,718

[1] The amounts disclosed for 2018 include a lump sum expense allowance of CHF 24,000 p.a. to the CEO. The amounts disclosed for 2017 include a lump sum expense allowance of CHF 22,800 p.a. to the CEO (Bernhard Hodler) and CHF 24,000 p.a. to the former CEO (Boris F.J. Collardi). These amounts are based on full-time employment (100%) during the performance year. The disclosed 2018 base salary amount excludes any compensation paid in 2018 to the former CEO Boris F.J. Collardi through his legal ending date on 31 May 2018 (refer to the 'Former Executive' section below for additional details).

[2] The DBP and EPP awards disclosed above for 2018 relate to prior-year (i.e. 2018) performance and are subject to approval by the shareholders at the AGM in April 2019 (DBP and EPP awards related to 2017 performance [granted in 2018] were approved at the April 2018 AGM). The immediately payable portion of the DBP for the 2018 performance year is not paid to the recipients until shareholder approval has been granted at the AGM. The fair value of the Performance Units was based on an equally weighted valuation of (i) the cumulative Economic Profit (cEP) component 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 peer group being the STOXX 600 Europe Banks gross return Index. EPP grant date fair values were CHF 32.04 (grant date: 15 February 2019) and CHF 55.03 (grant date: 15 February 2018), respectively.

Starting with the 2017 reporting year, the EPP granted in February following the reporting year is disclosed as compensation for the reporting year, as such awards are based on the performance of the eligible Executive Board members in the reporting year and the overall achievements by the Group in the plan period. While the plan policies, accounting principles (including a shift to a four-year, service-based vesting expense cycle) and reporting changed for the EPP grant dated 15 February 2018, the underlying EPP award cycle has stayed the same and no additional grants have been made. Similarly, no modifications have been made to the binding say-on-pay votes (as defined in article 11.1 of our Articles of Incorporation).

All deferred elements of the variable compensation of the CEO are subject to forfeiture and clawback provisions.

In 2018, the ratio of fixed to variable compensation for the CEO amounted to 27%:73%, compared to 16%:84% for the CEO in 2017 (a transition year during which the CEO performed two executive roles). 78% of the variable compensation of the CEO in the reporting period was deferred either for a period of five years for the DBP or three years for the EPP (85% in 2017, a transition year during which the CEO performed two executive roles).

[3] The amounts reported in this column include actual employer contributions to social security (AHV/ALV) for base salaries and estimated future contributions based on the grant values of the DBP for the 2018 and 2017 performance years and the fair value of the Performance Units/EPP granted for performance years 2018 and 2017. These amounts also include premiums for additional accident insurance. The aggregate amount of these social security and accident insurance costs for the CEO is CHF 376,265 for 2018, while the aggregate amounts for the CEO were CHF 289,638 for 2017 and CHF 121,886 for the former CEO.

[4] The former CEO had a six-month notice period. During this notice period, the former CEO was contractually entitled to continue to receive his monthly base salary. Of these monthly base salary payments, one month (for December 2017) is included in the amount disclosed for his 2017 base salary.

The above table is based on the accrual principle, which means that the amounts shown are compensation earned for the respective year. The actual payment of a portion of the amounts for the performance-related components may, however, be effected at a later date. In particular, under the DBP, a portion of the cash-based variable compensation is paid in April (post shareholder approval) with the remainder being deferred over a five-year period (disbursed in equal instalments each February over the following five years).

LOANS TO THE MEMBERS OF THE EXECUTIVE BOARD (AUDITED)

		31.12.2018		31.12.2017
	Loans *CHF*	Loans to related parties *CHF*	Loans *CHF*	Loans to related parties *CHF*
Loans to the members of the Executive Board				
Total	**4,244,000**	**-**	4,647,000	-
of which the highest amount: Nic Dreckmann, COO	1,823,000	-	1,847,000	-

The loans granted to the members of the Executive Board consist of Lombard loans on a secured basis (through pledging of securities portfolios or other marketable coverage), fixed-rate mortgages (on a fixed-rate basis), Libor mortgages and floating-rate mortgages (both on a variable-rate basis). Such loans are made on substantially the same terms as those granted to employees, including those relating to interest rates and collateral. For investment properties, the standard mortgage conditions for external clients apply, including those relating to pricing and amortisation.

