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REMUNERATION
REPORT

Julius Baer Group Ltd.

REMUNERATION REPORT 2019
JULIUS BAER GROUP LTD.

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This Remuneration Report also appears in German. The English version is prevailing.

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

Over the past 130 years, Julius Baer Group has grown and developed into the leading Swiss wealth manager it is today. In 2019, we started a new chapter in our history when Philipp Rickenbacher was appointed the new Chief Executive Officer (CEO).

Jointly with the new CEO and his leadership team, the Board of Directors is building on Julius Baer Group's heritage and unique position as a pure wealth manager to refine the strategy for the future. We plan to enhance our growth story by fortifying our areas of strength and at the same time challenging the status quo with the goal of sharpening our value proposition, accelerating investments into our core capabilities and shifting our focus from an asset-gathering strategy to one of sustainable profit growth.

As the Group's strategy is refined, it will be implemented in a considered and sustainable manner, under the leadership of the Executive Board and within the new organisational set-up (effective 1 January 2020). The new structure is a stepping-stone that will help us enhance client focus, increase our operational efficiency, foster cultural development, and make us more nimble in this fast-moving market environment.

Compensation framework

The Group's compensation philosophy is aimed at offering competitive compensation which fosters risk awareness, rewards past performance and incentivises the creation of sustainable stakeholder value.

Our compensation framework incorporates significant levels of deferred compensation, long-term performance periods and a balanced mix of cash and equity awards. This framework remained largely unchanged in 2019, however, it was augmented by the introduction of a maximum immediate cash cap on variable compensation (CHF 1.5 million per year) and strengthened through further service-based vesting requirements. Additionally, the weightings within the Executive Board's Scorecards were adjusted to significantly increase the impact of the Bank's financial performance on compensation (e.g. CEO Core [financial] Objectives increased to 50% from 30%) while maintaining an appropriate balance between quantitative and qualitative factors.

The Group has taken a number of steps in the past years to strengthen governance and control processes and these changes have been incorporated into the relationship manager (RM) compensation assessment process. All staff are subject to qualitative assessments through their annual performance review and the Group maintains a disciplinary committee aimed at ensuring consistent application of sanctions for identified policy and procedure violations. The performance assessment process for RMs, in particular, was augmented with a detailed Client and Conduct Excellence

(CCE) Scorecard in 2016 to assess a number of risk- and compliance-related performance criteria linked to items such as anti-money laundering and Know Your Client (KYC). In 2019, additional risk-based adjustments were implemented to reduce compensation related to high-risk clients (e.g. politically exposed persons). The controls underlying this programme are refined each year alongside developments in the Group's governance and control processes.

In the context of our updated strategy, the overall design of the RM compensation framework (including the CCE) is under review and will be adjusted to ensure alignment with financial targets, entrepreneurial aspirations, the Group's new Code of Conduct and the associated risk and compliance standards. In particular, the revision of the compensation framework will address the expectations expressed by Julius Baer's lead regulator FINMA. All forthcoming changes to these programmes and policies will ensure continued compliance with local regulations in our operating locations and alignment with both shareholder interests and the Group's developing strategy.

2019 Group performance and variable compensation

The Group's 2019 performance was characterised by stable operating income, an initial positive impact from the 2019 cost reduction programme and a continued strengthening of Julius Baer's capital position. While assets under management (AuM) and net new money (NNM) continued to grow, the Group's performance was affected by rising operating expenses mainly from provisions, decreasing gross margins, and the previously announced items related to historical acquisitions (e.g. Bundesanstalt für vereinigungsbedingte Sonderaufgaben [BvS] and the non-cash goodwill impairment charge related to Kairos Investment Management S.p.A. [Kairos]).

Based on the Group's overall performance, the Adjusted Net Profit before variable compensation (bonus) and taxes (ANPbBT), the baseline for the Group's variable compensation pool, also declined in 2019 leading to a decrease in the absolute value of the Group's variable compensation pool.

Giving due consideration to the above impacts, the Group maintains a solid financial foundation and a strong strategic framework for long-term value creation in the future.

Human resource initiatives

Julius Baer aims to create an inspiring environment empowering people to perform at their best. To this end, the Group seeks to foster an atmosphere that treats employees fairly and a culture promoting accountability for employees' actions and individual behaviour in line with our values.

Diversity, inclusion and fair pay are an important element of the Group's development strategy and Julius Baer is committed to recruiting, retaining and promoting diversity at all levels of the organisation. To ensure continued year-on-year improvement, Julius Baer completes a detailed annual benchmarking review of its pay practices and has developed new policies (e.g. hiring initiatives, home office, extended maternity leave, etc.), programmes (e.g. Senior Women Mentoring, Julia@Baer, etc.) and reward-related adjustments.

Outlook 2020

As announced in October 2019, the structure and composition of the Group's Executive Board changed as of 1 January 2020, to create a leaner, more client-centric leadership team and simplify the governance processes, foster faster decision-making and align responsibilities and accountability across the Group's senior management. Going forward, the Executive Boards of the Group and of Bank Julius Baer & Co. Ltd. will be composed by the same members, which will provide further transparency in their members' roles, contributions and compensation. The consolidation of the two Boards in aggregate is expected to yield a reduction in overall executive compensation expenses.

Combined, the two Boards have been reduced from fifteen to nine members. In 2020, the disclosure in the Remuneration Report will encompass nine members, of which five were previously serving only at the Bank's Executive Board rather than the Group's. To cover their base salaries in 2020, the Group will utilise a portion of the Supplementary Amount (permitted under article 11.2 of the Articles of Incorporation, cf. www.juliusbaer.com/cg) and, following our normal say-on-pay voting approach, will request a vote at the Annual General Meeting in 2020 for the Executive Board base salaries in 2021.

In partnership with the CEO, the Compensation Committee is reviewing the impact of the Group's revised strategic initiatives and reorganisation on the future design of the overall Group's compensation strategy. The goals and objectives of the Executive Board will be aligned in 2020 with an increased focus on factors such as Risk Management, Compliance, Corporate Culture and Conduct, but also to sustainable profit growth as a holistic measure of success. The Board of Directors is committed to ensuring that the target setting, measurement and performance assessment processes are consistently managed and that the resulting compensation is appropriate.

Annual General Meeting

We would like to take this opportunity to thank you for the confidence that you have consistently demonstrated in our work and your support for our compensation framework over the past years. We will again ask for your feedback this year via the 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.

Julius Baer is very well positioned, financially strong and highly profitable. We have all it takes to invest in our future and to successfully evolve our pure wealth management approach in line with ever-changing client needs for the benefit of our shareholders. We are confident that the forthcoming strategic initiatives and the changes it will bring to Julius Baer Group, will be for the benefit of our clients, employees and stakeholders.

On behalf of the Board of Directors,

Romeo Lacher
Chairman

Richard M. Campbell-Breeden
Chairman of the Compensation Committee

2019 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

Julius Baer Group Ltd. (Julius Baer or the Group) completed the fiscal year with stable operating income and continued growth of net new money in a financial year impacted by legacy legal/acquisition-related cases. Performance can be summarised as follows:

Adjusted ¹ net profit CHF 772 million (-4.7%)	Net new money CHF 11 billion (2.8% growth rate)	Assets under management CHF 426 billion (+11.5%)	Adjusted cost/income ratio 71.1% (from 70.6% in 2018)
<ul style="list-style-type: none"> Spurred by AuM growth, improved expense margin and lower tax rate Offset by decline in gross margin and impact of legacy legal cases 	<ul style="list-style-type: none"> NNM growth of 4.1% when excluding Kairos outflows Negatively impacted by client documentation review project and negative interest rate application 	<ul style="list-style-type: none"> Supported by positive market performance Average AuM up 5% to CHF 414 bn from 2018² 	<ul style="list-style-type: none"> Close to FYE 2018 level despite lower gross margin Clear improvement over H2 2018 (74.3%)

¹ The document Alternative Performance Measures available at www.juliusbaer.com/APM provides a reconciliation of adjusted performance measures to reported results under IFRS as well as definitions of adjusted performance measures and other alternative performance measures.

² Calculated on the basis of monthly AuM levels.

