Julius Bär

BUSINESS REVIEW FIRST HALF 2020

JULIUS BAER GROUP

ABOUT JULIUS BAER

Julius Baer is the leading Swiss wealth management group. We focus on providing personal advice to private clients around the world, powered by high-end services and expertise. As pioneers, we actively embrace change to remain at the forefront of our industry – as we have done since 1890.

We manage our company for the long term and with an exclusive strategic focus on wealth management.

Our strategy is driven by the desire to achieve unparalleled client satisfaction, to further strengthen the reputation and standing of our Group and to realise sustainable, profitable growth (see also page 21 f.).

We help our clients to achieve their financial aspirations through holistic solutions that take into account what truly matters to them – in their business and personal life, today and for future generations.

With over 6,700 employees, we stand for:

SOLID FOUNDATIONS

PURE WEALTH MANAGEMENT

PERSONAL CONNECTIONS

INTERNATIONAL NETWORK

CONTENTS

Cover picture:
Each stroke adds character – Puebla de Zaragoza, the fourth largest city in Mexico, is famous for its Talavera pottery. All pieces are hand thrown from local clay and feature traditional patterns. The six permitted colours – blue, yellow, black, green, orange and mauve – contain tin and lead, as they have since colonial times.
Latin America is one of Julius Baer's key growth regions. In the past two years, we have overhauled our local business with the aim to reduce complexity and risk. This has paved the way for us to seize new growth opportunities in core markets and key client segments (see page 16 f.).

KEY FIGURES JULIUS BAER GROUP[1]

	H1 2020 *CHF m*	H1 2019 *CHF m*	H2 2019 *CHF m*	Change *to H1 2019 in %*
Consolidated income statement				
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.

FOREWORD

Dear Reader

In mere weeks, COVID-19 turned the world upside down, touching every facet of society – from health care, national economies and global trade to our daily lives. Unprecedented government action and massive fiscal and monetary responses have been put in place to stem emergencies and prevent negative fallouts from imposed lockdowns, yet the longer-term impact on society and individuals remains hard to predict at this time.

While continuing to implement our strategy, whose focal points are more relevant than ever, we have safeguarded our staff's wellbeing through extensive use of our remote work set-up, allowing our operations to stay fully functional at all times. A growing range of digital channels has kept us connected to our clients to give them our full support and help them navigate market complexity. These achievements bear out our staff's great commitment and their ability to collaborate in new circumstances. They also reflect the improvements in our technical infrastructure and digital capabilities, thanks to our substantial and targeted investments.

A solid, liquid balance sheet and strong capital position are essential to our resilience. At the end of June 2020, the Group's BIS CET1 capital ratio stood at 13.9% and the BIS total capital ratio at 20.0%. At these levels, the capital ratios remain comfortably above the Group's floors of 11% and 15%, respectively, and significantly exceed the regulatory floors of 7.9% and 12.1%, respectively.

> 'Our resilience and the commitment to local communities is in the best tradition of our heritage.'

Given the very nature of the pandemic crisis – an external shock pushing the global real economy into severe recession – we have chosen to think long term and refrain from short-sighted moves. We have taken the same approach in advising our clients, recommending they stick to proven strategic asset allocations and providing tactical advice to exploit market volatility. Exceptionally elevated client activity for weeks has led to a strong temporary increase in transaction-related income. Its positive impact on the Group's profitability has been assisted by well-contained credit risks and amplified by a structural reduction of our cost base, an improvement that will also support our results under different market circumstances.

We relentlessly pressed on with implementing the strategic agenda we announced in early February. The reality of the pandemic has changed some of our priorities, moving innovation in our processes and tools even further up the agenda. Yet the overall direction remains unaltered: sharpening our client value proposition, accelerating our investments in people and technology, and shifting to sustainable profitability. As shown by our engagement surveys, our staff broadly support the changes our strategy will bring to how we collaborate, manage risks, reward performance and interact with clients. This encouraging feedback confirms we are on the right track and is a great tailwind for the strategy's implementation. In response to the deficiencies in the fight against money laundering identified by the Swiss Financial Market Supervisory Authority FINMA, we have initiated and are pursuing a comprehensive programme for complete remediation. Our substantial investments in strengthening our compliance and risk management processes over the past few years have already had a positive lasting impact.

The commitment to our stakeholders – including our local communities – is in the best tradition of our heritage of 130 years, guiding us as it did past generations of 'Baers'. We are well aware the coronavirus has been disastrous for the most vulnerable members of societies the world over. We thus donated CHF 5 million in March to charities in Switzerland and abroad where we have a sizeable presence. Our staff have done their part, through community service and donations matched by Julius Baer Foundation. We are convinced that human resilience in times of crisis rests on the will to support one another – be it at a collective or individual level.

With our best wishes and sincere gratitude for your trust in us,

Romeo Lacher
Chairman

Philipp Rickenbacher
Chief Executive Officer

FINANCIAL PERFORMANCE IN FIRST HALF 2020

The Group achieved a record-high net profit in a challenging market and operating environment. This further underlines the resilience of the pure wealth management-focused business model.

Dieter A. Enkelmann, Chief Financial Officer

This Business Review 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 Business Review 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.

Assets under management (AuM) 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.

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 basis points (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).

CONSOLIDATED INCOME STATEMENT[1]

	H1 2020 *CHF m*	H1 2019 *CHF m*	H2 2019 *CHF m*	Change *to H1 2019 in %*
Net interest income	333.4	410.7[2]	381.4	-18.8
Net commission and fee income	1,032.8	955.9	967.0	8.0
Net income from financial instruments measured at FVTPL	515.2	301.6[2]	316.5	70.8
Net credit losses/(recoveries) on financial assets	48.5	-3.1	12.2	-
Other ordinary results	18.0	27.6	31.1	-34.9
Operating income	**1,850.8**	1,699.0	1,683.9	8.9
Personnel expenses	849.5	832.8	780.5	2.0
General expenses	300.5	316.7	366.6	-5.1
Depreciation and amortisation	84.4	79.6	89.7	6.0
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
Income taxes	92.0	79.3	65.7	16.0
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
Attributable to:				
Shareholders of Julius Baer Group Ltd.	524.0	390.4	380.7	34.2
Non-controlling interests	0.5	0.1	0.8	268.3
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	2.43	1.79	1.75	35.7

Key performance ratios				
Cost/income ratio	66.6%	71.0%	71.1%	-
Gross margin (basis points)	91.7	83.2	80.2	-
Pre-tax margin (basis points)	30.5	23.0	21.3	-
Tax rate	14.9%	16.9%	14.7%	-

[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] The H1 2019 numbers have been aligned to the improved structure of interest and dividend reporting related to financial instruments measured at FVTPL.

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.

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY CURRENCY

	30.06.2020	30.06.2019	31.12.2019
USD	49%	47%	47%
EUR	19%	21%	20%
CHF	10%	10%	10%
GBP	4%	4%	4%
HKD	4%	3%	3%
INR	3%	1%	2%
BRL	2%	1%	3%
SGD	1%	2%	2%
Other	8%	11%	9%

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* 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 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.

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

ASSETS UNDER MANAGEMENT

	30.06.2020 *CHF bn*	30.06.2019 *CHF bn*	31.12.2019 *CHF bn*	Change *to 31.12.2019 in %*
Assets under management	401.8	412.3	426.1	-5.7
Change through net new money	*5.0*	*6.2*	*4.4*	-
Change through market and currency impacts	*-28.7*	*25.6*	*13.2*	-
Change through acquisition	-	*3.0*[1]	-	-
Change through divestment[2]	*-0.5*	*-1.7*	*-3.0*	-
Change through other effects[3]	-	*-2.8*	*-0.9*	-
Average assets under management (in period)	403.7	408.3	419.7	-3.8

[1] In March 2019, the Group acquired NSC Asesores, Mexico.

[2] Assets under management were affected by the Group's decision to discontinue its offering to clients from a number of selected countries and completion of sale of Julius Baer (Netherlands) B.V.

[3] Includes assets which have been reclassified following the completed roll-out of the new client advisory models in Switzerland and continental Europe.

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).

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 AND CAPITAL DEVELOPMENT

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.

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).

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY ASSET MIX

	30.06.2020	30.06.2019	31.12.2019
Equities	27%	27%	28%
Investment funds	25%	26%	26%
Bonds/convertibles	19%	20%	19%
Client deposits	19%	17%	17%
Structured products	5%	5%	5%
Money market instruments	3%	4%	4%
Precious metals	2%	1%	1%

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.