No loans to former members of the Executive Board (and their related parties) were outstanding at year-end 2018 or were granted in 2018 at conditions that were not in line with market conditions.

Members of the Executive Board benefit from preferential staff conditions for transactions (e.g. in securities) executed in-house.

SHAREHOLDINGS OF THE MEMBERS OF THE EXECUTIVE BOARD (AUDITED)

		Number of shares
Shareholdings of the members of the Executive Board[1]		
Bernhard Hodler, Chief Executive Officer	**2018**	**85,099**
	2017	50,878
Dieter A. Enkelmann, Chief Financial Officer	**2018**	**120,170**
	2017	89,908
Larissa Alghisi Rubner, Chief Communications Officer	**2018**	**608**
	2017	-
Oliver Bartholet, Chief Risk Officer since 1 March 2018	**2018**	**-**
	2017	n.a.
Nic Dreckmann, Chief Operating Officer	**2018**	**30,003**
	2017	22,113
Christoph Hiestand, General Counsel	**2018**	**25,000**
	2017	20,525
Total	**2018**	**260,880**
Total	2017	183,424

[1] Including shareholdings of related parties

None of the members of the Executive Board held any option positions on Julius Baer Group Ltd. shares as at year-end 2018 and 2017.

Share ownership guidelines for the members of the Board of Directors and the members of the Executive Board were introduced with effect from 2014.

The CEO is required to build up and maintain 100,000 vested shares of Julius Baer Group Ltd. (by 31 December 2020), the other members of the Executive Board the lower of 2.5 times base salary or 30,000 shares.

The targeted number of Julius Baer Group Ltd. shares has to be built up over a period of three years (and reached at year-end of the respective year) and maintained until the Executive Board member leaves his or her current position and/or the Julius Baer Group.

FORMER EXECUTIVES

In line with the Group's contractual obligations, the former CEO Boris F.J. Collardi, who stepped down in November 2017, received his base salary until 31 May 2018 (the end of his six-month notice period). The total amount of base salary paid to him in 2018 was CHF 615,000. The aggregate amount of social security and accident insurance costs paid to him in 2018 was CHF 101,343.

As a result of his departure and in line with the applicable regulations, no variable compensation was awarded to him for the 2017 performance year and no additional vestings or variable compensation amounts were paid to him in 2018. His outstanding variable compensation grants from previous years have been treated in line with the respective plan termination provisions (as disclosed as part of this Remuneration Report), which provide for outstanding equity-based variable compensation awards to be forfeited. In addition, he did not receive any special termination benefits under the pension plans.

Apart from Gregory F. Gatesman (for further details, see the 'Compensation of the members of the Executive Board' table, footnote 7), no compensation was paid to former members of the Executive Board who left the Executive Board in 2017 or earlier that related to such member's prior function within the Executive Board. No compensation was granted to parties related to members of the Executive Board or former members of the Executive Board. No severance payments to members of the Executive Board (including the former CEO) were effected in 2018 or 2017.

ADDITIONAL HONORARIA, RELATED PARTIES, OTHER IMPORTANT INFORMATION

The compensation disclosed for the CEO (both in terms of his CEO role and former CRO role in 2017), the former CEO, CFO and COO includes the compensation for the same function those members assume at the level of the Executive Board of Bank Julius Baer & Co. Ltd., the principle entity of Julius Baer Group Ltd.