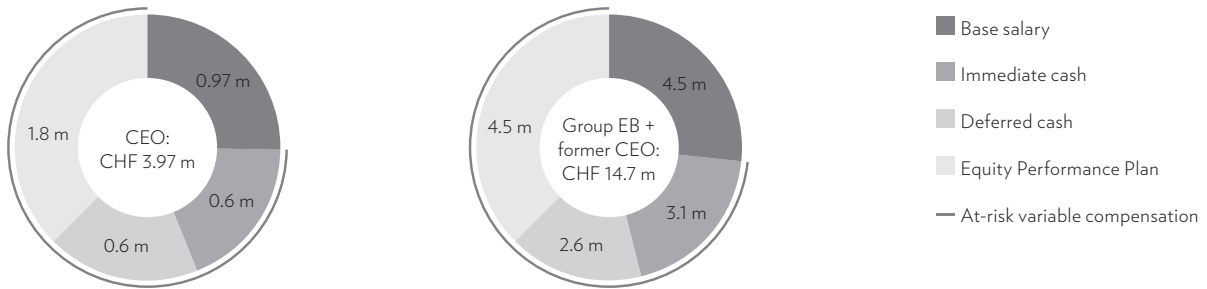
Sound compensation governance philosophy and practices

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

- ✓ **Pay linked to performance**
Use of adjusted net 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 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

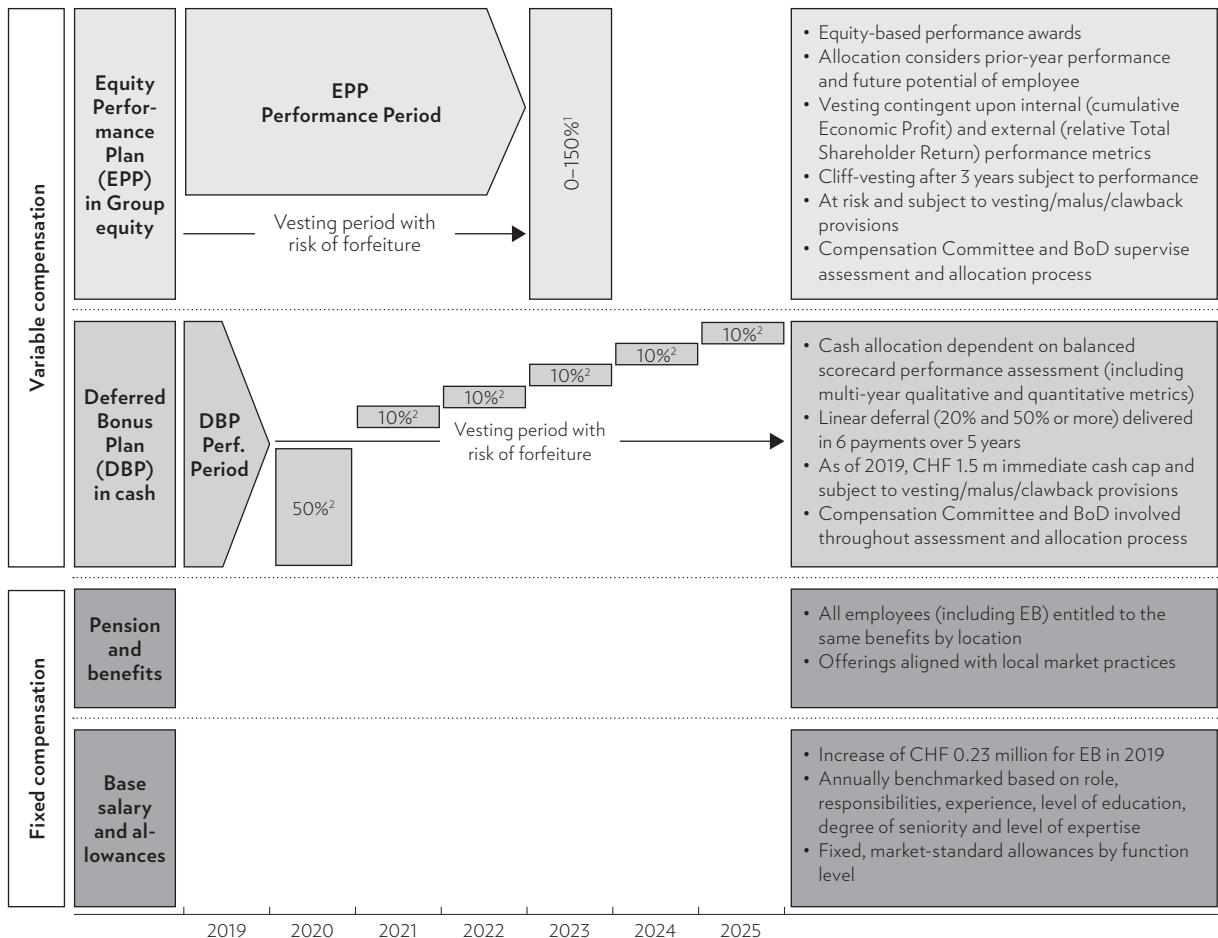
Pay linked to performance

Executive Board compensation is linked to performance and reflects the dual objectives of being performance-oriented and risk-appropriate. The 2019 total compensation paid to the seven EB members decreased by 4% relative to that paid to the six EB members in 2018 (up 13% when excluding 2018 replacement awards). The 2019 performance resulted in the following compensation decisions (in millions [m]):



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 DBP deferrals range from 20% to 50% (or higher) based on the level of the allocated bonus (example assumes 50% DBP deferral). As of 2019, the maximum amount of bonus payable immediately is capped at CHF 1.5 million (full deferral applies thereafter) thereby increasing the maximum deferral rate.

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 (cf. www.juliusbaer.com/cg).

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 are submitted for approval to the Board of Directors), compensation policies relating to the Group as a whole and 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 Governance & 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. Group 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 of Directors, 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: Richard M. Campbell-Breeden (Chairperson), Gilbert Achermann, Heinrich Baumann and Eunice Zehnder-Lai. As described in the section *Board of Directors* of chapter *I. Corporate Governance* 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 3.0 hours.

The following tables show the meetings held by the Compensation Committee of Julius Baer Group Ltd. in 2019, attendance at such meetings and the topics covered during the relevant meetings:

	January	April	June
First half of 2019			
Richard M. Campbell-Breeden, Chairperson ¹	x	x	x
Gilbert Achermann	x	x	x
Heinrich Baumann	x	x	x
Gareth Penny ²	x	-	-
Eunice Zehnder-Lai ³	G	x	x
Daniel J. Sauter ⁴	G	-	-
Romeo Lacher	G	G	G

¹ Previous member, assumed the role of Chairperson in April 2019

² Former Chairperson, left the Board of Directors at the Ordinary Annual General Meeting on 10 April 2019

³ Joined the Committee in April 2019

⁴ Left the Board of Directors at the Ordinary Annual General Meeting on 10 April 2019

G = attended meeting as guest except for segments of the meeting in which a conflict of interest might have arisen

	September	October	December
Second half of 2019			
Richard M. Campbell-Breeden, Chairperson	x	x	x
Gilbert Achermann	x	x	x
Heinrich Baumann	x	x	x
Eunice Zehnder-Lai	x	x	x
Romeo Lacher	G	G	G

G = attended meeting as guest except for segments of the meeting in which a conflict of interest might have arisen

Compensation Committee activities 2019

Topics/Activities	Jan	Apr	Jun	Sep	Oct	Dec
Compensation Strategy, Governance and Disclosure						
Compensation design and award plans		x	x	x		x
Pay-for-performance alignment / fair pay	x	x	x	x		x
Compensation policies			x		x	x
Compensation disclosure	x				x	x
HR strategy and people development	x	x	x	x	x	x
Compensation Committee governance	x	x				
Risk and Regulatory Landscape						
Regulatory developments and compensation impacts			x		x	x
Disciplinary event and policy breach governance	x	x				x
Year-End Compensation Review						
Variable compensation pool funding	x	x	x	x	x	x
EB and BoD compensation governance and assessment	x	x	x		x	x
Key Risk Taker and control function compensation review	x					x
External Landscape						
Stakeholder and proxy advisor feedback		x			x	
Market trends and benchmarking	x		x		x	

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, cf. www.juliusbaer.com/cg). 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.