CONSOLIDATED BALANCE SHEET

	30.06.2020 CHF m	30.06.2019 CHF m	31.12.2019 CHF m	Change to 31.12.2019 in %
Assets				
Due from banks	7,955.9	9,405.7	7,082.5	12.3
Loans to customers[1]	46,495.8	46,665.2	48,427.3	-4.0
Financial assets measured at FVTPL	10,444.1	9,971.2	13,776.2	-24.2
Financial assets measured at FVOCI	14,771.3	15,120.6	13,166.2	12.2
Goodwill and other intangible assets	2,825.7	2,978.2	2,866.1	-1.4
Other assets	24,866.5	19,513.9	16,716.8	48.8
Total assets	**107,359.3**	103,654.9	102,035.2	5.2
Liabilities and equity				
Due to banks	4,588.7	6,589.7	3,160.0	45.2
Deposits from customers	76,487.5	71,084.5	72,913.1	4.9
Financial liabilities designated at fair value	13,473.3	14,009.7	13,281.1	1.4
Other liabilities	6,520.0	5,884.2	6,491.6	0.4
Total liabilities	101,069.5	97,568.1	95,845.8	5.5
Equity attributable to shareholders of Julius Baer Group Ltd.	6,280.1	6,077.5	6,180.2	1.6
Non-controlling interests	9.7	9.3	9.2	6.3
Total equity	6,289.8	6,086.7	6,189.4	1.6
Total liabilities and equity	**107,359.3**	103,654.9	102,035.2	5.2
Key performance ratios				
Loan-to-deposit ratio	61%	66%	66%	-
Book value per share outstanding (CHF)[2]	29.5	28.7	29.1	1.4
Return on tangible equity (RoTE) annualised, adjusted	31%	25%	24%	-
Return on common equity Tier 1 capital (RoCET1), adjusted	36%	28%	27%	-
BIS statistics				
Risk-weighted assets	**21,284.9**	21,699.8	20,494.6	3.9
BIS total capital	**4,250.2**	4,495.7	4,521.7	-6.0
BIS CET1 capital	**2,950.1**	2,836.8	2,876.7	2.6
BIS total capital ratio	**20.0%**	20.7%	22.1%	-
BIS CET1 capital ratio	**13.9%**	13.1%	14.0%	-

[1] Mostly Lombard lending and mortgages to clients.
[2] Based on shareholders' equity.

DEVELOPMENTS IN FIRST HALF 2020

Our organisation mastered the pandemic-related challenges with agility, while continuing to drive the implementation of our strategic agenda. Utilising our rapidly expanded range of digital channels to full capacity, we stayed close to our clients, providing guidance, support and innovative solutions.

STRATEGIC PRIORITIES

In order to fully capture the attractive long-term growth potential in our industry, we updated our strategy at the beginning of February this year (see page 21 f.). In the decade to come, we aim to re-define wealth management and thereby become the most reputable and admired wealth manager in the industry. To achieve this, we need to dynamically modernise our organisation. We will sharpen our value proposition for high net worth and ultra-high net worth clients. We will accelerate our investments in human advice and technology. And we will shift our leadership focus from an asset-gathering strategy to one of sustainable profit growth.

The coronavirus pandemic and its potential long-term impact on our industry have validated the merits of our strategy. Our push to make Julius Baer more relevant for our clients, even more resilient as a corporation and hence more attractive for all our other stakeholders, particularly our employees, shareholders and bondholders, has never been more important. We relentlessly pressed on with implementing the strategic agenda in the first half of 2020. The reality of the pandemic has changed some of our priorities, moving innovation in our processes and tools even further up the agenda.

TECHNOLOGY, PLATFORM AND INNOVATION

Julius Baer's IT strategy is powered by three operational hubs, located in Switzerland, Luxembourg and Asia. These platforms ensure utmost flexibility in adapting our business model to evolving local and regulatory requirements, client-specific preferences as well as flexible interfaces to proprietary robotics and third-party FinTech solutions.

The pandemic crisis further validated our ongoing push to foster seamless client interaction. We strive towards establishing an industry-leading, personalised and consistent client experience across all physical and digital touchpoints. The foundation to achieving this is a unified mobile and e-banking platform. In Switzerland, a secure chat feature now enables clients to interact with their relationship managers (RMs) in a convenient and safe manner. Mirroring the Swiss functionalities, our clients in Asia now benefit from a completely new e-banking solution that enables them to view their financial data on the go, use a digital token to access online services and benefit from the newly set up e-Channel Service Centre. The onboarding of the locally booked users to the platform started mid-May 2020 and is expected to be completed by the end of this summer. Clients' propensity to use digital channels, particularly to deal with administrative tasks, further increased. We are therefore building secure digital onboarding capabilities to service our existing and prospective clients in times of uncertainty (see page 15).

Elevated market volatility resulting from the pandemic has put our systems landscape and the colleagues supporting it to the test, which they have passed with flying colours. Despite temporarily record-high transaction volumes, our trading and execution infrastructure remained stable with only occasional small backlogs. The remote work set-up provided our employees with a secure environment, ensuring business continuity and a high level of productivity.

Through our partnership with *F10 FinTech Incubator & Accelerator* association, we remain close to the rapidly evolving Swiss FinTech ecosystem and since November 2019 we participate as co-founding member in *F10 Singapore*. This allows us to evaluate novel approaches and solutions in a growing number of application areas for possible integration into our business, complementing our internal programmes to identify relevant trends in our industry and ways to drive innovation on the back of them. Our unified, managed internal data platform is a vast resource for advancing our business, from the automation of operational processes via robots to augmenting our client value proposition along our strategic roadmap. Our own corporate start-up focuses particularly on areas of predictive client retention and asset flows. Julius Baer has been named the winner of the *Outstanding Technology Implementation – Front End* award at the *Global Private Banking Innovation Awards 2020*. This marks the third accolade for our *Digital Advisory Suite,* known as DiAS, within six months.

RISK CULTURE

Risk management remains an area of focus, embedded in the Group's overall risk management framework and the related risk tolerance framework. The introduction of the updated *Code of Ethics and Business Conduct* represented another milestone in further strengthening our risk culture, offering orientation to master everyday business activities in a risk-conscious way. Information and IT security risks keep being mitigated by technical and organisational means. Continued investments in technical countermeasures are complemented by a continuous awareness campaign for employees, making them ambassadors of smart and far-sighted handling of information security.

We established a comprehensive programme at the beginning of the year to monitor the timely and complete remediation of deficiencies identified by the Swiss Financial Market Supervisory Authority FINMA in the fight against money laundering. The Group is complying with these obligations through transformation programmes already initiated in recent years. In parallel, the Group's compliance framework has been further strengthened in both scope and effectiveness. Apart from the increasing use of automated monitoring and sophisticated analytics tools, compliance awareness and knowledge among employees remains key. Related compliance training efforts have been rolled out to the entire Group – RMs and other client-facing staff in particular – including mandatory certification programmes and corresponding refresher courses.

REGULATION

The Swiss consumer protection legislation FIDLEG entered into force on 1 January 2020. Given the large overlap with the latest MiFID II legislation, Julius Baer has already implemented a large number of the new rules. The introduction of the residual enhancements is expected to be completed well within the two-year transition period lasting until the end of 2021. The required standards for the *EU Sustainable Finance* regulation touch on various existing regulations. The necessary changes to affected IT systems as well as the integration into the overall risk framework are being evaluated and gradually implemented.

To strengthen tax transparency further, the new EU directive *DAC6* imposes mandatory disclosure requirements on service providers and EU taxpayers for arrangements with an EU cross-border element that indicates potential tax avoidance or abuse. *DAC6* enters into force on 1 July 2020. Some implementation leeway is expected due to the pandemic, but the scheme will be applied with retroactive effect of 25 June 2018.

SWITZERLAND

Switzerland is Julius Baer's home market and the Group's main booking centre. We serve a significant number of Swiss domestic clients, giving personalised attention to their specific requirements. The country's location in the heart of Europe makes it easily accessible from all over the world. This makes it an attractive home for a diverse population of international wealthy individuals whose particular needs we meet with a dedicated offering. Its notable cultural and linguistic diversity is matched by our broad network of locations, thus ensuring client proximity, which is an important aspect of our value proposition.