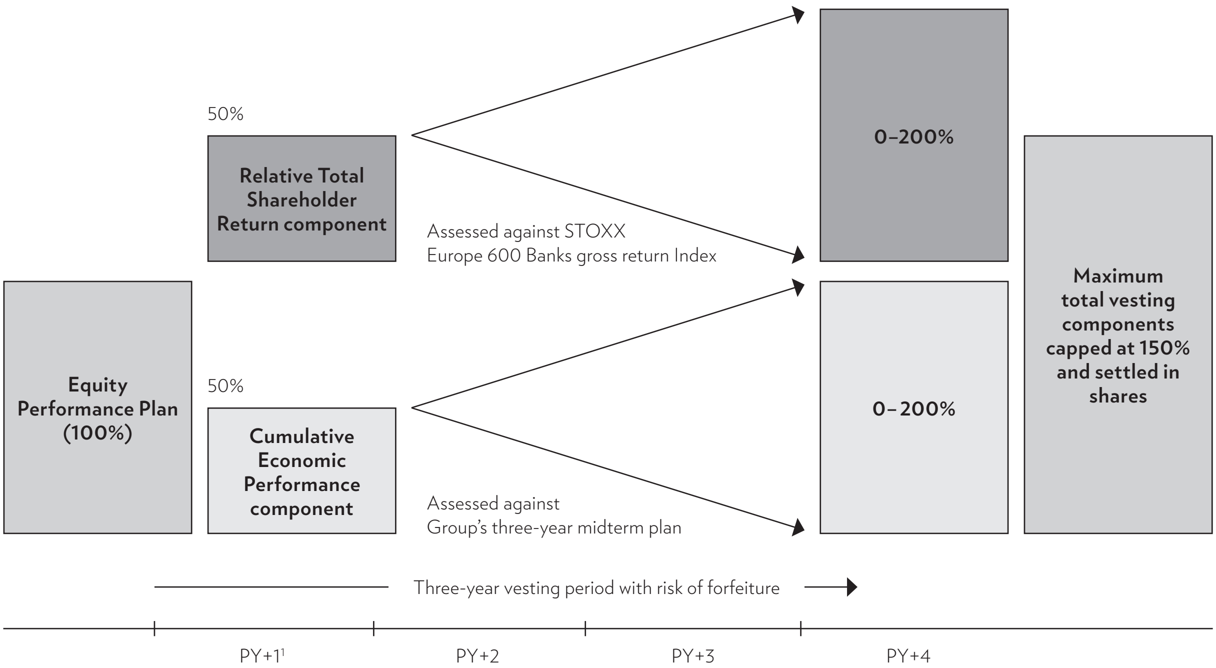
No compensation has been granted to parties related to members of the Executive Board.

VESTED COMPENSATION

The EPP vesting is contingent upon the performance of the two KPIs (namely, the cEP and the rTSR).

The number of shares delivered under the EPP is between 0% and 150% (final multiplier of 0 to 1.5) of the number of Performance Units granted in any given year (with each individual KPI being capped at a maximum multiplying factor of 200%). Please see the graph below for an illustration of this mechanism.

The final multiplier for the 2016 EPP programme (vesting 15 February 2019) was 0.798. The final multiplier resulted from performance below target for both the rTSR and the cEP. The Group's share price drop (particularly at the end of 2018) relative to the overall drop in the Index weighed heavily on the rTSR performance (rTSR multiplier of 0.704). While the cEP performance was more stable it also ended below the Group's strategic MTP targets (cEP multiplier of 0.892).



[1] Grant takes place in February following the performance year (PY).

COMPENSATION, LOANS AND SHAREHOLDINGS OF THE BOARD OF DIRECTORS (AUDITED)

This section provides the data for 2018 and 2017. The details of the compensation system for members of the Board of Directors are presented in the 'Board of Directors compensation' section of this Remuneration Report.

