Julius Bär

MEDIA RELEASE

Julius Baer Group Ltd.

Interim Management Statement for the first ten months of 2019[1]

Assets under management up 10% to CHF 422 billion – Benefits of cost-reduction programme starting to materialise – 2019 full-year results to be impacted by Kairos goodwill impairment – Launch of share buy-back programme of up to CHF 400 million

Zurich, 19 November 2019 – In the ten months to the end of October 2019, Julius Baer Group's assets under management (AuM) grew to CHF 422 billion, a year-to-date increase of 10%. The increase was driven by strong positive market performance and continued net new money inflows, partly offset by the year-to-date strengthening of the Swiss franc against the euro.

Philipp Rickenbacher, Chief Executive Officer of Julius Baer Group Ltd., said: "With our cost efficiency moving towards the targeted level and gross margins proving to be resilient in a challenging environment, our operating performance and capital generation remain robust. Asset gathering saw solid momentum in our core markets, although it was partly offset by anticipated temporary headwinds and disappointing outflows from Kairos funds."

He added: "Our strong financial position enables us to put in place a share buy-back programme as an additional way to return capital to our shareholders. At the same time, the organisation is moving towards a more agile structure, in line with our announcement early October, and the leadership team is working on our strategic plans to deliver sustainable medium-term growth."

Net new money impacted by Kairos outflows and anticipated temporary headwinds

The net new money dynamic seen in the first half of 2019 continued for the past four months, with solid inflows across Julius Baer's wealth operations (driven by strong contributions from clients domiciled in Asia, Europe, and the Middle East) partly offset by ongoing outflows from Kairos funds. Net new money was further impacted by a number of client exits in the context of the ongoing client documentation review project (which is on target to be completed by the end of 2019), and by modest outflows following a wider application of negative interest rates to large cash holdings in affected currencies.

As a result, the annualised net new money growth rate[2] for the first ten months of 2019 was slightly less than 3%, compared to 4.5% in full year 2018 and 3.2% in the first half of 2019. It is therefore unlikely that the Group will achieve its medium-term target this year.

[1] Based on unaudited management accounts. For the definitions of assets under management and net new money, please refer to the Annual Report 2018, pp. 197 ff.

[2] Annualised net new money as a percentage of assets under management at the end of the previous year.

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Over the past months, Julius Baer continued to be successful in attracting a number of highly-rated and experienced teams of relationship managers.

Resilient gross margin[3] in challenging environment
The gross margin in the July to October 2019 period was moderately lower than in the first half of 2019. This was driven mainly by lower fee income from Kairos, a slightly decreased contribution from net interest income, as well as a small credit loss.

As a result, the overall gross margin in the first ten months of 2019 was just above 82 basis points (bp). This compares to 85.5 bp for full year 2018 and 83.2 bp in the first half of 2019.

Benefits of cost-reduction programme starting to materialise
Over the first ten months of 2019, the Group achieved an adjusted cost/income ratio[4] of just over 70%. This compares to 70.6% for full year 2018 and 71.0% in the first half of 2019.

The results of the cost-reduction programme started to materialise in the second half of 2019: despite the moderately lower gross margin, the adjusted cost/income ratio in the four months to the end of October 2019 improved to a level just below 70%. The Group reconfirms its aim to reduce the adjusted cost/income ratio below 68% in 2020.

As usual, the adjusted cost/income ratio does not include provisions and losses. For the second half of 2019, provisions and losses are currently expected to be at least at the level of the first half of 2019.

Kairos goodwill impairment
After a number of years of strong growth, Julius Baer's Italian asset and wealth management subsidiary Kairos experienced underperformance in its funds in 2018 and a number of management departures in 2019, mainly in the last four months. As announced on 30 August 2019, Julius Baer completed its strategic review of Kairos with the conclusion that a fuller operational alignment and closer cooperation between the two companies offer the best path to the successful long-term development of Kairos. In the subsequent months, these conclusions have been developed into a detailed implementation plan.