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. As such, the Group reviews its peer group and relevant peer positioning on an annual basis.

Following the exclusion of the Group's shares from the Swiss Market Index (SMI) and admission to the SMI Mid-cap (SMIM) in 2019, the Compensation Committee completed a more detailed assessment of the peer group for the purposes of Executive Board compensation comparisons and for assessing corporate governance practices and relative performance reviews. A group of specific industry and Swiss market peers was selected for this purpose. Taking into account the Group's market capitalisation and industry complexity, the Group targeted its positioning around the median of the selected peers. This selected peer group includes the companies in the below table.

Overview of peer group for compensation benchmarking and relative performance review

Bespoke Peer Group (* denotes entities reviewed mainly on a wealth management sector basis)

Bank of Singapore*	DBS	JP Morgan*	UBS*
Barclays*	Deutsche Bank*	LODH	Vontobel
BNP Paribas*	EFG	Morgan Stanley*	
Citigroup*	Goldman Sachs*	Pictet	
Credit Suisse*	HSBC*	Standard Chartered*	

EXTERNAL ADVISERS

In 2019, Julius Baer obtained advice from HCM International Ltd. with regard to variable compensation funding, design and equity-based award valuation. 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)

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. Ernst & Young AG (EY) was mandated to prepare an analysis of various aspects of compensation and diversity. With the exception of HCM, all of the aforementioned advisors also had other mandates within the Group.

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. This Remuneration Report aims to provide sufficient and meaningful information for shareholders to assist them in analysing and interpreting the compensation numbers on which they vote under the Ordinance.

The approval of compensation by the AGM is defined in the Articles of Incorporation (cf. www.juliusbaer.com/cg). This approval at AGM 2020 determines:

1. the maximum aggregate amount of compensation paid to the Board of Directors for its next term of office (2020 AGM to 2021 AGM);

2. the maximum aggregate amount of fixed compensation of the Executive Board for the financial year following the respective General Meeting of Shareholders (2021);
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 (2019); and
4. the aggregate amount of variable equity-based compensation elements of the Executive Board granted in the current financial year (2020, and partially relating to performance in the preceding calendar year [2019]).

In addition, a consultative vote on the Remuneration Report is again scheduled for the AGM on 16 April 2020. 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 2019 AGM and 2018 AGM.

Results of say-on-pay shareholder approvals

Say-on-pay shareholder approvals	Vote 'for' at 2019 AGM	Vote 'for' at 2018 AGM
Board of Directors maximum aggregate amount of compensation	98.57%	98.74%
Executive Board maximum aggregate amount of fixed compensation	97.22%	97.78%
Executive Board aggregate amount of variable cash-based compensation	93.84%	97.79%
Executive Board aggregate amount of variable equity-based compensation	91.65%	92.70%
Consultative vote on the Remuneration Report	89.82%	87.23%

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, cf. www.juliusbaer.com/cg):

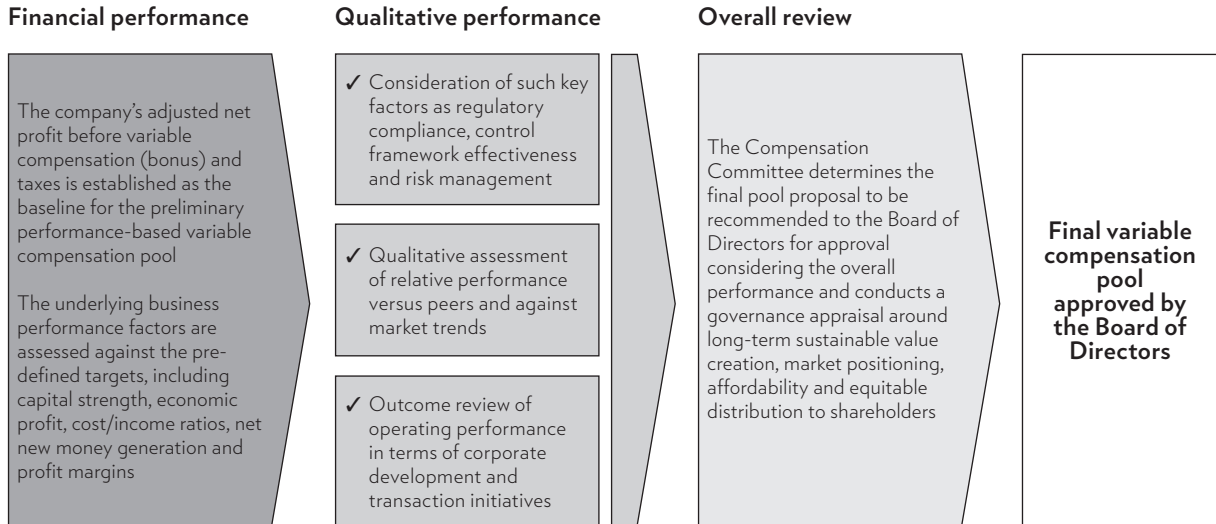
- for a new CEO as a maximum of 40% of the aggregate amounts of compensation last approved by shareholders for the Executive Board;
- for a new member of the Executive Board as a maximum of 25% of the aggregate amounts of compensation last approved by shareholders for the Executive Board.

No supplementary amount was awarded to the members of the Executive Board (including the new CEO) for the 2019 financial year.

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 Adjusted net profit before variable compensation (bonus) and taxes (ANPbBT, as reconciled by the Audit Committee). Adjusted net profit 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, as provided in the Alternative Performance Measures document (cf. www.juliusbaer.com/APM).

ANPbBT 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, adjusted cost/income ratio, gross/adjusted pre-tax 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.

Qualitative performance assessment

The qualitative review of performance is multifaceted 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, adjusted 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 ANPbBT. 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.

2019 JULIUS BAER GROUP PERFORMANCE¹

While operating income was stable and the 2019 cost reduction programme started to benefit the expense base, the adjusted result was impacted by an increase in provisions related to legacy legal/acquisition cases. However, the Group's operating performance and capital generation remained robust, resulting in a further strengthening of its capital position.

In 2019, the Group's AuM continued to grow (11.5% increase) supported by strong market performance and NNM growth of 2.8% (increased to 4.1% when excluding the impact of Kairos-related assets following a number of management departures). As previously noted, operating income remained stable, supported by increasing net commission and fee income. However, as monthly average AuM increased by 5%, the gross margin declined to 82 bp (from 86 bp). Adjusted operating expenses rose 3% resulting in a 2 bp improvement in the adjusted expense margin.

Adjusted net profit (CHF 772 million) was down 4.7% as the combined benefits of AuM growth and improvements in the adjusted expense margin and tax rate were more than offset by the decline in the gross margin and the increase in adjusted provisions and losses related to legacy legal cases. The benefits of the cost reduction programme launched at the start of 2019 started to materialise as the year progressed and succeeded in improving the adjusting expense margin and limiting the increase in the adjusted cost/income ratio, despite the inclusion of CHF 19 million of one-off severance costs related to the programme.

Overall, the Group continued to perform at a stable level and has started a new three-year programme that is expected to deliver significant revenue improvements and further cost reductions. In addition, the Group maintains a solid balance sheet and capital ratios well above regulatory requirements and its own minimum floors, putting it in a stable position to move forward with its revised strategic framework.

¹ The document Alternative Performance Measures available at www.juliusbaer.com/APM provides a reconciliation of adjusted performance measures to reported results under IFRS as well as definitions of adjusted performance measures and other alternative performance measures.

2019 VARIABLE COMPENSATION POOL

The Group considers it fundamental that the amount of performance-based variable compensation available for distribution to its employees is directly linked to the overall performance of the Group whilst also considering individual and business unit performance.

The Group's ANPbBT, the baseline for the Group's variable compensation pool funding, declined in 2019 and the absolute value of the variable compensation

pool also decreased. The Group applied a global cut to the performance year variable compensation pool; however, the impact of this expense reduction was partially offset by severance-related expenses linked to terminations implemented as part of the 2019 Group's cost savings programme and hiring-related expenses.

The Compensation Committee is confident that the 2019 pool properly reflects the Group's achievements of various strategic initiatives and supports its pay-for-performance culture in a reasonable and measured manner.