GLOBAL PRESENCE

EUROPE

SWITZERLAND

OUR LOCATIONS IN OTHER PARTS OF THE WORLD

- Location
- Booking centre
- Julius Baer Family Office Brasil (integrated operations of GPS and Reliance Group), a fully owned subsidiary
- NSC Asesores, majority participation of 70%
  Julius Baer is present in Mexico City with a representative office
- Strategic partnerships in Bangkok, Thailand, with The Siam Commercial Bank and in Tokyo, Japan, with Nomura Holdings Inc.
- Kairos Investment Management S.p.A., a fully owned subsidiary
  Julius Baer is present in Milan with Julius Baer Fiduciaria S.p.A.

[1] Additional advisory locations in Bangalore, Chennai, Hyderabad, Kolkata and New Delhi

Following the reorganisation of the Bank at the beginning of the year, we aligned our market approach with the updated Group strategy and launched a new strategic push for the Swiss market. Within a homogeneous, highly personal approach, we pay particular attention to the specific characteristics of the country's three main language regions (German, French and Italian) with regard to client needs, interaction and client service. Julius Baer is one of the largest domestic managers of Swiss private client assets and enjoys a very high brand awareness in our targeted client segments of high and ultra-high net worth individuals (HNWIs/UHNWIs).

Switzerland is considered a relatively saturated banking market. However, its high degree of wealth concentration and the level of sophistication that goes along with it provide ample opportunities for us as a pure wealth manager with our comprehensive offering encompassing wealth management, wealth planning and wealth financing. The rising complexity of both client situations and regulations play to our strengths. A key element of our strategy is to give our targeted client segments easy access to Julius Baer's full expertise. By combining our holistic advisory and individual solution capabilities into an unparalleled client experience, we aim to foster client retention and new client acquisition, increase the share of wallet and support margins.

We recorded a strong business momentum in the first months of the year. Pandemic-induced market turbulence caused clients to lower portfolio leverage while simultaneously propelling their trading activity. The ensuing lower asset-based income was more than offset by temporarily higher trading-based income, resulting in increased profitability.

In its annual private banking ratings, the renowned Swiss business magazine *Bilanz* awarded Julius Baer first place in the category Private Banks at the end of April 2020. The highly regarded rankings are based on the mystery shopping method, whereby the magazine acts undercover on behalf of a real client and examines the services of almost 100 banks in Switzerland.

EUROPE

Europe is an important region for our Group where we see good growth opportunities. In line with our clients' preferences, we serve the region both from international Group locations as well as locally from our advisory locations and branches across the continent. While our private client business in Germany is predominantly booked and operated locally, our booking centre in Luxembourg serves as the hub for our other European business, including our growing advisory business conducted out of Luxembourg. The Luxembourg hub supports our European operating model by providing integrated and expanding booking centre capabilities for private clients and intermediaries.

We were able to keep up strong business momentum in the first six months of 2020 despite the difficult situation imposed by the COVID-19 pandemic. The demand for value-added solutions further increased. Net new money inflows significantly accelerated compared to the same period last year, dampening the negative market impact on asset levels. Resilient asset-based income and higher transaction-based income resulted in improved margins.

Germany is one of the most attractive wealth management markets in Europe and is served from a number of Group locations. Despite being fragmented and mature, the German market continues to show sustainable growth rates.

Our personal approach and international advisory competence, together with a rich, open product platform, stand out in a market increasingly characterised by digitally marketed standardised products. In combination with our outstanding reputation, our solid financial foundation and our excellent client proximity and service offered through our network of ten locations across the country, this makes us very attractive for existing and new clients, as well as a most desirable employer. Against a backdrop of ongoing industry consolidation, we were able to further broaden our base of experienced RMs in the first half of 2020.

Frankfurt-based *Bank Julius Bär Deutschland AG's* locally booked private client business showed robust momentum in the first six months of 2020. We achieved healthy net new money inflows, contributing to resilient assets under management. Higher than usual transaction activity resulted in improved margins.

In ***Spain*** and ***Portugal***, we experienced very strong business momentum in the first half of 2020, which helped us significantly increase our market share and profile in the local markets, most notably in the UHNWI segment. We continued to sharpen our differentiating value proposition via the introduction of a new solution-driven lead offering specifically tailored to the Spanish market. The growing reputation of Julius Baer and its solid capital position resulted in a marked increase in account openings from clients seeking the stability and security of a dedicated Swiss wealth manager amid the spreading pandemic crisis. Client transaction activity surged during the recent market turmoil, contributing to solid operational performance further supported by healthy net new money inflows and higher asset levels.

We continued to expand our position as the leading wealth manager in ***Monaco***. Business momentum was strong in the first six months of the year, with no meaningful changes in clients' risk appetite. On the back of our growing base of experienced RMs, we achieved healthy net new money inflows, contributing to broadly stable asset levels year on year and rising revenues. The new advisory service models we are introducing there will benefit not only our large and growing local client base but also private clients from selected markets in Western and Eastern Europe, the Middle East and Latin America.

Italy is served from various Swiss locations. Local activities centre on specialised wealth and asset manager *Kairos* and on *Julius Baer Fiduciaria S.p.A.* in Milan, one of the largest fiduciary companies in the country. Italy is one of the biggest European markets in terms of savings, with significant scope for risk diversification as well as geographic diversification of the local asset base. The potential benefits thereof were further emphasised by the manifold impacts of the recent COVID-19 emergency. But the pandemic also hampered client sentiment and weighed on business momentum.

Despite a competitive landscape, we rate Italy's business potential positively, particularly for a pure wealth manager like us with a focused business model, comprehensive offering and strong financial standing. To leverage individual strengths and exploit synergies, we intensified the collaboration and operational alignment between Julius Baer and Kairos.

Thanks to our rising status as a private wealth manager of choice among HNWIs across the ***United Kingdom***, our local business activities showed good momentum in the first half of 2020. Despite some client deleveraging, we were able to attract healthy net new money inflows, to which our four regional offices also contributed substantially. The impact of the pandemic shifted public attention temporarily away from the country's decision to leave the European Union. Our clients praised our efforts to stay in touch and offer guidance. Asset levels held up well year on year and margins improved.

Wealth planning solutions remain a central pillar of our high-value services to clients. Business owners and entrepreneurs value our holistic approach to addressing their needs at all stages of their business or private lives. Our discretionary mandates are a central and popular pillar of individual wealth structures. They continued to show outstanding performance, differentiating us among clients and in the whole market.

Our locally well-connected business in the smaller yet dynamic wealth management market of ***Ireland*** is served from Dublin. Leveraging the comparatively high wealth concentration in the HNWI segment, we achieved substantial net new money inflows in in the first six months of 2020. Revenues increased.

RUSSIA, CENTRAL & EASTERN EUROPE

This geographic area continues to be a key region for our growth investments. The clients from this attractive region are served from our office in Moscow as well as from various Group locations in Europe, the Middle East and Asia. Given the fluid geopolitical, regulatory and economic environment, however, the business environment remained challenging in the first six months of 2020. Nevertheless, we were able to capitalise on our strong market standing and achieved healthy net new money inflows in the first half of the year. The volatile markets led to further deleveraging in clients' portfolios and rising cash holdings. Higher transaction-based income more than offset lower asset-based revenues.

The size of our franchise, our brand recognition and our market reach combined with exemplary client proximity continue to set us apart. Our aim is to gain market share, also by continuously expanding our base of RMs. The growth momentum in ***Russia***, our largest target market in the region, was underpinned by the launch of a new lead offering tailored to meet the requirements of UHNWIs and entrepreneurs.