Compensation of the members of the Board of Directors[1]		Base salary[2] *CHF 1,000*	Share-based payments[3] *CHF 1,000*	Social security contributions and varia[4] *CHF 1,000*	**Total** *CHF 1,000*
Daniel J. Sauter – Chairman	**2018**	**400**	**600**	**98**	**1,098**
	2017	400	600	102	1,102
Gilbert Achermann	**2018**	**128**	**120**	**26**	**274**
	2017	124	120	25	269
Ann Almeida (left the Board in 2018)	**2018**	**32**	**0**	**4**	**36**
	2017	119	120	18	257
Andreas Amschwand	**2018**	**150**	**120**	**29**	**299**
	2017	146	120	28	295
Heinrich Baumann	**2018**	**175**	**120**	**28**	**323**
	2017	170	120	27	316
Richard M. Campbell-Breeden (joined the Board in 2018)	**2018**	**131**	**120**	**34**	**285**
	2017	n.a.	n.a.	n.a.	n.a.
Paul Man Yiu Chow	**2018**	**115**	**120**	**21**	**256**
	2017	113	120	20	253
Ivo Furrer (joined the Board in 2017)	**2018**	**169**	**120**	**32**	**321**
	2017	113	120	21	254
Claire Giraut	**2018**	**128**	**120**	**16**	**264**
	2017	124	120	75	319
Gareth Penny	**2018**	**150**	**120**	**44**	**314**
	2017	146	120	44	310
Charles G. T. Stonehill	**2018**	**205**	**120**	**26**	**351**
	2017	193	120	42	355
Total	**2018**	**1,783**	**1,680**	**358**	**3,821**
Total	2017	1,648	1,680	403	3,730

At the end of 2018, the Board of Directors consisted of ten members (consistent with the end of 2017). Raymond J. Baer remains an honorary member of the Julius Baer Group Board of Directors; however, he received no compensation in 2017 or 2018 for his activities on behalf of Julius Baer.

[1] The members of the Board of Directors of Julius Baer Group Ltd. assume similar director roles on the Board of Directors of Bank Julius Baer & Co. Ltd. For more information on the detailed compensation components of the Board of Directors please refer to the 'Board of Directors compensation' section of this Remuneration Report.

[2] The base salaries are disclosed on a business year basis according to the requirements of the Ordinance.

[3] The share-based elements reflect a fixed amount in CHF (currently CHF 120,000 for Board members and CHF 600,000 for the Chairman, rounded up to the next share) and are granted each year upon election or re-election to the Board. The share-based payments are valued at fair value at the grant date (CHF 58.77 per share of Julius Baer Group Ltd. as at 2 May 2018; CHF 50.97 per share of Julius Baer Group Ltd. as at 2 May 2017).

At the AGM in 2018, Daniel J. Sauter (Chairman), Gilbert Achermann, Andreas Amschwand, Heinrich Baumann, Paul Man Yiu Chow, Ivo Furrer, Claire Giraut, Gareth Penny and Charles G. T. Stonehill were re-elected for a term of one year and Richard M. Campbell-Breeden was elected as a new Board member.

[4] The amounts reported for 2018 and 2017 include Julius Baer's actual contributions to social security in the respective reporting period in accordance with the Ordinance, amounting to CHF 261,047 for 2018 and CHF 297,150 for 2017. Depending on the domicile of the Board member and the applicable local legislation, contributions to social security vary despite the similar level of compensation amongst members of the Board of Directors.

The value of the share-based payments shown in the above table cannot be compared with the figures in Note 29 ('Share-based payments') of the Group's 2018 consolidated financial statements as the latter disclose the compensation expense for the shares that has been recognised during the applicable reporting periods.

Under the forfeiture clause, the members of the Board of Directors are only entitled to the shares granted to them provided that they fulfil the entire term for which they have been elected or re-elected. Should a Board member resign between two AGMs, any unvested shares are generally forfeited. In that event, the cash element of their compensation will, however, be paid on a pro rata basis. In the event of dismissal of the Chairman or a Board member by an Extraordinary General Meeting, both the cash and the share elements will be paid on a pro rata basis. In the event of disability or death, all awards granted may be retained by the Board member and no forfeiture applies.

Board members are not entitled to participate in any performance-related share or cash programme at either Group or Bank level.

No compensation was granted to parties related to members of the Board of Directors.

