

# Julius Bär

## **MEDIA RELEASE** Julius Baer Group Ltd.

### Closure of FINMA enforcement proceedings **Julius Baer greatly enhances risk control and compliance**

**Julius Baer takes note of today's announcement by FINMA regarding the closure of the proceedings in the FIFA/PDVSA case and acknowledges in principle the conclusions regarding shortcomings in the fight against money laundering in its Latin American business. Julius Baer cooperated extensively with FINMA and already took comprehensive operational, organisational and personnel measures during the course of the investigation, thereby strengthening the compliance and risk culture within the Group. Julius Baer takes note of the fact that FINMA has acknowledged this progress in its assessment. The Board of Directors and the Executive Board will rapidly and resolutely enforce implementation of the measures initiated and decreed.**

Zurich, 20 February 2020 – Julius Baer takes note of today's announcement by FINMA regarding the closure of the proceedings in the FIFA/PDVSA case and acknowledges in principle the conclusions regarding shortcomings in the fight against money laundering. These shortcomings affected certain areas of the Group's Latin American business in the period from 2009 to early 2018. Julius Baer cooperated extensively with FINMA, assisting in the investigation and conducting its own comprehensive investigation in parallel, both in-house and with the assistance of independent experts. The identified deficiencies have been addressed, and in particular the Bank's control system as well as compliance processes have been improved and strengthened significantly, both in terms of personnel and in the context of in-house rules and management principles. Julius Baer notes that FINMA has expressly acknowledged these measures in its assessment.

The changes introduced by Julius Baer include:

- The Group has adapted its strategy under its new leadership. In future, its focus will shift from new money growth to sustainable profit growth.
- Region Latin America has been under new leadership since December 2017, and new appointments have been made to all key positions. The region's strategy has been completely overhauled, including the introduction of a market-specific focus that has resulted, among other things, in the closure of the local business in Panama and Venezuela.
- The Group undertook a comprehensive programme over the last two years to strengthen its global risk management, and made new appointments to key and leadership positions. This programme addressed many of the weaknesses identified by FINMA. Further investments and measures are being implemented with high priority. The documentation standards for client data and active client relationships have already been further developed and improved. Both the front office and the control units were extensively involved in this project ('Atlas'), which was completed on schedule in late 2019, to ensure that the associated cultural transformation would be embedded in the organisation with lasting effect. The effectiveness of the compliance function has been

significantly improved thanks to substantial investment in staff – with headcount up by some 40 per cent in recent years – as well as in processes, technology and data analysis. In addition, considerable sums have been and continue to be invested in enhancing transaction monitoring and combating money laundering. The Group will also adapt its incentive and compensation systems to correspond with its risk standards.

Romeo Lacher, Chairman of the Board of Directors of Julius Baer Group, said: “We accept FINMA’s findings and regret the shortcomings identified in our business with Latin American clients. This is not compatible with the risk culture that we are striving to achieve. Julius Baer has invested substantially over the past few years in strengthening our compliance and risk management processes to make them fit for the challenges of the future and, as part of our new strategy, we will continue to invest forcefully in these areas. We are fully confident that the measures we have taken have already had a positive lasting impact. Together with the Executive Board, the Board of Directors will rapidly and resolutely enforce implementation of the measures initiated and decreed by FINMA.”

### **Contacts**

Media Relations, tel. +41 (0)58 888 8888

Investor Relations, tel. +41 (0)58 888 5256

### **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 2019, assets under management amounted to CHF 426 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](http://www.juliusbaer.com)