ASIA

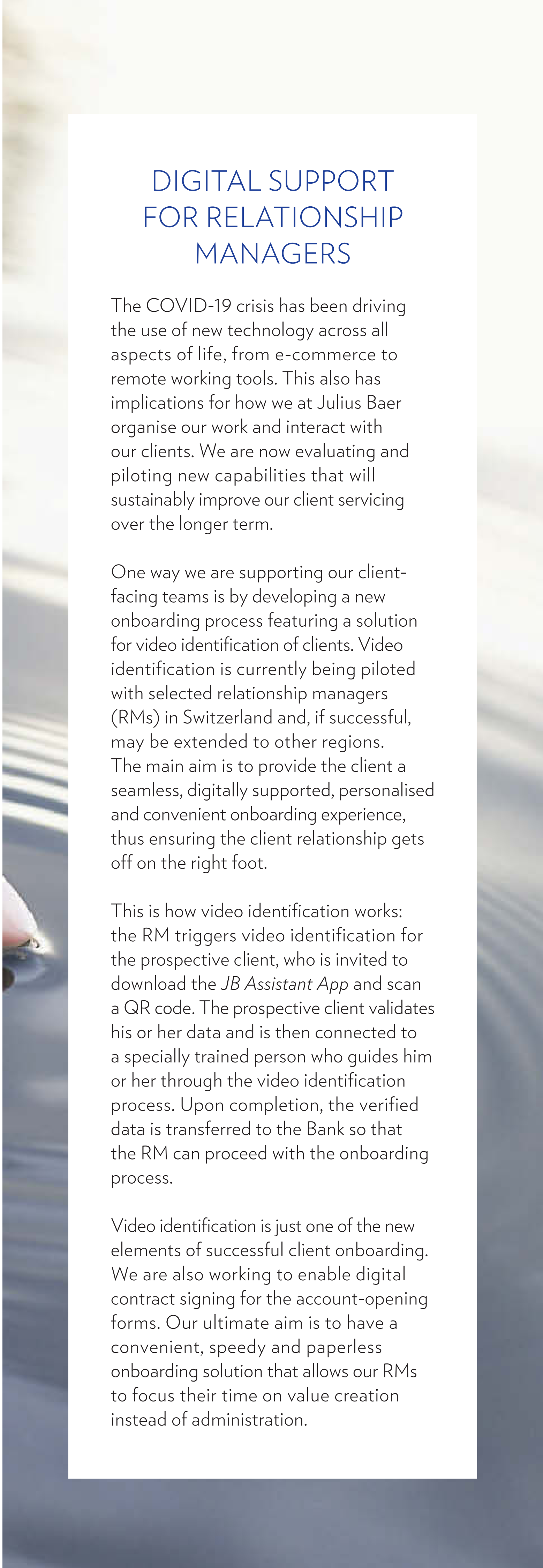
Julius Baer is one of the region's largest wealth management providers, consistently ranked in the top 5 in terms of assets under management by renowned trade publication *Asian Private Banker*. Asia harbours the largest number of UHNWIs and HNWIs worldwide and is expected to outpace most other regions in the growth of these client segments' wealth, even despite the recent pandemic-induced headwinds.

Locally booked clients account for about a quarter of the Group's total assets under management. Given the great strategic importance of the region for Julius Baer, we view Asia as our second home market. Our strong reputation as a pure wealth manager makes us a partner of choice for the targeted segments of UHNWIs and HNWIs, who value our well-established brand, international standing and holistic wealth management offering. We are committed to providing our clients with an industry-leading service experience, through continued investments in developing our people and advancing our modern banking platform. The latter was further upgraded with digital tools to stay close to our clients and support them in these trying times.

Julius Baer serves this diverse region from a number of Group locations, including local booking centres in ***Singapore*** and ***Hong Kong***, our representative office in Shanghai, our domestic presence in India, and via joint ventures in Bangkok and Tokyo.

Business momentum was clouded by the evolving pandemic crisis in the first half of 2020. Clients stayed calm overall but tended to lower the risk profiles of their investments by holding liquidity and deleveraging, with the latter essentially offsetting the very healthy inflow of new client assets amid a largely stable client book. Signs of normalisation intensified towards the end of the period. The significantly increased share of transaction-based income resulted in higher revenues and margins.

To complement our organic growth in the region, we seek strategic opportunities via partnerships and other inorganic initiatives. Business momentum of our joint venture with The Siam Commercial Bank (SCB) in ***Thailand***, *SCB-Julius Baer Securities Co., Ltd.,* accelerated on the back of the continuously expanding offering, combining selected domestic



DIGITAL SUPPORT FOR RELATIONSHIP MANAGERS

The COVID-19 crisis has been driving the use of new technology across all aspects of life, from e-commerce to remote working tools. This also has implications for how we at Julius Baer organise our work and interact with our clients. We are now evaluating and piloting new capabilities that will sustainably improve our client servicing over the longer term.

One way we are supporting our client-facing teams is by developing a new onboarding process featuring a solution for video identification of clients. Video identification is currently being piloted with selected relationship managers (RMs) in Switzerland and, if successful, may be extended to other regions. The main aim is to provide the client a seamless, digitally supported, personalised and convenient onboarding experience, thus ensuring the client relationship gets off on the right foot.

This is how video identification works: the RM triggers video identification for the prospective client, who is invited to download the *JB Assistant App* and scan a QR code. The prospective client validates his or her data and is then connected to a specially trained person who guides him or her through the video identification process. Upon completion, the verified data is transferred to the Bank so that the RM can proceed with the onboarding process.

Video identification is just one of the new elements of successful client onboarding. We are also working to enable digital contract signing for the account-opening forms. Our ultimate aim is to have a convenient, speedy and paperless onboarding solution that allows our RMs to focus their time on value creation instead of administration.

products and services from SCB with Julius Baer's international wealth management expertise and solutions. The number of Thai clients in Asia served by the joint venture is steadily increasing.

Our strategic partnership with Nomura in ***Japan*** continued to develop well in the period under review. *Julius Baer Nomura Wealth Management Ltd.'s* aim is to introduce our bespoke discretionary mandate services to Nomura's local high-net-worth client base.

Julius Baer is one of the largest and best-established foreign wealth managers in ***India***. We cover the domestic Indian market from the major cities of Mumbai, New Delhi, Kolkata, Chennai, Bangalore and Hyderabad. In addition, Julius Baer serves a large and rising global base of non-resident Indians from different Group locations in Asia, the Middle East and Europe. This *Global India* approach is a key competitive advantage for Julius Baer. It offers clients the best of both interlinked worlds, fosters retention and referrals, and is a significant source of further promising business developments. Current and prospective clients adopted a generally cautious stance in the first half of 2020, which hindered the realisation of business opportunities and held back asset inflows.

EASTERN MEDITERRANEAN, MIDDLE EAST & AFRICA

Despite the challenging geopolitical tensions, subdued economic expansion and ever changing regulatory regimes, we were able to maintain positive business momentum across the Eastern Mediterranean region as well as our chosen markets in the Middle East and Africa. We serve this diverse region primarily from our main regional hub in Dubai, complemented by local offices in Istanbul, Beirut, Manama, Abu Dhabi, Tel Aviv and Johannesburg, as well as from a growing number of Group locations in Europe and Asia.

Brand recognition continued to rise on the back of the Bank's dedicated offering, which was further sharpened to accommodate the growing requirements of UHNWIs. Our global reach and highly valued investment competence combined with local proximity served to differentiate us further during the pandemic crisis. Net new money development was held back by deleveraging in clients' portfolios, weighing on asset levels, but clients' overall risk appetite persisted. Higher transaction volumes and revenues contributed to improved profitability.

Julius Baer ranks among the top foreign wealth managers in ***Israel***. We serve this appealing and highly competitive market from a number of Group locations and locally from our Tel Aviv office. We target Israel's significant wealth creation both domestically and via the global Israeli community. Business momentum held up well in the first half of 2020 given the recent market turmoil, underlining our high reputation as a premium brand. Strong transaction-based revenues more than offset lower asset-based income, resulting in improved profitability.

LATIN AMERICA

Julius Baer is a major international wealth manager in Latin America. Our holistic approach to investment advice and our comprehensive offering appeal to the region's HNWIs and UHNWIs. We are serving Latin American private clients locally from our offices in Santiago de Chile, Montevideo, São Paulo, Rio de Janeiro, Belo Horizonte and Mexico City as well as increasingly from other Group locations. This combination of local proximity and our international investment expertise differentiates us from most domestic competitors.

The coronavirus pandemic has greatly unsettled this region already marked by shaky economic conditions and elevated political uncertainty. Despite this challenging backdrop, however, our business strategy realignment initiated last year to focus on core markets and key client segments bore fruit in the first half of 2020. Clients valued our personal approach and broad investment expertise, taking advantage of tactical market opportunities and international diversification. Compared to the same period last year, transaction-based income held up well, while lower asset levels weighed on related revenues. Asset gathering was challenging but net positive in the period.

The overhaul of our business also paved the way for new growth opportunities in key markets. At the beginning of March 2020, we were granted the licence for our representative office in ***Colombia***. This is one of the region's markets that has great potential for a focused wealth manager with a comprehensive offering like Julius Baer. We streamlined our operational set-up in ***Uruguay*** and refocused the business to capture growth opportunities via family office and multicustody services, thus leveraging our know-how gained in other markets of the region. Despite the recent instability, we were able to strengthen our standing with UHNWIs in ***Chile***, where we have the largest local presence of any international wealth manager.