LOANS TO THE MEMBERS OF THE BOARD OF DIRECTORS (AUDITED)

	31.12.2018		31.12.2017	
	Loans *CHF*	Loans to related parties *CHF*	Loans *CHF*	Loans to related parties *CHF*
Loans to the members of the Board of Directors				
Daniel J. Sauter – Chairman	**-**	**520,000**	-	525,000
Gilbert Achermann	**-**	**-**	-	-
Ann Almeida (left the Board in 2018)	**n.a.**	**n.a.**	-	-
Andreas Amschwand	**-**	**-**	-	-
Heinrich Baumann	**3,200,000**	**-**	4,500,000	-
Richard M. Campbell-Breeden (joined the Board in 2018)	**-**	**-**	n.a.	n.a.
Paul Man Yiu Chow	**1,250,000**	**-**	3,139,000	-
Ivo Furrer (joined the Board in 2017)	**-**	**-**	-	-
Claire Giraut	**-**	**-**	-	-
Gareth Penny	**251,000**	**-**	-	-
Charles G. T. Stonehill	**-**	**-**	-	-
Total	**4,701,000**	**520,000**	7,639,000	525,000

The loans granted to members of the Board of Directors consist of Lombard loans on a secured basis (through pledging of securities portfolios or other marketable coverage), fixed-rate mortgages (on a fixed-rate basis), Libor mortgages and floating-rate mortgages (the latter two on a variable-rate basis).

The interest rates on the Lombard loans and the mortgages for Board members and related parties are in line with normal market rates at the time the loans were granted and do not include any preferential conditions.

Members of the Board of Directors benefit from preferential staff conditions for transactions (e.g. in securities) executed in-house.

SHAREHOLDINGS OF THE MEMBERS OF THE BOARD OF DIRECTORS (AUDITED)

Shareholdings of the members of the Board of Directors[1]		Number of shares
Daniel J. Sauter – Chairman	**2018**	**198,957**
	2017	187,184
Gilbert Achermann	**2018**	**14,509**
	2017	12,154
Ann Almeida (left the Board in 2018)	**2018**	**n.a.**
	2017	2,143
Andreas Amschwand	**2018**	**14,509**
	2017	12,154
Heinrich Baumann	**2018**	**20,236**
	2017	17,881
Richard M. Campbell-Breeden (joined the Board in 2018)	**2018**	**-**
	2017	n.a.
Paul Man Yiu Chow	**2018**	**7,794**
	2017	4,439
Ivo Furrer (joined the Board in 2017)	**2018**	**4,405**
	2017	2,050
Claire Giraut	**2018**	**23,799**
	2017	21,444
Gareth Penny	**2018**	**9,855**
	2017	7,500
Charles G. T. Stonehill	**2018**	**21,669**
	2017	22,814
Total	**2018**	**315,733**
Total	2017	289,763

[1] Including shareholdings of related parties

None of the Board members held any option positions on Julius Baer Group Ltd. shares as at year-end 2018 and 2017.

Share ownership guidelines for the members of the Board of Directors and the members of the Executive Board were introduced with effect from 2014.

The Chairman of the Board of Directors is required to build up and maintain 25,000 vested shares of Julius Baer Group Ltd., the other members of the Board 7,500 each, respectively.

The targeted number of Julius Baer Group Ltd. shares has to be built up over a period of three years following election (and reached at year-end of the respective year) and maintained until the Board member leaves the Board of Directors.

Board members who were elected and/or re-elected in 2015 or earlier (i.e. all Board members except for Richard M. Campbell-Breeden and Ivo Furrer) were required to reach the targeted number of shares by year-end 2018. Richard M. Campbell-Breeden and Ivo Furrer are required to reach the targeted number of shares by year-end 2021 and 2020, respectively.

FORMER DIRECTORS

In 2018, no compensation was granted to Board members who left the Board in 2017 or earlier.

No loans to former members of the Board of Directors (or their related parties) were outstanding at year-end 2018 or were granted in 2018 at conditions that were not in line with market rates.