OVERVIEW OF 2019 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 2019 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 management 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	•	•	•	•	•	• (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 The LTI may be used in exceptional cases for retention awards or in lieu of the PSP if restrictions on variable compensation apply.

³ Employees in some locations are excluded from participating for legal, regulatory or administrative 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 2019 compensation components

Element	Payment Structure	Description	Governance												
Base salary and allowances	100% in cash (monthly)	<p>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.</p> <p>Similar to Group employees, Senior Management is eligible for allowances based on rank, function level and their location of employment.</p>	Provides an appropriate level of income by function at market rates, while permitting the Group to operate a fully flexible policy for variable compensation.												
Deferred Bonus Plan (DBP)	100% in cash vesting in 6 tranches over 5 years (partly deferred)	<p>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.</p> <p>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) with the 50% deferral rate applying thereafter. As of 2019, the maximum deferral can increase beyond 50% if the total non-deferred portion of variable compensation reaches the annual Variable Compensation Cash Cap (CHF 1.5 million). All amounts in excess of the Variable Compensation Cash Cap shall be deferred. Amounts below the DBP minimum threshold are not subject to deferral.</p> <p>The non-deferred tranche of the DBP is paid to EB members following shareholder approval. As of 2019, the deferred amount is subject to service-based vesting conditions and vests in five equal annual instalments.</p>	<p>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.</p> <p>Immediate cash payment is capped and is delivered to EB only following shareholder approval.</p>												
Equity Performance Plan (EPP)	100% in equity delivered on the third anniversary of the grant date (fully deferred)	<p>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).</p> <p>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 2019:</p> <table border="1"> <thead> <tr> <th></th> <th>Minimum (0% KPI multiplier)</th> <th>Target (100% KPI multiplier)</th> <th>Maximum (200% KPI multiplier)</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>Performance of each KPI is measured on a linear basis between the minimum, target and maximum.</p>		Minimum (0% KPI multiplier)	Target (100% KPI multiplier)	Maximum (200% KPI multiplier)	cEP	-50%	100%	+50%	rTSR	-22%	+3%	+28%	<p>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.</p> <p>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.</p> <p>Granted to EB following shareholder approval.</p>
	Minimum (0% KPI multiplier)	Target (100% KPI multiplier)	Maximum (200% KPI multiplier)												
cEP	-50%	100%	+50%												
rTSR	-22%	+3%	+28%												
Pension and other benefits		Senior Management (including the EB) are entitled to the same pension and benefits as other employees within their employment location.													
Other compensation		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.													

¹ cEP = ANPbB – Taxes – CoC; where ANPbB = adjusted net profit before variable compensation (as defined previously) adjusted for non-performance-related extraordinary events approved by the 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. With the exception of adjustments to the CEO's compensation in September when he moved into the role (as described in the section *CEO compensation decisions* of this Remuneration Report), there were no significant pay mix or compensation adjustments applied to the continuing Executive Board members in the year under review. 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.

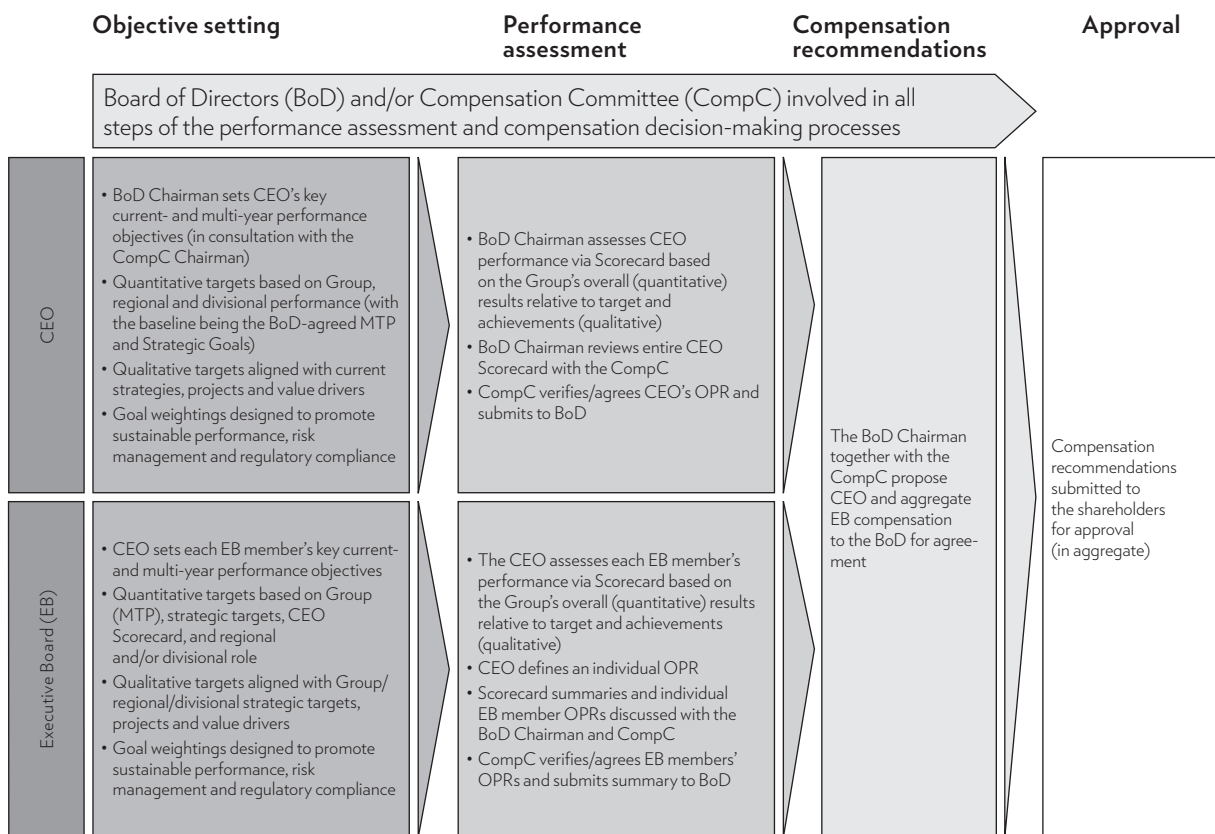
VARIABLE COMPENSATION

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 are based on a careful assessment of the 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 following illustration provides an overview of this process:

Executive Board objective setting and performance assessment



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The following Scorecard summarises the key performance objectives set for the Group CEO in 2019 along with the individual assessments leading to the CEO's OPR.

CEO's 2019 OPR¹

Overall Rating: A

CEO Core objectives (50%)		Rating:	C	B	A	A+	A++
Objectives	Assessment						
<ul style="list-style-type: none"> Overall 2019 budget achievement in terms of profitability targets including operating income and expenses and maintaining BIS CET1 capital ratios 	<p>Key performance indicators are measured on a weighted average basis with each metric being assessed against the Group's target performance.</p> <ul style="list-style-type: none"> NNM growth: 2.8% (4.1% when excluding Kairos' impact) Operating income increased by 0.4% Decrease in adjusted net profit, IFRS net profit and IFRS net profit attributable to shareholders Adjusted cost/income ratio increased to 71.1% (prior year 70.6%) Gross margin decreased by 4 basis points to 82 basis points (86 basis points in 2018) AuM increased by 11.5% <p>The Group's BIS CET1 capital ratio (14%) and BIS total capital ratio (22.1%) remain well above minimum regulatory requirements and the Group's own floors.</p>						
CEO Project objectives (20%)		Rating:	C	B	A	A+	A++
Objectives	Assessment						
<ul style="list-style-type: none"> CEO on-boarding Group strategy Group reorganisation 	<ul style="list-style-type: none"> Significant strides taken in the first months following the CEO's role change to build relationships and gain the support of internal and external stakeholders, most importantly, the BoD, senior management, investors and clients. Immediate identification of new opportunities and strategic initiatives to the Board of Directors; Active involvement of management team in the strategic refinement, cost programme development and productivity programme; and Significant steps taken in a short time period to implement a well-planned and coordinated strategic framework aimed at pushing forward the Group's growth initiatives in a risk-appropriate manner and fostering the continued development of its culture. Quickly designed and implemented, in coordination with the EB, the Group's restructuring; and Structural decisions aligned with the cornerstone of the new strategy and the opportunity to create a more agile organisation and to strengthen risk management. 						
CEO General objectives and qualitative targets (20%)		Rating:	C	B	A	A+	A++
Objectives	Assessment						
<ul style="list-style-type: none"> Regulatory awareness and compliance Risk objectives Corporate social responsibility (CSR) Succession/retention management Communication Group value proposition 	<p>The CEO's key achievements included the following:</p> <ul style="list-style-type: none"> Active engagement with key Swiss regulators; Established 'risk awareness' as a key strategic initiative and introduced the Front Risk Management concept (effective in 2020); Finalising the concept of the RM compensation re-design; and Established CSR as a key pillar of Julius Baer's positioning highlighted by signing the United Nation's (UN) Principles for Responsible Banking as a Founding Signatory. 						
CEO Personal goals (10%)		Rating:	C	B	A	A+	A++
Objectives	Assessment						
<ul style="list-style-type: none"> Development plan targets 	<ul style="list-style-type: none"> Confident ownership of new role, setting priorities appropriately positioning Julius Baer for the future both internally and externally; and Quickly engaged Senior Management on a cross-collaborative basis to align interests and build the foundation for the implementation of the Group's strategic initiatives. 						

