

MEDIA RELEASE

Julius Baer Group Ltd.

Interim Management Statement for the first nine months of 2020¹

Considerable improvement in profitability driven by continued active client engagement and cost-reduction initiatives – Foundations in place for renewed growth at Kairos; goodwill impairment to impact Julius Baer's 2020 IFRS financial results

Zurich, 19 October 2020 – Julius Baer's strong performance in the first half of 2020 continued in the third quarter of 2020. Supported by ongoing active client engagement, operating income was considerably higher in the first nine months of 2020 than in the same period a year ago. At the same time, the cost-reduction initiatives drove operating expenses lower. As a result, profitability improved significantly. The Group continues to benefit from a strong capital position as well as a solid and liquid balance sheet.

Further recovery in assets under management

Assets under management (AuM) stood at CHF 413 billion at the end of September 2020, an increase of 3% since the end of June 2020, as the stock market recovery that started in March 2020 continued into the third quarter of 2020. Since the end of 2019, AuM are down 3%. Net new money inflows rose considerably in the third quarter of 2020, resulting in an annualised growth rate of close to 4% for the first nine months of 2020 (compared to 2.3% for the first half of 2020 and 2.8% for the full year 2019).

Revenues supported by client activity

After an exceptional increase in market volatility and trading volumes had driven the gross margin to a very high level in the first four months of 2020, it fell back towards a more sustainable level in May-June 2020. In the third quarter of 2020, the gross margin remained at close to the level of those two months, with an essentially unchanged contribution from client-activity-driven income and a slightly lower contribution from net interest income, as loans grew less than AuM. As a result, the gross margin in the first nine months of 2020 was just over 89 basis points (bp). This compares to 92 bp in the first half of 2020 and 82 bp for the full year 2019.

Improvement in cost efficiency

Following the 2019 cost-reduction programme and the initial impact of the measures taken in the first half of 2020, operating expenses in the first nine months of 2020 were lower than in the same period last year. The adjusted cost/income ratio for the first nine months of 2020 improved to 66.1% (down from 66.6% in the first half of 2020 and 71.1% for the full year 2019) and the adjusted pre-tax margin for the first nine months was 30 bp (compared to 31 bp in the first half of 2020 and 22 bp for the full year 2019).

¹ Based on unaudited management accounts. This media release contains certain financial measures that are not defined or specified by IFRS, the definitions of which are provided in the Alternative Performance Measures document available at www.juliusbaer.com/APM.

Solid capital position

At the end of September 2020, the Group's BIS CET1 capital ratio stood at 14.3% (up from 13.9% at the end of June 2020 and 14.0% at the end of 2019) and the BIS total capital ratio at 20.2% (end June 2020: 20.0%; end 2019: 22.1%), thus well above the Group's own floors of 11% and 15% respectively and significantly in excess of the regulatory requirements of 7.9% and 12.1% respectively.

The BIS total capital ratio at the end of September 2020 does not yet reflect the proceeds (in October 2020) of the recently issued AT1 bond in the aggregate nominal amount of USD 350 million (with a coupon of 4.875% per annum) or the impending redemption (in November 2020) of all the outstanding AT1 bonds issued on 18 November 2015 in the aggregate nominal amount of SGD 450 million (with a coupon of 5.9% per annum).

Subject to shareholder approval at the EGM on 2 November 2020, Julius Baer will make its second distribution to shareholders of CHF 0.75 per share (consisting of a distribution of the "statutory capital reserve" of CHF 0.375 and a dividend of CHF 0.375 per share) on 6 November 2020. At the request of the Swiss Financial Market Supervisory Authority FINMA and in support of a joint effort in the face of the challenges of the COVID-19 crisis, Julius Baer had amended its original 2019 dividend proposal by splitting the distribution of CHF 1.50 per ordinary share into two equal distributions of CHF 0.75 per share. The first distribution of CHF 0.75 per share was made on 25 May 2020.

The Group has continued to accrue a dividend for the current financial year in line with its dividend policy.

Progress on strategic initiatives

At the end of September 2020, Julius Baer completed the sale of its Bahamas operations to Ansbacher (Bahamas) Limited, a local wealth management company. This step was part of the Group's programme to reduce complexity. The terms of the transaction were not disclosed.

In September, Julius Baer further launched the roll-out of a new compensation framework for its relationship managers (RMs), aligned with its strategic target of sustainable profit growth. This framework will be effective in major markets as of 1 January 2021, and subsequently rolled out to RMs globally across the Group.

Update on Kairos

After a period of stabilisation at the Italian asset and wealth management company Kairos Investment Management SpA (Kairos), part of the Julius Baer Group, an updated business plan and new entrepreneurial ownership structure have been developed. A select number of key investment managers of Kairos will become minority shareholders, with Julius Baer retaining 70% ownership. Under the leadership of a new soon-to-be-appointed CEO, the team will further develop and implement the revised business plan. With these steps, a solid foundation has now been put in place for Kairos' renewed and sustainable long-term success.

The outflows at Kairos have diminished over the past months, resulting in AuM of CHF 5 billion at the end of September 2020. Nevertheless, in light of Kairos' overall financial performance and the rebased business plan, which also reflects the economic uncertainties related to the potential impact of the COVID-19 crisis, Julius Baer has announced that the goodwill on its investment in Kairos will be further impaired and the amortisation of the value of client relationships acquired through its investment in Kairos will be accelerated.

This will lead to a non-cash charge of EUR 177 million (approx. CHF 190 million) to be reflected in Julius Baer's 2020 IFRS financial results.

Contacts

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

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

Important dates

2 November 2020:	Extraordinary General Meeting, Zurich
4 November 2020:	Ex-dividend date
5 November 2020:	Record date
6 November 2020:	Dividend payment date
1 February 2021:	Publication and presentation of 2020 full-year results, Zurich
22 March 2021:	Publication of Annual Report 2020
14 April 2021:	Annual General Meeting 2021, Zurich

About Julius Baer

Julius Baer is the leading Swiss wealth management group and a premium brand in this global sector, with a focus on servicing and advising sophisticated private clients. At the end of September 2020, assets under management amounted to CHF 413 billion. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the principal operating company of Julius Baer Group Ltd., whose shares are listed on the SIX Swiss Exchange (ticker symbol: BAER) and are included in the Swiss Leader Index (SLI), comprising the 30 largest and most liquid Swiss stocks.

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

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

Cautionary statement regarding forward-looking statements

This media release by Julius Baer Group Ltd. ('the Company') includes forward-looking statements that reflect the Company's intentions, beliefs or current expectations and projections about the Company's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industries in which it operates. Forward-looking statements involve all matters that are not historical facts. The Company has tried to identify those forward-looking statements by using the words 'may', 'will', 'would', 'should', 'expect', 'intend', 'estimate', 'anticipate', 'project', 'believe', 'seek', 'plan', 'predict', 'continue' and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous.

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