Based on the new business plan, further outflows in the last four months, and the unaudited management accounts, Julius Baer announced today that the goodwill on its investment in Kairos will be partially impaired. This will lead to a non-cash charge of EUR 90 million (approx. CHF 99 million) to be reflected in Julius Baer's 2019 financial results. The goodwill impairment charge will not be tax-deductible.

At the end of October 2019, AuM of Kairos stood at CHF 8.4 billion (end 2018: CHF 11. 8 billion). Kairos has continued to operate profitably in the first ten months of 2019, at a gross margin that improved from 2018.

Solid capital position
In the first ten months of 2019, the Group's BIS capital ratios were affected by the first-time consolidation of NSC Asesores in March 2019 (approx. 30 bp impact) and by the close to 80 bp impact from the remeasurement of the Swiss pension defined benefit obligation (following lower Swiss interest rates). Despite these effects, the Group's BIS CET1 capital ratio strengthened to

[3] Annualised operating income divided by monthly average assets under management.
[4] Operating expenses divided by operating income; calculated using adjusted operating expenses and excluding provisions and losses. Adjusted operating expenses are derived by excluding from the total operating expenses the integration and restructuring expenses as well as the amortisation of intangible assets related to acquisitions or divestments.

13.9%, up from 12.8% on 31 December 2018 and 13.1% on 30 June 2019. The BIS total capital ratio increased to 21.8% (up from 18.7% on 31 December 2018 and 20.7% on 30 June 2019), helped by the placement of CHF 350 million of perpetual Additional Tier 1 bonds in June 2019.

The CET1 and total capital ratios remained well above the Group's own floors of 11% and 15% and significantly in excess of the regulatory minimums of 8.2% and 12.4% respectively.

Share buy-back programme launched
In view of Julius Baer's strong capital position and ongoing capital generation, the Board of Directors of Julius Baer has approved the launch of a programme to buy back up to CHF 400 million purchase value of Julius Baer Group Ltd. shares.

The programme will be launched on 20 November 2019 and is expected to run until the end of February 2021. The execution of the programme is subject to market conditions.

The shares will be bought via a second trading line on SIX Swiss Exchange (ticker symbol: BAERE). Shares that have been repurchased under the programme are expected to be cancelled through capital reductions to be proposed at future Annual General Meetings of shareholders.

Dieter A. Enkelmann, Chief Financial Officer of Julius Baer Group Ltd., said: "Over the past five years we have increased our dividend at a compound annual growth rate of 20%. At the same time, we have retained our strong capitalisation, and our capital ratios to date are well above the minimum requirements and our own floors. The share buy-back programme as announced today gives us further flexibility in continuing our policy of providing attractive returns to our shareholders."

2019 full-year results
Julius Baer Group's detailed financial results for 2019 will be published on 3 February 2020.

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About Julius Baer
Julius Baer is the leading Swiss wealth management group and a premium brand in this global sector, with a focus on servicing and advising sophisticated private clients. At the end of October 2019, assets under management amounted to CHF 422 billion. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the principal operating company of Julius Baer Group Ltd., whose shares are listed on the SIX Swiss Exchange (ticker symbol: BAER) and are included in the Swiss Leader Index (SLI), comprising the 30 largest and most liquid Swiss stocks.

Julius Baer is present in over 25 countries and more than 60 locations. Headquartered in Zurich, we have offices in key locations including Dubai, Frankfurt, Geneva, Hong Kong, London, Luxembourg, Mexico City, Milan, Monaco, Montevideo, Moscow, Mumbai, São Paulo, Singapore and Tokyo. Our client-centric approach, our objective advice based on the Julius Baer open product platform, our solid financial base and our entrepreneurial management culture make us the international reference in wealth management.

For more information visit our website at www.juliusbaer.com

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This media release by Julius Baer Group Ltd. ('the Company') includes forward-looking statements that reflect the Company's intentions, beliefs or current expectations and projections about the Company's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industries in which it operates. Forward-looking statements involve all matters that are not historical facts. The Company has tried to identify those forward-looking statements by using the words 'may', 'will', 'would', 'should', 'expect', 'intend', 'estimate', 'anticipate',

‘project’, ‘believe’, ‘seek’, ‘plan’, ‘predict’, ‘continue’ and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous.

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