¹ Whereby performance achievement is defined as: A++ >133%; A+ = 111%–133%; A = 91%–110%; B = 67%–90% and C <67%

CEO compensation decisions

At the time of the CEO's shift in role from Head Intermediaries & Global Custody to CEO on 1 September 2019, his base salary was increased to CHF 1.5 million to reflect the change in role and responsibilities.

The CEO's OPR, as disclosed in the above Scorecard, reflects the Group's and his performance in the range of 91–110% of overall targets. Based on this OPR, the Compensation Committee decided (on 27 January 2020) on the variable compensation awards to be granted to the CEO.

The overall value of the variable compensation decided for the CEO is CHF 3.05 million (27% less than the prior CEO for 2018). This decrease is a direct result of the fact that Mr. Rickenbacher did not serve as CEO for the full 2019 performance year and, hence, the total variable compensation awarded is partially attributable to his former role and partially to his CEO role.

The determined variable compensation has been allocated as CHF 1.25 million in DBP (of which 50% is deferred) and CHF 1.80 million in EPP (of which 100% is deferred). The DBP reflects the performance of the CEO during his time as the Head of Intermediaries & Global Custody and the significant steps he has taken in 2019 in his role as CEO (as reflected in the Scorecard). The EPP for the performance year 2019 considered the CEO's 2019 performance, current/projected future contributions, defined pay mix, and role, responsibilities and seniority.

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 former CEO in 2019 and the Former CEO's OPR:

Former CEO's 2019 OPR¹

Overall Rating: A

Former CEO Core objectives (50%)		Rating: C B A A+ A++				
Objectives	Assessment					
<ul style="list-style-type: none"> Budget achievement in terms of Group Financial Targets 	<ul style="list-style-type: none"> Reference is made to the CEO Scorecard for the Group-wide performance assessment applicable to all Executive Board members. 					
Former CEO Project objectives (20%)		Rating: C B A A+ A++				
Objectives	Assessment					
<ul style="list-style-type: none"> Group strategy and growth initiatives 	<ul style="list-style-type: none"> Client focus sharpened via successful implementation of target client coverage model in the first half of 2019; Market entry strategies reviewed and assessed supporting next steps for future growth; and Development of organic growth remained stable. 					
<ul style="list-style-type: none"> Products and service offerings 	<ul style="list-style-type: none"> Actively supported the development of service offerings and mandates; and Completed the roll-out of the Group's advisory solutions tool (DiAS) in Switzerland on target. 					
<ul style="list-style-type: none"> Risk and compliance 	<ul style="list-style-type: none"> Closed the Group's comprehensive, multi-year client documentation programme thereby allowing Julius Baer to control client-related risks even more effectively and in line with industry standards; Supported the design of the Group's revised compliance and risk roadmap and updates to the Code of Conduct to be implemented in 2020; and Proactively influenced the organisation to strengthen risk-compliant behaviours. 					
<ul style="list-style-type: none"> Corporate development 	<ul style="list-style-type: none"> Successful migration of the Group's host platforms in certain European Union locations; Continued focus on the development of internal and external infrastructure to improve the client experience; and Digital enhancements which help to provide clients with data-driven, more targeted services and advice. 					
Former CEO General objectives and qualitative targets (20%)		Rating: C B A A+ A++				
Objectives	Assessment					
<ul style="list-style-type: none"> Regulatory awareness and compliance Corporate social responsibility (CSR) Communication Risk and qualitative objectives Succession/retention management Group value proposition 	<p>The Former CEO's key achievements include the following:</p> <ul style="list-style-type: none"> Supported constructive relationship with the Group's key regulators; Actively supported the RM compensation redesign process; Focus on proactive enforcement of the Group's policy framework through increased monitoring and consistent implementation; and Promoted CSR initiatives (including support for the eventual signing of the UN Principles for Responsible Banking). 					
Former CEO Personal goals (10%)		Rating: C B A A+ A++				
Objectives	Assessment					
<ul style="list-style-type: none"> Meet development plan targets 	<ul style="list-style-type: none"> Positive and constructive support of the succession planning process; Actively involved in the transition to the new CEO including ensuring a smooth and well-planned handover; and Remains an active and well-respected brand ambassador for Julius Baer throughout the industry. 					

¹ Whereby performance achievement is defined as: A++ >133%; A+ = 111%–133%; A = 91%–110%; B = 67%–90% and C <67%

Former CEO compensation decisions

The former CEO maintained a base salary of CHF 1.5 million during the 2019 performance year.

The former CEO's OPR, as disclosed in the above Scorecard, reflects the Group's and his performance in the range of 91–110% of overall targets. Based on this OPR, the Compensation Committee decided (on 27 January 2020) on the variable compensation awards to be granted to the former CEO.

The overall value of the total variable compensation decided for the former CEO is CHF 1.8 million in the form of DBP (of which 50% is deferred). Given Mr. Hodler's pending retirement, the Compensation Committee decided not to grant an equity-based award under the Group's EPP. As a result, the former CEO had a 57% decrease in total variable compensation relative to 2018.

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.

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The following summary provides the key performance achievements for the Group's Executive Board members in 2019 and the average OPR:

Executive Board's 2019 OPR¹ (average)

Overall Rating: A

EB Core objectives (in line with CEO targets)		Rating: C B A A+ A++				
Objectives	Assessment					
<ul style="list-style-type: none"> Budget achievement in terms of Group Financial Targets 	<ul style="list-style-type: none"> Reference is made to the CEO Scorecard for the Group-wide performance assessment applicable to all Executive Board members. 					
EB Project objectives		Rating: C B A A+ A++				
Objectives	Assessment					
<ul style="list-style-type: none"> Cost and financial management 	<ul style="list-style-type: none"> Appropriately managed the Group's capital; Final budget- and cost-management not aligned with target, however, substantial improvements made in Group-wide cost programme; and Actively managed budget for long-running and new digitalisation projects through realisation of synergies and proactive conscious cost management. 					
<ul style="list-style-type: none"> Group strategic initiatives 	<ul style="list-style-type: none"> Successful implementation of the Group's cost savings programme which started to provide benefits at the end of 2019; Launched product pricing initiatives for relationship managers; and Active support of the Group-wide reorganisation. 					
<ul style="list-style-type: none"> Corporate development 	<ul style="list-style-type: none"> Continued development of partnerships within joint ventures and implementation of synergies; Strategically enhanced the information technology (IT) infrastructure and architecture to enable regional hubs, platform migration and enhanced e-banking functionality; and Identified and developed robotic process automation technologies. 					
<ul style="list-style-type: none"> Risk and compliance 	<ul style="list-style-type: none"> Closed the Group's comprehensive, multi-year client documentation programme thereby allowing Julius Baer to control client-related risks even more effectively and in line with industry standards; Development and implementation of a strategic roadmap for the continued development of the Group's risk and compliance framework; and Overhaul of the Group's Code of Conduct in support of and driving the overall risk culture within the Group. 					
<ul style="list-style-type: none"> Client focus 	<ul style="list-style-type: none"> Developed and implemented strategic client coverage model to better serve clients by location and segment; Augmented IT offerings internally and externally to improve the client's experience; and Provided excellent client-service as recognised externally through various global wealth management awards (See: www.juliusbaer.com/en/about-us/our-company/awards-and-accolades/). 					
<ul style="list-style-type: none"> People matters 	<ul style="list-style-type: none"> Implemented systematic continued learning and development initiatives; Global employee pulse survey executed with result above industry average; and Continued to develop and augment the Group's talent management programme. 					
<ul style="list-style-type: none"> Communication 	<ul style="list-style-type: none"> Significant development of the Group's global media presence; and Actively managed the Group's reputation and branding. 					
EB General objectives and qualitative targets		Rating: C B A A+ A++				
Objectives	Assessment					
<ul style="list-style-type: none"> Regulatory awareness and compliance Risk and qualitative objectives Corporate social responsibility (CSR) Succession/retention management Communication Group value proposition 	<p>The EB's key achievements include the following:</p> <ul style="list-style-type: none"> Continued to address local regulations, business policies and practices, internal audit requirements and integrate into business practices; Fostered an effective and transparent working relationship with regulatory authorities; Augmented existing standards and processes to increase awareness of staff to mitigate legal and operational risks and to foster the Bank's data security objectives; Strengthened the first and second lines of defence function for anti-money laundering (AML) related activities; Promoted Julius Baer Core Values (Care, Passion and Excellence); Increased risk awareness and accountability; and Actively developed succession planning within roles and divisions. 					
EB Personal goals		Rating: C B A A+ A++				
Objectives	Assessment					
<ul style="list-style-type: none"> Meet development plan targets 	<ul style="list-style-type: none"> Pushed the Group's cultural change agenda forward; Instilled a mind-set of ownership and accountability throughout the Group; and Enhanced cross-collaboration amongst the regions and divisions. 					

¹ Whereby performance achievement is defined as: A++ >133%; A+ = 111%-133%; A = 91%-110%; B = 67%-90% and C <67%

Executive Board compensation decisions

This section relates specifically to the five (5) Executive Board members and excludes any compensation related to the new CEO (Philipp Rickenbacher) and the former CEO (Bernhard Hodler), who were discussed in the previous sections of this Remuneration Report.

The Executive Board's average OPR, as disclosed in the above Scorecard, reflects the Group's and the individual performance of each EB member in the range of 91–110% of overall targets. Based on this OPR, the Compensation Committee decided (on 27 January 2020) on the variable compensation awards to be granted to each Executive Board member.

Total base salary reported to EB members increased by CHF 0.23 million which partially relates to the full-year reporting of the Group's Chief Risk Officer (who joined during 2018) and partially to salary adjustments.

The OPR for each EB member (and hence the average OPR) reflects the Group's financial performance in 2019 which was counterbalanced

by the regional/divisional and project achievements in 2019. The variable compensation delivered to the EB is CHF 8.4 million (CHF 7.2 million in 2018), of which CHF 3.9 million was delivered in the form of DBP (deferred at an average rate of 44%) and CHF 4.5 million in the form of EPP (of which 100% is deferred). The overall change in variable compensation substantially relates to compensation awarded connected with the Group's reorganisation and the associated changes in roles and responsibilities, without which the overall increase would have been 3.4%.

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.

2019 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 2019, 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

The Executive Board members are 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 may 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 (cf. www.juliusbaer.com/cg), 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, cf. www.juliusbaer.com/cg) 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 the prevailing fair market value (i.e. no increase to the replacement 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.

Change-of-control and good-leaver provisions may be available under the variable compensation plans. The 'Termination Provisions of Julius Baer Plans' table at the end of this Remuneration Report provides general details of the vesting and forfeiture rules for termination events. All share-based units/shares outstanding (as noted within Note 32 of the 2019 Annual Report under the chapter *III. Financial Statements Julius Baer Group 2019, Share-based payments and other compensation plans*) and all outstanding cash-based awards (with an intrinsic value of CHF 99.2 million at the end of the 2019 performance year) would be eligible for the treatment described in said table at the time of the change of control. All provisions and treatments remain subject to the prevailing legislation in each of the applicable jurisdictions at the time of the change of control. The Executive Board members are not entitled to special change of control provisions under the deferred compensation plans compared to the general staff population.

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 depends on the continued excellence of all its employees. Accordingly, this section describes the salient features of the compensation system for non-executive employees.

Summary of 2019 employee compensation components

Element	Payment structure	Description	Governance
Base salary and allowances	100% in cash (monthly)	<p>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.</p> <p>Group employees are eligible for allowances based on rank, function level and their location of employment.</p>	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	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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 typical maximum deferral of the following: <ul style="list-style-type: none"> • 50% of immediate cash (subject to the Variable Compensation Cash Cap of CHF 1.5 million) • 25% deferred cash (Deferred Cash Plan [DCP]) • 25% deferred equity (Premium Share Plan [PSP]) plus a premium share component equal to one-third of the granted PSP <p>As from 2019, if the Variable Compensation Cash Cap is reached, all amounts in excess of the cash cap are included as part of the overall deferral amount and are equally allocated under the DCP and PSP.</p>	<p>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.</p> <p>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. The Variable Compensation Cash Cap (new in 2019) augments the deferral programme and increases the overall deferral for the Group's highest earners.</p>
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 current or former 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 required by regulations, compensation linked to the performance of the strategic partner entity's managed investment funds. 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

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 and the Group's annual Key Risk Takers may 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.

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 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 are generally in the form of 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)

Group LTI awards generally run over a minimum plan period of three-years, with vesting schedules typically operated as follows: (1) three equal one-third tranches vesting over a three-year period, and (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. The plan allows for the addition of performance metrics when/if required based on the underlying grant specifications.

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. Individuals may be excluded from participating because, for example, the employee participates in another Julius Baer equity-based plan or because the SPP cannot be offered in a particular jurisdiction for legal, regulatory or administrative 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	<p>Members of the Board of Directors (including the Chairman) are only entitled to fixed compensation for their term of 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.</p> <p>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.</p> <p>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 awards; all shares are delivered unrestricted at vesting (subject to the Guidelines on Share Ownership provided below).</p> <p>No additional compensation is paid to members of the Board of Directors for attending meetings.</p>	<p>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.</p>
Other benefits		<p>Members of the Board of Directors benefit from preferential staff conditions for transactions (e.g. in securities) executed in-house.</p>	<p>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.</p>

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.

Following the Group's admission into the SMIM in 2019, the Compensation Committee reviewed the peer group for the purposes of compensation comparison. The selected peer group included the lower quartile of the SMI and the upper quartile of the Swiss Market Index Mid-cap (SMIM). The Board of Director compensation was benchmarked in 2019 against this revised peer group. 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.

The maximum aggregate compensation amount will again be presented to shareholders for approval at the 2020 AGM for the subsequent compensation period (2020 AGM to 2021 AGM).

GUIDELINES ON SHARE OWNERSHIP

Share ownership is considered an additional factor underscoring commitment towards Julius Baer. The Board of Directors believes these requirements 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. 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 may be held back until the defined level of shareholding has been reached.

Under these rules, all individuals who were members of the Board of Directors from May 2016 have been required to build up the aforementioned Julius Baer Group Ltd. shareholdings by 31 December 2019. 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 2019.

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 2019 and 2018. 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 ⁸		Deferred elements		Performance Units CHF 1,000	Pension fund, social security contributions and varia ⁹ CHF 1,000	Total CHF 1,000		
		Base salary ¹ CHF 1,000	Replacements ⁶ CHF 1,000	Cash CHF 1,000	DBP				EPP	
					Cash CHF 1,000					Cash CHF 1,000
Compensation of the members of the Executive Board										
Total compensation in aggregate	2019	4,550²	-	3,702	3,248	6,290	1,990¹⁰	19,780		
Highest paid Philipp Rickenbacher (CEO)		967³	-	625	625	1,800	397¹¹	4,414		
Bernhard Hodler (Former CEO)		1,500⁴	-	898	898	-	351¹²	3,646		
Total compensation in aggregate	2018	4,321 ⁵	3,079 ⁷	3,006	2,444	5,850	1,899 ¹⁰	20,599		
Highest paid Bernhard Hodler (CEO)		1,500	-	925	925	2,300	507 ¹²	6,157		

¹ All current members of the Executive Board have a full-time (100%) employment relationship with the Group. The disclosed 2019 and 2018 amounts include lump sum expense allowances up to CHF 22,800 p.a. per member of the Executive Board and CHF 24,000 p.a. to the respective CEO (2019: Bernhard Hodler and Philipp Rickenbacher; 2018: Bernhard Hodler), in aggregate: CHF 134,160 for 2019; and CHF 130,360 for 2018.

² The 2019 amount disclosed includes pro rata base salary and expense allowance for each CEO (8 of 12 months for Bernhard Hodler [CHF 1 million] and 4 of 12 months for Philipp Rickenbacher [CHF 500,000]) as well as the full base salary of the other five members of the Executive Board on a 12-month basis.

³ The 2019 amount disclosed includes the full amount of compensation paid by Julius Baer Group to the current CEO, Philipp Rickenbacher, relating to compensation earned for both of his roles (CEO and Head Intermediaries & Global Custody) in 2019.

⁴ The 2019 amount disclosed includes the full amount of compensation paid by Julius Baer Group to the former CEO, Bernhard Hodler in 2019.

⁵ The 2018 amount disclosed includes the base salary actually paid to the new CRO Oliver Bartholet who joined the Group and the Executive Board on 1 March 2018.

⁶ Replacements include grants and/or payments made to newly joining Executive Board members in replacement of documented compensation forfeited at the individual's previous employer based on the intrinsic award value at the time of joining Julius Baer (i.e. on a value-for-value basis without adjustment). Replacements are fully or partially deferred.

⁷ 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 (cf. www.juliusbaer.com/cg, 25% of the aggregate amounts of compensation last approved by shareholders at the 2018 AGM for the Executive Board compensation).

⁸ The DBP and EPP awards disclosed for 2019 relate to prior-year (i.e. 2019) performance and are subject to approval by the shareholders at the AGM in April 2020 (DBP and EPP awards related to 2018 performance [granted in 2019] were approved at the April 2019 AGM). The immediately payable portion of the DBP for the 2019 performance year 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 40.92 (grant date: 15 February 2020) and CHF 32.04 (grant date: 15 February 2019), respectively.

The reported amount of variable compensation (EPP and DBP awards) for 2019 includes the full value of variable compensation awarded to the current Executive Board members and to the former CEO Bernhard Hodler. All deferred elements of the variable compensation of the Executive Board are subject to forfeiture and/or clawback provisions.

In 2019, the average ratio of fixed to variable compensation for the members of the Executive Board amounted to 26%:74%, compared to 28%:72% in 2018 (excluding replacements considered permissible supplementary amounts under article 11.2 of the Articles

of Incorporation, cf. www.juliusbaer.com/cg). 72% 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 (73% in 2018).

⁹ 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 2019 and 2018 performance years and the fair value of the Performance Units/EPP granted for performance years 2019 and 2018. These amounts also include premiums for additional accident insurance.

¹⁰ For the entire Executive Board, the aggregate amount of these social security and accident insurance costs for each respective year is CHF 1,190,881 for 2019 and CHF 1,260,905 for 2018.

¹¹ The aggregate amount of these social security and accident insurance costs for the CEO is CHF 266,350 in 2019.

¹² The aggregate amount of these social security and accident insurance costs for the former CEO is CHF 219,493 in 2019 (CHF 376,265 in 2018).

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)

	31.12.2019		31.12.2018	
	Loans CHF	Loans to related parties CHF	Loans CHF	Loans to related parties CHF
Loans to the members of the Executive Board				
Total	3,100,000	-	4,244,000	-
of which the highest amount: Nic Dreckmann, COO	1,800,000	-	1,823,000	-

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 2019 or were granted in 2019 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 Board¹		
Philipp Rickenbacher, Chief Executive Officer (since 1 September 2019)	2019	22,753
	2018	n.a.
Bernhard Hodler, Chief Executive Officer (until 31 August 2019)	2019	n.a.
	2018	85,099
Dieter A. Enkelmann, Chief Financial Officer	2019	103,273
	2018	120,170
Larissa Alghisi Rubner, Chief Communications Officer	2019	1,215
	2018	608
Oliver Bartholet, Chief Risk Officer (since 1 March 2018)	2019	14,610
	2018	-
Nic Dreckmann, Chief Operating Officer	2019	30,001
	2018	30,003
Christoph Hiestand, General Counsel	2019	29,107
	2018	25,000
Total	2019	200,959
Total	2018	260,880

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 2019 and 2018.

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 2022), 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

With the exception of contractually agreed base salary paid to Bernhard Hodler during his notice period, no additional compensation was granted to former members of the Executive Board who left

the Executive Board in 2019 or earlier that related to such member's prior function within the Executive Board. The total value of base salary paid to Mr. Hodler following the announcement in July 2019 of his departure from the EB on 31 August 2019 was equal to CHF 500'000 (including lump sum expense allowance) with the aggregate amount of social security and accident insurance on this income equal to CHF 40,929. 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 or former members were effected in 2019 or 2018.

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

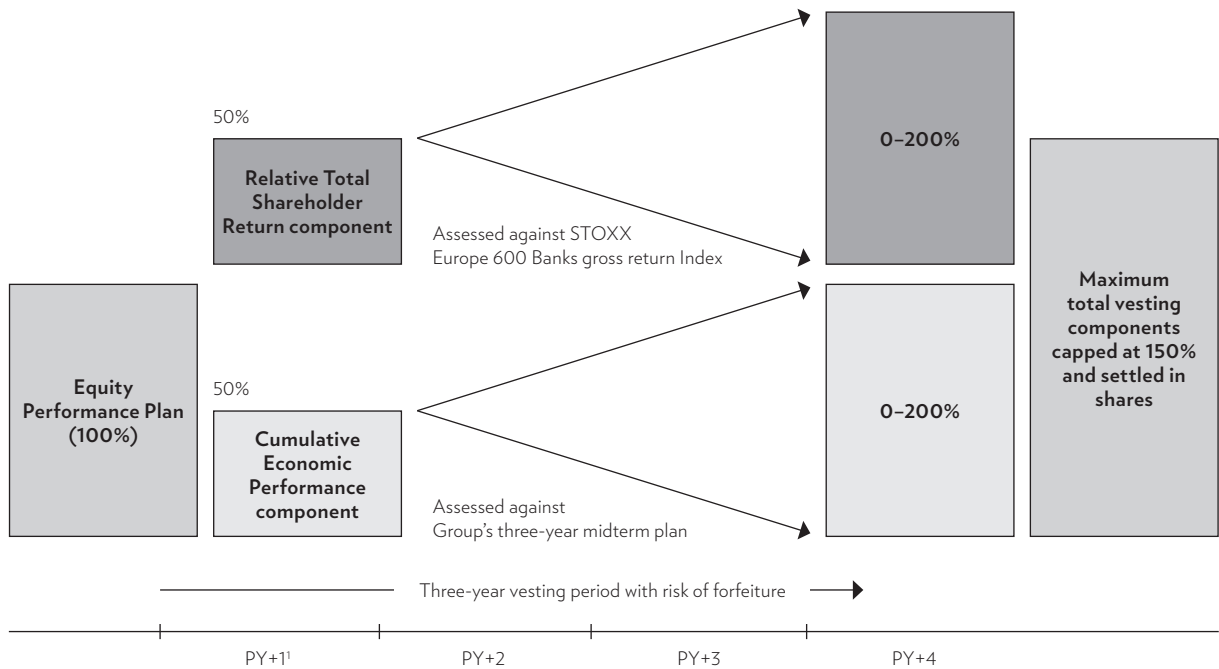
VESTED COMPENSATION

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.

ADDITIONAL HONORARIA, RELATED PARTIES, OTHER IMPORTANT INFORMATION

The compensation disclosed for the CEO, the former CEO, the 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.

The final multiplier for the 2017 EPP programme (vesting 15 February 2020) was 1.273. The cEP performance ended below the Group's strategic MTP targets resulting in a cEP multiplier of 0.932. The Group's share price increase relative to the overall change in the Index created a significant uplift in the overall EPP performance with an rTSR multiplier of 1.614.



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 2019 and 2018. 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.

		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
Compensation of the members of the Board of Directors¹					
Romeo Lacher – Chairman (joined the Board in 2019)	2019	300	600	46	946
	2018	n.a.	n.a.	n.a.	n.a.
Daniel J. Sauter – Chairman (left the Board in 2019)	2019	100	0	46	146
	2018	400	600	98	1,098
Gilbert Achermann	2019	141	120	26	287
	2018	128	120	26	274
Ann Almeida (left the Board in 2018)	2019	n.a.	n.a.	n.a.	n.a.
	2018	32	0	4	36
Andreas Amschwand (left the Board in 2019)	2019	38	0	10	48
	2018	150	120	29	299
Heinrich Baumann	2019	175	120	25	320
	2018	175	120	28	323
Richard M. Campbell-Breeden (joined the Board in 2018)	2019	201	120	50	371
	2018	131	120	34	285
Paul Man Yiu Chow	2019	115	120	18	253
	2018	115	120	21	256
Ivo Furrer	2019	175	120	30	325
	2018	169	120	32	321
Claire Giraut	2019	128	120	24	272
	2018	128	120	16	264
Gareth Penny (left the Board in 2019)	2019	38	0	6	44
	2018	150	120	44	314
Charles G. T. Stonehill	2019	173	120	37	330
	2018	205	120	26	351
Eunice Zehnder-Lai (joined the Board in 2019)	2019	96	120	22	238
	2018	n.a.	n.a.	n.a.	n.a.
Olga Zoutendijk (joined the Board in 2019)	2019	131	120	29	280
	2018	n.a.	n.a.	n.a.	n.a.
Total	2019	1,811	1,680	369	3,860
Total	2018	1,783	1,680	358	3,821

At the end of 2019, the Board of Directors consisted of ten members (consistent with the end of 2018). Raymond J. Baer remains an honorary member of the Julius Baer Group Board of Directors; however, he received no compensation in 2019 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.

The Chairman is paid a fixed base salary in cash of CHF 400,000 per term (AGM to AGM); no further compensation is paid for his work at the level of the Board Committees.

The work on the Board Committees (excl. the Chairman) is compensated as follows (all figures per term AGM to AGM): (1) General base payment: CHF 90,000; (2) Governance & Risk Committee: membership and chairmanship: CHF 60,000; (3) Audit Committee: chairmanship CHF 60,000, membership 25,000; (4) Compensation Committee: chairmanship CHF 60,000, membership CHF 25,000; and (5) Nomination Committee: chairmanship CHF 30,000, membership CHF 12,500.

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 49.59 per share of Julius Baer Group Ltd. as at 2 May 2019; CHF 58.77 per share of Julius Baer Group Ltd. as at 2 May 2018).

At the AGM in 2019, Gilbert Achermann, Heinrich Baumann, Richard M. Campbell-Breeden, Paul Man Yiu Chow, Ivo Furrer, Claire Giraut and Charles G. T. Stonehill were re-elected for a term of one year and Romeo Lacher (Chairman), Eunice Zehnder-Lai and Olga Zoutendijk were elected as new Board members.

⁴ The amounts reported for 2019 and 2018 include Julius Baer's actual contributions to social security in the respective reporting period in accordance with the Ordinance, amounting to CHF 255,621 for 2019 and CHF 261,047 for 2018. 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 32 of the 2019 Annual Report under the chapter *III. Financial Statements Julius Baer Group 2019, Share-based payments and other compensation plans* 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)

	31.12.2019		31.12.2018	
	Loans CHF	Loans to related parties CHF	Loans CHF	Loans to related parties CHF
Loans to the members of the Board of Directors				
Romeo Lacher – Chairman (joined the Board in 2019)	-	-	n.a.	n.a.
Daniel J. Sauter (left the Board in 2019)	n.a.	n.a.	-	520,000
Gilbert Achermann	-	-	-	-
Andreas Amschwand (left the Board in 2019)	n.a.	n.a.	-	-
Heinrich Baumann	3,361,000	-	3,200,000	-
Richard M. Campbell-Breeden (joined the Board in 2018)	-	-	-	-
Paul Man Yiu Chow	1,186,000	-	1,250,000	-
Ivo Furrer	-	-	-	-
Claire Giraut	-	-	-	-
Gareth Penny (left the Board in 2019)	n.a.	n.a.	251,000	-
Charles G. T. Stonehill	-	-	-	-
Eunice Zehnder-Lai (joined the Board in 2019)	-	-	n.a.	n.a.
Olga Zoutendijk (joined the Board in 2019)	-	-	n.a.	n.a.
Total	4,547,000	-	4,701,000	520,000

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)

	Number of shares	
Shareholdings of the members of the Board of Directors¹		
Romeo Lacher – Chairman (joined the Board in 2019)	2019	-
	2018	n.a.
Daniel J. Sauter (left the Board in 2019)	2019	n.a.
	2018	198,957
Gilbert Achermann	2019	16,551
	2018	14,509
Andreas Amschwand (left the Board in 2019)	2019	n.a.
	2018	14,509
Heinrich Baumann	2019	22,278
	2018	20,236
Richard M. Campbell-Breeden (joined the Board in 2018)	2019	5,238
	2018	-
Paul Man Yiu Chow	2019	9,836
	2018	7,794
Ivo Furrer	2019	6,447
	2018	4,405
Claire Giraut	2019	25,841
	2018	23,799
Gareth Penny (left the Board in 2019)	2019	n.a.
	2018	9,855
Charles G. T. Stonehill	2019	21,211
	2018	21,669
Eunice Zehnder-Lai (joined the Board in 2019)	2019	-
	2018	n.a.
Olga Zoutendijk (joined the Board in 2019)	2019	-
	2018	n.a.
Total	2019	107,402
Total	2018	315,733

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 2019 and 2018.

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.

ABBREVIATIONS

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 2016 or earlier (i.e. all Board members except for Romeo Lacher [Chairman], Richard M. Campbell-Breeden, Ivo Furrer, Eunice Zehnder-Lai and Olga Zoutendijk) were required to reach the targeted number of shares by year-end 2019. Ivo Furrer and Richard M. Campbell-Breeden are required to reach the targeted number of shares

by year-end 2020 and 2021, respectively. Romeo Lacher (Chairman), Eunice Zehnder-Lai and Olga Zoutendijk are required to reach the targeted number of shares by year-end 2022.

FORMER DIRECTORS

In 2019, no compensation was granted to Board members who left the Board in 2018 or earlier. No loans to former members of the Board of Directors (or their related parties) were outstanding at year-end 2019 or were granted in 2019 at conditions that were not in line with market rates.

ABBREVIATIONS

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

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)	Unvested awards are forfeited upon termination.	Unvested awards are paid out in accordance with the original payment schedule.	Unvested awards are paid out within 30 days of the notification of the event.	Unvested awards are paid out within 30 days of termination.	Unvested awards are paid out in accordance with the original payment schedule.	Unvested awards are forfeited upon notice of termination; vested awards subject to clawback.	Award adjustments solely at Board of Directors' discretion based on intrinsic value outstanding.
Equity Performance Plan (EPP)	Unvested awards are forfeited upon termination.	Pro rata portion of unvested awards vests upon 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. Intrinsic value roll-over of awards and/or early evaluation of actual performance followed by vesting permitted.
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 based on intrinsic value outstanding.
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 notice of termination.	Award adjustments solely at Compensation Committee's discretion based on intrinsic value outstanding.
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 based on intrinsic value outstanding.

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



Report of the Statutory Auditor

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

We have audited pages 32 to 40 of the remuneration report of Julius Baer Group Ltd. for the year ended 31 December 2019.

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 2019 of Julius Baer Group Ltd. complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Mirko Liberto
Licensed Audit Expert
Auditor in Charge

Cataldo Castagna
Licensed Audit Expert

Zurich, 18 March 2020

KPMG AG, Raffelstrasse 28, PO Box, CH-8036 Zurich

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The Julius Baer Group
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Mexico City, Milan, Monaco,
Montevideo, Moscow, Mumbai,
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