In ***Brazil***, we are the largest local independent wealth manager and are now operating under the newly established brand *Julius Baer Family Office Brasil*, integrating our two fully owned subsidiaries *GPS* and *Reliance* that were operationally combined in August of last year. This move helps us to provide our clients with an enhanced service experience in an independent multicustody framework while fostering efficiency. Through the successful joint venture with leading local digital investment advisor *Magnetis*, we continued to develop the affluent client segment of younger, tech-savvy investors. Clients' growing interest in diversifying their assets geographically and by asset classes favoured our comprehensive offering. In addition, we broadened our offering of selected alternative investments.

Our activities in ***Mexico*** continued to develop very favourably. On the back of Julius Baer's growing brand recognition and reputation within the Mexican market, we achieved very strong net asset inflows in the first six months of the year. Julius Baer now holds a majority stake of 70% in *NSC Asesores,* one of the largest independent wealth management companies in Mexico. Clients benefited from our growing offering of locally adapted products and solutions, meeting their evolving needs in the current rapidly changing environment.

INTERMEDIARIES BUSINESS

In the course of the realignment of the Bank's management structure, the Intermediaries unit, i.e. our business activities with external asset managers (EAMs) and external financial advisors (EFAs), became a distinct part of the Group's Chief Operating Officer organisation. This move will accelerate the technological transformation of this business-to-business (B2B) segment and thus ensure the high level of integrated state-of-the-art services demanded by this client group going forward. The aim is to deploy the Group's solution capabilities – including our investment management and wealth planning expertise, our product structuring capabilities and our connectivity and execution services – to the full benefit of intermediaries and their clients.

During the first six months of 2020, the business developed in line with the overall market. Net new money inflows improved year on year, with notable contributions from Europe, Latin America as well as emerging and other growth markets across booking centres.

Against the backdrop of high market volatility, trading activity was elevated across all markets and territories. We saw particularly strong interest in Julius Baer's structuring capabilities, especially in solutions involving actively managed certificates (AMC). Furthermore, the business made good progress in advancing its digitalisation in the Asia Pacific region and Europe (i.e. structuring capabilities, in particular AMC solutions and the *Markets Toolbox*).

Technology is a significant component of our service offering to intermediaries. Julius Baer provides a comprehensive digital set of solutions while simultaneously expanding technological capabilities across the Group's different booking centres. We particularly focus on connectivity services, which allow intermediaries to connect their systems more efficiently with ours to facilitate automated end-to-end processing. In Asia, we started the construction of a digital online platform for local intermediaries in collaboration with a third-party provider who is covering EAMs' needs for a professional portfolio management system.

JULIUS BAER'S HOLISTIC SERVICE AND SOLUTIONS OFFERING

We focus on helping our clients to grow and preserve the wealth they created, to advance its potential and support them in transferring it to future generations. Our holistic advisory approach *Julius Baer – Your Wealth* tailors financial solutions for clients based on their unique situations, encompassing wealth planning, wealth management and wealth financing. By utilising our investment management and advisory solutions capabilities as well as markets teams, complemented by credit and global custody services, we provide solutions that holistically match our clients' individual needs and preferences considering their specific circumstances.

Connecting all our in-house expertise related to investment, wealth management and financing solutions generates meaningful value for clients, as well as business volume. This is true on a global scale. In the first half of 2020, it was especially beneficial in Asia, where we continued to experience strong momentum despite the COVID-19-related turmoil.

WEALTH PLANNING

Our *Wealth Planning* (WP) capabilities are at the core of *Julius Baer – Your Wealth*. The growing network of internal and external specialists and a wide range of sophisticated solutions support our comprehensive range of WP services. The pandemic has raised important questions related to succession planning, amongst others, and encouraged clients to assess their overall exposure. In response, WP has created a range of contents and materials to support RMs, clients and their families. The contents cover country-specific solutions for client challenges, including specific approaches considering the COVID-19 situation to preserve wealth in an economically stressed environment, in particular for entrepreneurs.

INVESTMENT MANAGEMENT

Our product and investment experts around the globe are important contributors to our holistic *Julius Baer – Your Wealth* offering. They have decades of experience in managing wealth for our private clients on a discretionary basis.

Our Chief Investment Officer (CIO) maps out the investment strategy backed by a solid, well-proven investment philosophy and asset allocation process. Investment decisions rely on comprehensive qualitative and quantitative analysis and seek to deliver consistent risk-adjusted investment returns for our clients. Our strong governance framework drives the implementation of our investment decisions in an effective way.

During the recent market turmoil, this approach has proven to be very robust across all our product lines, by adequately managing the market volatility and ensuring strong performance compared to the market and most peers.

Despite COVID-19, we have continued to take firm steps to ensure that our investment management solutions remain relevant for our clients, by

- strengthening our digital capabilities for mandate customisation, client interaction and portfolio management;
- increasing our scrutiny of critical asset classes in the current environment, such as fixed income;
- expanding our offering with investment funds focusing on attractive niche strategies.

INVESTMENT CONTENT

Meeting the requirements imposed by the extraordinary circumstances, we have strengthened our communication efforts. Key measures include increased client interaction, daily situation updates in our flagship publications and *Daily Market Calls* to ensure a constant news flow concerning COVID-19 and the related market impact.

To support clients and RMs in assessing the situation on an individual basis, we have also ensured consistent after-sales activities on our focus products and timely follow-ups on recommended core holdings. As digital has become the channel of choice, we have revamped our *Investment Insights App* to provide a more structured access both to current

INVESTMENT RESEARCH: A TALE OF ONE VIRUS AND TWO QUARTERS

The corona crisis has been an unprecedented challenge for humanity, causing an external shock to the global economy not seen in modern times. If someone had told us in January that the global economy would be shut down to contain the spread of a highly contagious virus, triggering the sharpest recession since the 1930s, we would likely not have believed it.

Yet the shock was unparalleled exactly because this was the first time governments shut down the very backbone of modern economies – the services sector – to halt the pandemic from raging. Services account for about two thirds of a modern economy and are highly resilient in downswings. This is the major difference to industrial production, where the inventory cycle shows massive swings due to destocking and restocking, both ahead of and after a major economic slowdown. So this time was different indeed. This sent economic activity in some economies down by double-digit percentage points. For the US, the loss of GDP in Q2 2020 is estimated to have reached 30–40% year on year.

Hence, financial markets had the roughest ride ever, since they had not seen it coming – as was true for global health organisations, politicians and virologists (at least not to this extent). Contrary to public opinion, financial markets do not look back. Relentless selling in February and March thus gave way to a major recovery as of April – a tale of two quarters indeed. Commodity markets were at the epicentre of the turmoil, with energy prices moving wildly – at some stage even turning negative. The energy crisis was worsened by a price war among shocked oil producers as well as by evaporating demand. Then again, there were gains in the second quarter of 50% or more. Basically, it was a helter-skelter ride that left most investors speechless. In terms of market moves, most noteworthy was the breakdown of interest rates that hardly reversed during the second quarter. Central banks are guiding for low rates for years to come, at least until the economy is back to full employment.

Now that many governments are working on reopening their economies, it is time to assess the new normal. Transitions do not happen overnight, but we expect this crisis to accelerate some macroeconomic-related trends, including the emergence of a bipolar world (growing China-US conflict), reshoring (value chains shifting from global to local) and the need to implement more unorthodox macroeconomic policies. This all has consequences for governments, companies and investors alike.

In conclusion, we observe a widening divergence in recoveries among regions, countries and sectors, which has implications for their respective credit qualities and growth potentials, as well as for their different currencies. The crisis has revealed conceptual shortcomings in politics and economics and shown our vulnerability to such shocks. For investors, it is important to learn from what we have seen and to prepare for the future.

market news as well as to topics of longer-term relevance covered by our *Research* specialists (see page 19).

INVESTMENT ADVISORY

An important pillar of *Julius Baer – Your Wealth* is the expert investment advice we provide to clients. Our *Advisory Mandates* form part of this and support its delivery by encompassing portfolio monitoring, personalised investment ideas and tailor-made strategies.

Our Advice Advanced and Advice Premium mandates offer clients financial advice from experienced and dedicated experts. In addition, our proprietary *Digital Advisory Platform* supports our client advisory approach by enabling us to share opportunities and address risks with our clients, in tune with financial market development.

The market turmoil provoked by COVID-19 highlighted the essential combination of constant automated portfolio monitoring and swift human interaction. Particularly during the many days of elevated volatility, our investment experts ensured closest support and offered proactive advice across asset classes and markets.

MARKETS

The Markets teams deliver trade execution, product structuring and trading advice across all asset classes. Based on our modern and efficient infrastructure, combined with an extensive network of counterparties, we are able to ensure high-quality service to our private clients, external asset managers and external parties alike. 24-hour access is offered between the trading hubs in Zurich, Singapore and Hong Kong.

Access to our product experts for RMs and clients ensures comprehensive support in all execution, trading and structuring-related matters. The Markets unit plays an important role as manufacturer and risk manager of structured products and derivative solutions issued from Julius Baer Group's balance sheet and ultimately as a key contributor to the Group's revenues. The continued development of our product offering across all asset classes, and most recently in direct private investments, is addressing the diverse needs of our global customer base. Digital tools such as the *Markets Toolbox*, a real-time pricing and trading platform for structured products, currencies and precious metals, are a key enabler in achieving a high level of service experience, paired with our ability to take on risk and offer innovative payoffs. Dedicated in-house developed solutions ensure the digital distribution of our products to intermediaries, family offices and other professional clients.

Thanks to the robust nature of our trading infrastructure and the fast move to business continuity workplaces, we were able to cope well with the large additional amount of pandemic-related trading volumes from our clients. We used the elevated market volatility to take advantage of opportunities with favourable risk/reward characteristics in our trading books, and exploited market movements for the benefit of our clients and the Group.

CREDIT

As part of our holistic *wealth financing* offering, our private clients have access to a wide range of credit products on a secured basis. We offer Lombard loans to accommodate clients' leverage and liquidity purposes as well as real estate lending in the form of residential mortgages, predominantly in Switzerland. The Credit team also provides our UHNW clients with bespoke in-house solutions such as *Collateralised Cash Flow backed Lending* secured by non-listed securities, and we act as a broker for specific financing services that we do not perform. Our loan book is prudently managed using a sophisticated credit risk framework. This ensured quality also under the COVID-19-related market stress.

GLOBAL CUSTODY

As a dedicated provider of custodian services and solutions in Switzerland, this unit enjoys an excellent reputation as a best-in-class global custodian in its well-defined areas of specialised expertise for institutional clients and investment funds as well as for private clients with institutional requirements.

The business covers the full range of country-specific expertise and client-oriented solutions comprising a wide variety of products and services, including custody, centralised asset and depository services as well as transaction banking and access to a wealth of other value-adding bank capabilities such as analytics and reporting. Thanks to this modular offering, clients benefit from a high degree of flexibility regarding daily business processes and individualised services to cover their needs.

STRATEGY UPDATE 2020

In our strategy update at the beginning of 2020, we remained true to our pure wealth management focus and business model. We will continue to build on our core strengths while dynamically modernising the way we operate, creating even more value for our clients through a sharpened value proposition and accelerated investments in human advice and technology.

With the successful growth strategy of the past decade, Julius Baer has defined pure wealth management. In the decade to come, we aim to become the most reputable and admired wealth manager in the industry. To achieve this, we need to dynamically modernise our organisation. We will sharpen our value proposition for high net worth and ultra-high net worth individuals (HNWIs/UHNWIs). We will accelerate our investments in human advice and technology. And we will shift our leadership focus from an asset-gathering strategy to one of sustainable profit growth.

CALIBRATING THE STRATEGY IN A CHANGING ENVIRONMENT

At the outset of a fresh decade, new secular dynamics are unfolding in wealth management:

- Client needs are shifting structurally – from wealth creation to wealth preservation and from individual needs rooted in one geography to changing family settings with multinational requirements. Complexity is increasing and expectations are on the rise, calling for even broader capabilities and deeper expertise in wealth management.
- Generational dynamics are accelerating. Over the coming 20 years, huge amounts of assets will be handed from one generation to the next. This future generation is looking beyond just the pure management of assets and is interested in giving meaning to their wealth.
- The economics of our business have changed. Commoditisation combined with negative interest rates in many of our key markets is resulting in strong margin pressure. In parallel, more complex regulations, changes in technology and increasing competition are driving up the structural costs of doing business.

Despite these pressures, wealth management remains an attractive industry, with growth rates expected to exceed GDP expansion in most markets. Capturing these opportunities, however, requires an update of our strategy, as announced in February 2020.

With this new chapter, we are looking beyond the immediate pressure for change and want to make our company fit for the next decade. We will explore the substantial untapped potential to deliver value to our targeted client segments. As the architects of our clients' wealth, we will tailor highly individual solutions in a client-centric, integral way – as personal as possible, yet powered by the best that technology has to offer.

SHARPENING THE VALUE PROPOSITION FOR SOPHISTICATED HIGH NET WORTH AND ULTRA-HIGH NET WORTH INDIVIDUALS

Julius Baer will offer our two core client segments, HNWIs and UHNWIs, a sharpened and unique value proposition. We will serve those clients individually, as families and over generations. The complexity inherent in these client relationships plays to our strengths and capabilities.

Contrary to industry trends, we will continue to serve HNWIs in a personal way, with a dedicated relationship manager (RM). They will be offered an unrivalled breadth of solutions that can be customised based on technology, supporting scalability. UHNWIs and wealthy families will benefit from Julius Baer's capabilities as true wealth architects, combining access to the Group's expertise, its global coverage and its ability to deliver highly bespoke solutions, based on its open product platform and its balance sheet, without the conflict of other lines of business.

We serve our clients directly via our dedicated global front organisation as well as indirectly through selected intermediaries. These intermediaries are an important business-to-business segment with whom we aim to build long-term partnerships along their full value chain and across the entire cycle of their business development.

The Group will invest even more in its range of solutions and expertise – already among the most comprehensive in the industry – to enhance its relevance for clients and capture new market opportunities. Examples of innovation in this area are digital assets, structured lending and impact investing.

ACCELERATING INVESTMENTS IN HUMAN ADVICE AND TECHNOLOGY

Investments in technology to power human advice will be accelerated and increased by approximately 20% in 2020 and 2021. This will create new revenue opportunities and improve efficiency. The main shift will be away from the modernisation of the back-end towards investments in enhancing client value at the front-end.

To create new revenue opportunities, we will accelerate our investments in artificial intelligence and data. Predictive data analysis, for example, improves client retention and explores share-of-wallet potential. To facilitate scalable tailoring of discretionary mandates and a consistent and scalable advisory process, we continue to invest in our recently launched Mandate Solution Designer and our proprietary advisory platform DiAS, which are expected to deliver both increased revenue and enhanced margin. And to increase quality and efficiency, we are re-engineering processes such as our workflows in risk management and anti-money laundering as well as driving robotics in mid- and back-office processes, again with the aim to realise margin benefits.

Julius Baer Group Ltd.

Board of Directors
Romeo Lacher, Chairman

Chief Executive Officer
Philipp Rickenbacher

Head Switzerland & EMEA	**Head Asia Pacific**	**Head Americas**	**Chief Operating Officer & Head of Intermediaries**
Yves Robert-Charrue	Jimmy Lee Kong Eng	Beatriz Sanchez	Nic Dreckmann

Investment & Wealth Management Solutions

Head of Wealth Management Solutions	**Chief Investment Officer**	**Chief Financial Officer**	**Chief Risk Officer**
Nicolas de Skowronski	Yves Bonzon	Dieter A. Enkelmann	Oliver Bartholet

Executive Board

In order to excel in wealth management, we believe we also need to move beyond just managing wealth. With our more than one hundred thousand client relationships globally, Julius Baer is ideally positioned to be a facilitator, offering our clients a platform to create value beyond banking. Our vision is to build cross-generational communities, providing spaces in which they can share and exchange, ultimately enabling them to co-create content and business opportunities together with us.

Julius Baer will continue to attract the top entrepreneurial talent in the industry – RMs as well as specialists and technology experts. The Group will invest in developing junior RMs in-house and will upgrade incentive and compensation systems in line with its financial targets, entrepreneurial aspiration and risk standards.

SHIFTING THE LEADERSHIP FOCUS TO SUSTAINABLE PROFIT GROWTH

With Julius Baer's shift from an asset-gathering strategy to one focused on sustainable profit growth, the Group is introducing new targets for shareholder value creation for the coming three-year cycle (2020–2022):

- An adjusted[1] pre-tax margin of 25 to 28 basis points by 2022
- An adjusted[1] cost/income ratio of 67% or lower by 2022
- Over 10% annual growth in adjusted[1] pre-tax profit over the cycle, assuming no meaningful deterioration in markets or foreign exchange rates
- Adjusted[1] return on CET1 capital of at least 30% by 2022, supported by active capital management

Julius Baer remains committed to maintaining the quality and strength of its balance sheet and capitalisation. The management floors of its BIS total capital ratio and BIS CET1 capital ratio remain at 15% and 11%, respectively, representing a prudent buffer of around three percentage points above regulatory minimums.

The dividend and capital frameworks remain unchanged and reflect the Group's strong capital generation. Ordinary annual dividends of 40% of adjusted net profit can be complemented by share buy-backs or special dividends. The current CHF 400 million buy-back programme – temporarily paused following an industry-wide approach to respond to the COVID-19 pandemic – will run until the end of February 2021.

IMPLEMENTING THROUGH THREE-YEAR PROGRAMME

To implement our updated strategy, Julius Baer kicked off a three-year programme in February 2020 to enhance its client value, improve its productivity and efficiency, and strengthen its risk culture and teamwork. The programme is expected to offset anticipated industry-wide margin pressure by delivering more than CHF 150 million of revenue improvements through an enhanced offering, the roll-out of additional fee-based advisory models, the deepening of the Group's structuring and credit capabilities, as well as price realisation.

Over the coming three years, Julius Baer aims at reducing its cost base by CHF 200 million through productivity and efficiency measures. These measures will include simplifying the organisation, improving operational excellence in all areas and reviewing the Group's geographic footprint based on future growth potential. As part of its three-year programme, Julius Baer will also rigorously strengthen its corporate values as well as its robust risk and compliance culture, based on professional integrity and teamwork. More details on the current status of the strategy implementation can be found in the remaining parts of this Business Review.

The impact of the programme will start to materialise in 2021 and be fully realised by 2022.

[1] For a definition of adjusted results, please refer to www.juliusbaer.com/APM

CORPORATE SUSTAINABILITY AND RESPONSIBLE INVESTMENT

For Julius Baer, sustainability is far more than a responsibility we have towards our employees, clients, investors and society[1] – it is an opportunity to take an active role in creating value for generations to come. We are therefore strengthening our strategy and our contribution to achieving the UN Sustainable Development Goals.

The urgency surrounding sustainability and climate change as well as the associated responsibility we all carry as a society has gained significant momentum in recent years. As a bank, we play an important role in the transformation towards sustainability. In this context, we are confronted with the following:

- *Societal awareness*: Stakeholders no longer just expect companies to operate responsibly, but to add value to society. The private sector – particularly the financial sector – is increasingly expected to mobilise the necessary resources to tackle issues such as climate change and global wealth inequality.
- *Investing for impact*: The demand for sustainable and impact investment has been increasing for some years (especially from younger generations). At Julius Baer, we offer a growing range of sustainable investment solutions across various asset classes.
- *New wealth and changing demographics*: Over the next twenty years, there will be a significant wealth transfer to younger generations, as well as new wealth emerging, for example from the middle class in Asia. For Julius Baer, this means that we need to adjust our product and service offering to the needs of these groups.
- *New digital technologies*: A quick, seamless, secure and technologically advanced service is viewed as a matter of course by clients. Our ongoing investments in this area focus on the technological support provided to our clients and relationship managers. Our technology investments amounted to over one billion Swiss francs in the last five years.
- *Regulation*: After a decade of addressing the impact and causes of the financial crisis and establishing new business models, financial institutions are increasingly exposed to a shifting political landscape. Current regulatory issues include an increased need for sustainable finance definitions and guidelines as well as the EU Action Plan for Financing Sustainable Growth.

These developments present challenges and opportunities. Our corporate sustainability and responsible investment strategy guides us in responding to trends as well as to changes in clients' and society's expectations. It also ensures the incorporation of sustainable business practices into our daily investment and business decisions.

CORPORATE SUSTAINABILITY AND RESPONSIBLE INVESTMENT STRATEGY

In 2019, we embarked on a journey to strengthen our corporate sustainability and responsible investment strategy. To facilitate this process, we launched a dedicated and centralised global corporate sustainability and responsible investment programme to oversee and align the Group's activities.

[1] The COVID-19 crisis has put everyone's resilience to the test. Get an idea of our responses on page 27.

The materiality assessment and stakeholder engagement process that has been undertaken helped us to identify those sustainability topics that matter most to our stakeholders. Consultations revealed that internal and external stakeholders are in agreement that climate change as well as the triangle 'client experience – front training – solutions' are most critical to our long-term success.

In parallel to these efforts, Julius Baer was the first Swiss bank to endorse the UNEP FI United Nations Principles of Responsible Banking. By becoming a signatory in September 2019, we have demonstrated that we want to take a much more active role regarding sustainability.

OUR BUSINESS PRACTICE

Our *Code of Ethics & Business Conduct* (the *Code*) guides all decision-making at Julius Baer. It covers topics such as tax, conflicts of interest, combating financial crime, confidentiality, human rights, diversity and environmental protection. Via our Integrity Platform, employees can confidentially report suspected *Code* violations. To further increase its tangibility and ultimately foster a strong individual sense of responsibility and judgement among employees, the *Code* was reviewed and evolved accordingly in 2019.

In addition to the *Code*, we operate under a diverse range of policies to prevent and combat financial crime. Our policies apply to all Julius Baer employees worldwide. Staff are regularly trained on the content and application of these policies.

Furthermore, we have a code of conduct for our suppliers. In 2019, we started in-depth discussions on how to adequately collaborate with our third-party suppliers in order to manage related risks. This will strengthen our framework for managing suppliers and assessing their compliance with the terms stipulated in the *Code* and with international norms on human and labour rights, health and safety, and corruption prevention.

Taken together, these measures ensure full compliance with industry regulations, awareness of potential threats and risks to our business, and application of the highest possible standards of business conduct.

OUR CLIENTS

Julius Baer focuses on private clients, providing them with holistic advice and highly individual wealth management solutions. Understanding what matters most to our clients is at the heart of everything we do, resulting in a unique client experience.

Client experience continues to be very strongly impacted by digitalisation in terms of 24/7 availability, communications, personal service and risk management. Digitalisation increases the risk of fraud, identity theft and system downtimes. Julius Baer's Security Committee oversees these challenges by actively managing these risks and by investing in state-of-the-art defence measures as well as workflows and tools to comply with the EU's General Data Protection Regulation.

High levels of security and privacy are essential to do business. Given the public perception of cybersecurity, however, security and privacy are fast becoming market-differentiating factors. At the same time, we are expanding our online banking platform to build on the development of new digital technologies and provide our clients with future-proof services.

OUR RESPONSIBLE INVESTMENT APPROACH

In our increasingly connected and fast-paced world, integrating the environmental, social and governance (ESG) perspective is going to be the norm. Julius Baer's investment process already considers financially material ESG factors in order to achieve long-term economic benefits. We are convinced that such a holistic approach improves our ability to uncover risks and detect opportunities. Therefore, we make sure that the ESG perspective is an integral rather than peripheral part of Julius Baer's investment process.

Julius Baer currently offers different responsible investment solutions, individually tailored to clients' requests. Complementing the traditional financial risk analysis, an ESG evaluation is applied to the entire investment universe. In case of controversial findings, they are discussed by the Julius Baer Responsible Investment Committee, which then adapts the ESG rating accordingly.

Sustainable investing

In an initial analysis, ESG ratings are derived by selecting the ESG leaders, i.e. those companies with the highest ESG ratings and no public controversies. Investors thus gain exposure to firms with a solid corporate culture based on a long-term oriented business model as well as responsibility towards all stakeholders. Our sustainable investment universe covers equities and bonds as well as parts of the alternative investment segment and related products, enabling diversified, individually structured portfolios.

The United Nations Sustainable Development Goals (SDGs) for 2030 provide important guidelines. To combat issues like climate change and wealth inequality, governments need support from the private sector. Therefore, the SDGs serve as a compass and common language to identify companies whose sustainability originates directly from their business. Investable themes to support the SDGs include, for example, health, nutrition, clean energy and water.

Impact investing

Impact investing aims to generate a measurable social or environmental impact alongside a financial return. Impact investing can be done through shareholder engagement, by voting at shareholder meetings or directly by engaging financially in non-listed companies and projects. Listed instruments include green bonds and alternative assets like microfinance funds and private equity investments.