ABBREVIATIONS

AGM	Annual General Meeting
BIS	Bank for International Settlements
BoD	Board of Directors
CCO	Chief Communications Officer
CEO	Chief Executive Officer
cEP	Cumulative Economic Profit
CFO	Chief Financial Officer
CoC	Cost of Capital
CompC	Compensation Committee
COO	Chief Operating Officer
CRO	Chief Risk Officer
CRD	Capital Requirements Directive
DBP	Deferred Bonus Plan
DCP	Deferred Cash Plan
EB	Executive Board
EP	Economic Profit
EPP	Equity Performance Plan
IFRS	International Financial Reporting Standards
Index	STOXX® Europe 600 Banks Index (gross return)
Kairos	Kairos Investment Management S.p.A.
KPI(s)	Key Performance Indicator(s)
LTI	Long-Term Incentive Plan
MTP	Strategic 3-year Mid-Term Plan
NNM	Net New Money
NOPbBT	Net operating profit before bonus and taxes
OPR	Overall Performance Rating
Ordinance	Swiss Ordinance against Excessive Compensation in Listed Companies
PSP	Premium Share Plan
rTSR	Relative Total Shareholder Return
SMI	Swiss Market Index
SPP	Staff Participation Plan
TSR	Total Shareholder Return

TERMINATION PROVISIONS OF JULIUS BAER PLANS

Award Name	Voluntary termination	Termination without cause	Death	Disability	Retirement	Termination for cause	Change of control
Deferred Bonus Plan (DBP)	Outstanding deferral is paid out in accordance with the original payment schedule.	Outstanding deferral is paid out in accordance with the original payment schedule.	Outstanding deferral amounts are paid out within 30 days of the notification of the event.	Outstanding deferral amounts are paid out within 30 days of termination.	Outstanding deferral is paid out in accordance with the original payment schedule.	Outstanding deferral is clawed back upon notice of termination.	Payment-schedule adjustments permissible at Board of Directors' discretion.
Equity Performance Plan (EPP)	Unvested awards are forfeited upon notice of termination.	Pro rata portion of unvested awards vests upon notice of termination subject to final performance multiplier assessment at the end of the plan period.	Award fully vests based on an assumed final multiplier of 100% and is paid out within 30 days of the notification of the event.	Award fully vests based on an assumed final multiplier of 100% and is paid out within 30 days of termination.	Awards fully vest on the date of retirement subject to the final multiplier performance assessment at the end of the plan period.	Unvested awards are forfeited upon notice of termination.	Award adjustments solely at Board of Directors' discretion. Plan allows for an intrinsic value roll-over of awards and/or early evaluation of actual performance followed by vesting.
Deferred Cash Plan (DCP)	Unvested awards are forfeited upon notice of termination.	Unvested awards vest on the date of termination.	Unvested awards vest and are paid out within 30 days of the notification of the event.	Unvested awards vest on the date of termination.	Unvested awards vest on the date of retirement.	Unvested awards are forfeited upon notice of termination.	Award adjustments solely at Compensation Committee's discretion.
Premium Share Plan (PSP)	Unvested shares from deferral and premium shares are forfeited upon notice of termination.	Unvested shares from deferral vest on date of termination. Premium shares are forfeited.	The unvested shares from deferral and premium shares vest and are paid out within 30 days of the notification of the event.	The unvested shares from deferral and premium shares vest and are paid out within 30 days of termination.	The unvested shares from deferral and premium shares vest and are paid out within 30 days of retirement.	Unvested shares from deferral and premium shares are forfeited upon termination.	Award adjustments solely at Compensation Committee's discretion. Intrinsic value rollover of awards permitted.
Long-Term Incentive Plan (LTI)	Unvested shares are forfeited upon notice of termination.	Unvested shares are forfeited upon notice of termination.	Unvested shares vest on the date of the notification of the event.	Unvested shares vest on the date of termination.	Unvested shares vest on the date of retirement.	Unvested shares are forfeited upon notice of termination.	Award adjustments solely at Compensation Committee's discretion. Intrinsic value rollover of awards permitted.

REPORT OF THE STATUTORY AUDITOR TO THE ANNUAL GENERAL MEETING OF JULIUS BAER GROUP LTD., ZURICH

KPMG

Report of the Statutory Auditor

To the General Meeting of Julius Baer Group Ltd., Zurich

We have audited pages 70 to 80 of the remuneration report of Julius Baer Group Ltd. for the year ended 31 December 2018.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended 31 December 2018 of Julius Baer Group Ltd. complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Philipp Rickert
Licensed Audit Expert
Auditor in Charge

Cataldo Castagna
Licensed Audit Expert

Zurich, 14 March 2019

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich