Julius Bär

MEDIA RELEASE

Julius Baer Group Ltd.

Zurich, 20 July 2020

Presentation of the 2020 half-year results for the Julius Baer Group

Record-high net profit in challenging market and operating environment underlines resilience of business model

- **IFRS net profit attributable to shareholders of Julius Baer Group Ltd. up 43% to CHF 491 million and IFRS earnings per share (EPS) up 45% to CHF 2.28.**
- **Net profit adjusted for M&A-related items up 34% to CHF 524 million and adjusted EPS attributable to shareholders of Julius Baer Group Ltd. up 36% to CHF 2.43.**
- **Gross margin 92 basis points (bp) (H1 2019: 83 bp), adjusted cost/income ratio 66.6% (H1 2019: 71.0%), and adjusted pre-tax margin 31 bp (H1 2019: 23 bp).**
- **Assets under management (AuM) CHF 402 billion, down 6% from end of 2019, impacted by negative market performance and further strengthening of Swiss franc.**
- **Net new money CHF 5.0 billion, or 2.3% annualised, despite negative impact of client deleveraging.**
- **BIS CET1 capital ratio 13.9% and BIS total capital ratio 20.0%, well above minimum regulatory requirements and Group's own floors. Adjusted return on CET1 capital 36% (H1 2019: 28%).**

Philipp Rickenbacher, Chief Executive Officer of Julius Baer Group Ltd., said: "The outstanding results in the first half of 2020 demonstrate the strength and resilience of our pure wealth management model. We have continued to implement our strategy of sharpening the value proposition for our HNW and UHNW clients and transforming our client coverage models. Taking advantage of the increased need for digital client connectivity and remote working solutions, we have prioritised our technology investments accordingly, accelerating our ambition to make our hallmark personal advice even more scalable. All of these steps will support the shift in our leadership focus towards sustainable profit growth, as we outlined in February. With the full economic impact of COVID-19 still ahead of us, we are confident that we are well prepared for a challenging second half of the year. We are well positioned to maintain the stability of our business and reap opportunities when they arise."

Alternative performance measures and reconciliations

This media release and other communications to investors contain certain financial measures of historical and future performance and financial position that are not defined or specified by IFRS. Management believes that these alternative performance measures (APM), including adjusting the results consistently for items related to acquisitions or divestments (M&A) and the taxes on those respective items, provide useful information regarding the Group's financial and operating performance. These APM should be regarded as complementary information to, and not as a substitute for, the IFRS performance measures. The definitions of APM used in this media release and other communications to investors, together with reconciliations to the most directly reconcilable IFRS line items, are provided in the Alternative Performance Measures document available at www.juliusbaer.com/APM.

AuM negatively impacted by market performance and further strengthening of Swiss franc
Assets under management declined to CHF 402 billion, a decrease of CHF 24 billion, or 6%, since the end of 2019, as the impact of negative market performance and the strengthening of the Swiss franc more than offset the continued positive net new money contribution.

Despite a negative impact from client deleveraging following the market turbulence earlier in the period, the Group realised net new money of CHF 5 billion (annualised net new money growth rate 2.3%) – with particularly strong net positive contributions from clients domiciled in Europe (especially Germany, UK & Ireland, Luxembourg) and Asia (especially Hong Kong and Japan). Net new money in Latin America turned positive, supported by healthy net inflows from clients domiciled in Mexico and Chile.

Including assets under custody of CHF 66 billion, total client assets declined to CHF 468 billion, a decrease of 6% from year-end 2019.

Strong increase in client activity drives significant growth in operating income
Operating income grew by 9% to CHF 1,851 million, as the benefit of strongly increased client-activity-driven income significantly outweighed the combined impact of lower net interest income and higher net credit losses on financial assets. The gross margin improved to 92 bp (H1 2019: 83 bp).

Net commission and fee income rose by 8% to CHF 1,033 million. This increase was driven by significantly higher brokerage commissions and income from securities underwriting following a strong increase in client transaction volumes. Advisory and management fees declined due to a lower contribution from Kairos (decrease in AuM, lower performance fees).

Net income from financial instruments measured at FVTPL[1] soared by 71% to CHF 515 million, as the changing market environment, including sharply higher market volatility, drove a strong increase in client activity in FX, derivatives and precious metals trading as well as higher income from structured products.

Net interest income declined by 19% to CHF 333 million, following the sharp drop in US interest rates. While the interest expense on amounts due to customers fell significantly, the benefit of this was outstripped by the combined impact of lower interest income on loans and a decrease in interest income on debt instruments at FVOCI[2].

Other ordinary results fell by CHF 10 million to CHF 18 million.

Operating income was negatively affected by CHF 49 million of provisions booked under *net credit losses on financial assets* (H1 2019: net recoveries of CHF 3 million). The Group managed its CHF 46 billion book of loans successfully across the period of extraordinary market volatility and margin calls in March and April, during which only one position with CHF 2 million of uncovered exposure had to be provisioned. Apart from this, however, the individual provisions for some legacy credit cases had to be further increased.

Little change in operating expenses despite increase in performance-related remuneration
Operating expenses according to IFRS declined by 1% to CHF 1,274 million. *Personnel expenses* rose by 2% to CHF 854 million, *general expenses* fell by 5% to CHF 306 million, *depreciation of property and equipment* grew by 1% to CHF 49 million, *amortisation and impairment of intangible assets*

[1] Fair value through profit or loss
[2] Fair value through other comprehensive income

increased by 14% to CHF 35 million, and *amortisation of customer relationships* decreased by 32% to CHF 29 million.

As in previous years, in the analysis and discussion of the results in the media release and the Business Review, *adjusted operating expenses* exclude M&A-related expenses. Acquisition-related amortisation of intangible assets amounted to CHF 29 million (H1 2019: CHF 43 million), while other M&A-related expenses amounted to CHF 10 million (H1 2019: CHF 9 million). The reconciliations to the respective IFRS line items are provided in the Alternative Performance Measures document available at www.juliusbaer.com/APM.

Adjusted operating expenses rose by CHF 5 million to CHF 1,234 million.

Adjusted personnel expenses increased by 2% to CHF 850 million, including CHF 19 million of severance costs related to the restructuring programme announced in February (H1 2019: CHF 17 million). While the monthly average number of employees declined by 1% year on year, the strong rise in operating income resulted in an increase in performance-related remuneration. At the end of June 2020, the Group employed 6,729 full-time equivalents (FTEs), down 39 from a year ago, but up 91 in the year to date, the latter partly due to the further internalisation of formerly external employees as part of the efficiency improvement programme. Staff numbers do not yet fully reflect the reduction of positions year to date as part of the restructuring programme announced in February. Total staff included 1,456 relationship managers, down 34 from a year ago and down 11 in the year to date.

Adjusted general expenses shrank by 5% to CHF 300 million as the rise in non-capitalised IT-related spending was more than offset by the combined benefit of a decline in provisions and losses (down CHF 20 million to CHF 2 million) and the non-recurrence of the CHF 20 million of costs related to the finalisation of the client documentation review project last year. Due to the COVID-19 situation, the development in general expenses benefitted from a reduction in travel and entertainment costs. However, this benefit was partly offset by expenses required to facilitate the new split-operations and working-from-home modes.

Depreciation of property and equipment grew by 1% to CHF 49 million and *adjusted amortisation and impairment of intangible assets* by 14% to CHF 35 million, the latter reflecting the rise in IT-related investments in recent years.

The *adjusted cost/income ratio* (which excludes adjusted provisions and losses) improved to 66.6% (H1 2019: 71.0%). The *adjusted expense margin* (also excluding adjusted provisions and losses) rose to 61 bp (H1 2019: 59 bp).

Record-high net profit
IFRS *profit before taxes* rose by 38% to CHF 577 million. As income taxes increased by 16% to CHF 86 million, *net profit* as well as net profit attributable to shareholders of Julius Baer Group Ltd. climbed by 43% to CHF 491 million, and EPS by 45% to CHF 2.28.

Adjusted profit before taxes grew by 31% to CHF 616 million, and the adjusted pre-tax margin improved by 8 bp to 31 bp. The related income taxes increased by 16% to CHF 92 million, representing a tax rate of 14.9% (H1 2019: 16.9%).

Adjusted net profit for the Group as well as adjusted net profit attributable to shareholders of Julius Baer Group Ltd. increased by 34% to CHF 524 million. Adjusted EPS attributable to shareholders improved by 36% to CHF 2.43.

The IFRS net profit and adjusted net profit achieved in the first half of 2020 were the highest in the history of Julius Baer Group Ltd.

The adjusted return on CET1 capital (RoCET1) improved to 36% (H1 2019: 28%).

Balance sheet development: Strong deposit growth, decrease in Lombard loans
Since the end of 2019, *total assets* have grown by 5% to CHF 107.4 billion. *Loans* decreased by 4% to CHF 46.5 billion – comprising CHF 37.6 billion in Lombard loans (-5%) and CHF 8.9 billion in mortgages (unchanged). As the *due to customers* position (deposits) rose by 5% to CHF 76.5 billion, the loan-to-deposit ratio decreased to 61% (end of 2019: 66%). *Cash* (held at central banks in Switzerland and Europe) rose by 46% to CHF 14.8 billion, and *financial assets measured at FVOCI* (treasury book) by 12%, also to CHF 14.8 billion. *Equity attributable to shareholders of Julius Baer Group Ltd.* grew by 2% to CHF 6.3 billion.

Solidly capitalised – CET1 capital ratio 13.9%
BIS CET1 capital rose by 3% to CHF 3.0 billion, despite negative impacts of CHF 112 million from translation differences (as a result of the strengthening Swiss franc) and CHF 44 million from a remeasurement of the Group's defined-benefit obligations.

In June 2020, the Group redeemed all of the perpetual Additional Tier 1 (AT1) subordinated bonds issued on 5 June 2014 in the aggregate nominal amount of CHF 350 million. As a result of the CET1 capital development and the AT1 bond redemption, BIS tier 1 capital declined by 7% to CHF 4.1 billion and total capital by 6% to CHF 4.3 billion.

Risk-weighted assets (RWA) grew by 4% to CHF 21.3 billion. This increase was driven mainly by the full implementation at the start of the year of the new Standard Approach for Counterparty Credit Risk (SA-CCR), which added CHF 0.8 billion, as well as CHF 0.2 billion higher RWA of market risk positions (following the rise in market volatility).

As a result, the *BIS CET1 capital ratio* stood at 13.9% at the end of June 2020 (end of 2019: 14.0%), while the *BIS total capital ratio* receded to 20.0% (end of 2019: 22.1%). The leverage exposure increased by 5% to CHF 106 billion, resulting in a Tier 1 leverage ratio of 3.9% (end of 2019: 4.4%). Without the temporary exclusion (until 1 January 2021) of central bank reserves from the calculation of the leverage ratio, the leverage exposure would have been CHF 110 billion and the Tier 1 leverage ratio 3.8%.

At these levels, the Group's capitalisation continued to be solid: the CET1 and total capital ratios remained well above the Group's own floors of 11% and 15%, respectively, and significantly in excess of the regulatory minimums of 7.9% and 12.1%, respectively. The Tier 1 leverage ratio continued to be comfortably above the 3.0% regulatory minimum.

On 14 April 2020, the Group announced that it would propose to its shareholders to split the previously announced distribution of CHF 1.50 per share for the financial year 2019. This proposal followed a request from FINMA and underlines Julius Baer's support for a joint effort by all parties involved in the face of the COVID-19 crisis and for the measures approved by the Swiss Federal Council. The first distribution of CHF 0.75 per share was paid in May following approval by shareholders at the Ordinary Annual General Meeting held on 18 May 2020. In the absence of a drastic change of circumstances, the second distribution of CHF 0.75 per share will be proposed for approval at an Extraordinary General Meeting expected to be held on 2 November 2020. As the total proposed distribution of CHF 1.50 per share (in two instalments) had already been deducted from Julius Baer's capital in 2019, the decision had no impact on the Group's capital ratios reported above.

On 20 November 2019, the Group commenced the execution of a programme to buy back Julius Baer Group Ltd. shares up to a purchase value of CHF 400 million by the end of February 2021. At the request of FINMA to Swiss banks, the Group paused the execution of its share buy-back programme in March. Since the start of the programme in November 2019, a total of 2,585,000 shares have been repurchased at an aggregate acquisition cost of CHF 113 million, of which 1,830,000 shares (CHF 77 million) so far in 2020.

The results conference will be webcast at 9.30 a.m. (CEST). All documents (presentation, Business Review First Half 2020, Half-Year Report 2020, spreadsheets, Alternative Performance Measures document, and this media release) are available at www.juliusbaer.com.

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Important dates

19 October 2020:	Publication of Interim Management Statement for first nine months of 2020
2 November 2020:	Extraordinary General Meeting, Zurich
4 November 2020:	Ex-dividend date
5 November 2020:	Record date
6 November 2020:	Dividend payment date
1 February 2021:	Publication and presentation of 2020 full-year results, Zurich
22 March 2021:	Publication of Annual Report 2020
14 April 2021:	Annual General Meeting 2021, Zurich

About Julius Baer
Julius Baer is the leading Swiss wealth management group and a premium brand in this global sector, with a focus on servicing and advising sophisticated private clients. At the end of June 2020, assets under management amounted to CHF 402 billion. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the principal operating company of Julius Baer Group Ltd., whose shares are listed on the SIX Swiss Exchange (ticker symbol: BAER) and are included in the Swiss Leader Index (SLI), comprising the 30 largest and most liquid Swiss stocks.

Julius Baer is present in over 20 countries and more than 50 locations. Headquartered in Zurich, we have offices in key locations including Dubai, Frankfurt, Geneva, Hong Kong, London, Luxembourg, Mexico City, Milan, Monaco, Montevideo, Moscow, Mumbai, São Paulo, Singapore and Tokyo. Our client-centric approach, our objective advice based on the Julius Baer open product platform, our solid financial base and our entrepreneurial management culture make us the international reference in wealth management.

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

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

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

These forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause the Company’s actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions, legislative, fiscal and regulatory developments, general economic conditions in Switzerland, the European Union and elsewhere, and the Company’s ability to respond to trends in the financial services industry. Additional factors could cause actual results, performance or achievements to differ materially. In view of these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements. The Company and its subsidiaries, and their directors, officers, employees and advisors expressly disclaim any obligation or undertaking to release any update of or revisions to any forward-looking statements in this media release and any change in the Company’s expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.

KEY FIGURES JULIUS BAER GROUP[1]

Consolidated income statement	H1 2020 CHF m	H1 2019 CHF m	H2 2019 CHF m	Change to H1 2019 in %
Operating income	1,850.8	1,699.0	1,683.9	8.9
Adjusted operating expenses	1,234.4	1,229.2	1,236.8	0.4
Profit before taxes	616.4	469.8	447.1	31.2
Adjusted net profit for the Group	524.4	390.5	381.5	34.3
IFRS net profit for the Group	491.0	342.9	122.1	43.2
Cost/income ratio	66.6%	71.0%	71.1%	-
Pre-tax margin (basis points)	30.5	23.0	21.3	-

	30.06.2020	30.06.2019	31.12.2019	Change to 31.12.2019 in %
Assets under management (CHF bn)				
Assets under management	401.8	412.3	426.1	-5.7
Net new money (in period)	5.0	6.2	4.4	-
Consolidated balance sheet (CHF m)				
Total assets	107,359.3	103,654.9	102,035.2	5.2
Total equity	6,289.8	6,086.7	6,189.4	1.6
BIS total capital ratio	20.0%	20.7%	22.1%	-
BIS CET1 capital ratio	13.9%	13.1%	14.0%	-
Return on tangible equity (RoTE) annualised, adjusted	31%	25%	24%	
Return on common equity Tier 1 capital (RoCET1), adjusted	36%	28%	27%	
Personnel (FTE)				
Number of employees	6,729	6,768	6,639	1.4
Number of relationship managers	1,456	1,490	1,467	-0.7
Capital structure				
Number of shares	223,809,448	223,809,448	223,809,448	-
Market capitalisation (CHF m)	8,874	9,727	11,175	-20.6
Moody's rating Bank Julius Baer & Co. Ltd.				
Long-term deposit rating	Aa3	Aa2	Aa2	-
Short-term deposit rating	Prime-1	Prime-1	Prime-1	-

[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.