OUR PEOPLE

Our ambition to be the employer of choice in wealth management is greatly supported by our work culture, which attracts, advances and retains the talent we need to achieve our business targets. We believe that a good and strong culture contributes to high motivation, sparks the willingness to go the extra mile and is the best risk manager.

Excellent training and development opportunities are one major factor to attract and retain outstanding and ambitious employees. To enhance both technical

KEY RESPONSIBLE INVESTMENT INDICATORS

	2019	2018	*Change in %*
Assets with ESG integration (CHF m)[1]	52,486	43,537	*20.6*
As percentage of total assets under management (%)	*12.3*	*11.4*	-
Discretionary sustainability mandates (CHF m)[2]	1,625[3]	973	n.a.[4]
Recommended sustainable and impact investment funds (CHF m)[5]	535	435	23.0

[1] Based on assets under management in central mandates (only front regions, excluding intermediaries).
[2] Including various asset classes and currencies.
[3] Including mandates implemented outside of Switzerland.
[4] Change for mandates implemented only in Switzerland is +23.7%.
[5] Total assets under management invested through Julius Baer in recommended Sustainable Investment and Impact Investment funds on the open product platform.

JULIUS BAER'S CORE VALUES AT WORK IN TIMES OF COVID-19

The spread of COVID-19 has created unprecedented circumstances. Julius Baer's response has been reflective of our corporate values of *Care*, *Passion* and *Excellence*. Ensuring the health and safety of our clients and employees is priority number one. Hence, in a matter of days (and some nights) we devised secure home office solutions for up to 90% of our workforce. At peak times, almost 5,000 colleagues worked safely from home or in split operations.

Our front teams were enabled to connect to their clients digitally and serve them remotely, through secure channels. Our experts have been working tirelessly to provide the facts and weigh the considerations needed for relevant advice. In record time, the deserted client zone at Zurich Head Office was turned into a temporary TV studio to broadcast our house view and insights to our clients' homes. Complementing our *Investment Insights App* and e-mail newsletters, countless market and research livestreams reached thousands of relationship managers and their clients in search of answers, direction and advice. With our operations running smoothly at all times, we were able to maintain the highest standards in providing a personal client experience – with a digital rather than physical touch.

OUR CARE BEYOND OUR DOOR

Early in the crisis, it was already clear that the spread of the virus would take a heavy toll on the weakest members of society. To support those fighting the initial outbreak, we sent 100,000 medical masks to China at the beginning of February 2020. When the pandemic started affecting the remainder of the world, we donated 5 million Swiss francs to emergency aid programmes in Switzerland and abroad in the communities where Julius Baer operates.

Our grass roots employee organisation *JB Cares* launched a fundraising initiative, with the *Julius Baer Foundation* matching contributions. In Switzerland, this was complemented by promoting volunteering opportunities to assist neighbourhoods. In Hong Kong, our colleagues reached out to the vulnerable low-income members of society by collecting and distributing emergency items. Rounding out this incomplete list, 2,000 chocolate Easter bunnies (originally purchased for a client event that had to be cancelled) brought smiles to the faces behind the masks of the tired staff and the patients of Zurich Triemli City Hospital.

and soft skills, we provide training, promote learning and support performance. Our efforts specifically target the areas of competitive advantage and risk mitigation, which are covered by programmes to strengthen leadership competencies, foster professional skills and develop young talents.

To get an unbiased overview of how our employees feel about their work at Julius Baer, we launched the first-ever global employee survey in 2019. The possibility for managers to directly acknowledge and comment on anonymised employee opinions made the survey an instant success. Our employees' strong commitment to Julius Baer was confirmed by an engagement score that ranked above average within the finance industry. We started to conduct similar pulse surveys on a regular basis in 2020.

OUR COMMUNITIES

We are active corporate citizens. Our credo is to operate responsibly and with social awareness. That is why we engage in a great variety of ways with the local communities where Julius Baer operates.

For more than fifty years, the *Julius Baer Foundation* has dedicated itself to making a meaningful and impactful contribution to society. In 2019, the Foundation made grants of almost 3 million Swiss francs, with the majority of funds supporting partner projects in the Foundation's reorganised core areas: *Wealth Inequality* and *Solutions Replacing Plastics*.

Julius Baer Cares, an employee-driven community, organises philanthropic activities such as fundraising and volunteering, and supports bottom-up community engagement organisations. It builds programmes along our Company Volunteering Guidelines, which grant Julius Baer employees two days a year to work on local charity projects. Our goal is to have a global volunteering programme by 2021, with customisable offerings through a centralised platform.

The *Julius Baer Art Collection* specialises in works by contemporary Swiss artists as well as by artists living in Switzerland. Art reflects the time and culture that surrounds it. For this reason, Julius Baer has

KEY HUMAN CAPITAL INDICATORS

	2019	2018	*Change in %*
Our people			
Total headcount (total workforce excl. externals)[1]	6,958	6,985	-0.4
Of which regular staff	*6,773*	*6,738*	*0.5*
Number of employees (FTE) (total workforce excl. externals)[1]	6,638.5	6,692.5	-0.8
Of whom in Switzerland (%)	*51.6*	*52.8*	-
Of whom in rest of Europe (%)	*17.7*	*17.4*	-
Of whom in Asia-Pacific (%)	*21.6*	*21.4*	-
Of whom in Latin America (%)	*6.0*	*5.5*	-
Of whom in Middle East and Africa (%)	*3.0*	*2.8*	-
Total net employee turnover (%)[2]	11.4	8.8	-
People and diversity			
Ratio of women (% of total regular staff headcount)	42.2	41.9	-
Women in senior management (% of total senior management headcount)[3]	27.2	27.1	-

[1] Total workforce includes regular staff (employees with an ordinary open-ended Julius Baer contract on a full or part-time basis), temporary staff, trainees, apprentices and graduates.
[2] Fluctuation rate / net turnover of regular staff in %, including resignations and terminations.
[3] Julius Baer defines senior management as all employees with the rank of Director and above.

supported Swiss contemporary art for almost 40 years, displaying many of the collection's more than 5,000 pieces in the Bank's offices for the benefit of clients and employees.

OUR ENVIRONMENT

Environmental responsibility is also an important element of Julius Baer's corporate sustainability and responsible investment efforts. Because we are a services-based business, our environmental impact mainly shows through our products and services as well as our efforts to steer the finance sector towards environmentally smart solutions.

Additionally, we manage our own environmental impact responsibly. For 2020, we aim to reduce energy consumption by 10%, reduce water use by 5% and to switch to renewable electricity wherever possible. Regarding the latter, as of 2019 all our Swiss locations, which account for 75% of our reported global electricity consumption, began sourcing 100% European hydroelectric power.

For more details about our approach to Corporate Sustainability and Responsible Investment, please see our *Corporate Sustainability Report 2019* at www.juliusbaer.com/cosreport

KEY ENVIRONMENTAL INDICATORS[1]

	2019	2018[2]	*Change in %*
Energy consumption (MWh)	32,524	33,990	*-4.3*
Electricity (MWh)	24,303	24,772	*-1.9*
Greenhouse gas emissions (tCO_2e)[3]	18,466	18,483	*-0.1*
Of which business travel (tCO_2e)[4]	13,044	12,917	*1.0*
Water consumption (m^3)	124,789	121,764	2.5

[1] Unless stated otherwise, the numbers in this table are based on information from Julius Baer's main business locations. These are Zurich, Geneva, Lugano, Basle and Bern in Switzerland, as well as our locations in Brazil, Germany, Guernsey, Hong Kong, India, Monaco, Singapore, Spain, the UK, the UAE and Uruguay. These locations cover approximately 86% of our total employees.
[2] 2018 data was restated to include additional business locations. Business travel (km/FTE) was overstated in the previous report and has been corrected.
[3] Greenhouse gas emissions were calculated according to guidelines issued by the WRI/WBCSD Greenhouse Gas Protocol. We offset all our CO_2 emissions.
[4] Business travel figures are a sum of emissions from air, rental car and train travel data provided by our central Global and Hong Kong travel offices (covering all employees globally), as well as emissions from company cars used at sites specified under footnote 1. Kilometres/FTE are calculated using the same input.

IMPORTANT DATES

Publication of Interim Management Statement: 19 October 2020
Extraordinary General Meeting: 2 November 2020
Publication of 2020 annual results: 5 February 2021
Publication of Annual Report (incl. Remuneration Report) 2020 and
Corporate Sustainability Report 2020: 22 March 2021
Annual General Meeting: 14 April 2021

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