Julius Bär

MEDIA RELEASE

Julius Baer Group Ltd.

Zurich, 1 February 2021

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

Significant increase in net profit – Proposed ordinary dividend up 17% to CHF 1.75 per share – New share buy-back programme of up to CHF 450 million

- **IFRS net profit attributable to shareholders of Julius Baer Group Ltd. up 50% to CHF 698 million and IFRS earnings per share (EPS) up 52% to CHF 3.25.**
- **IFRS net profit impacted by**
    - **CHF 190 million non-cash charge related to Group's investment in Kairos (further impairment of goodwill and acceleration of amortisation of customer relationships), as communicated in October 2020,**
    - **CHF 73 million provision related to the agreement in principle with the U.S. Department of Justice to settle investigation in the FIFA matter (DOJ provision), as communicated in November 2020.**
- **Adjusted net profit (excluding M&A-related items) up 24% to CHF 957 million and adjusted EPS attributable to shareholders of Julius Baer Group Ltd. up 25% to CHF 4.44. Adjusted result impacted by the DOJ provision.**
- **Gross margin improved by 6 basis points (bp) to 88 bp, adjusted cost/income ratio by 4.7 percentage points to 66.4%, and adjusted pre-tax margin by 5 bp to 27 bp.**
- **Assets under management (AuM) CHF 434 billion, an increase of 2%, supported by net new money of CHF 15.1 billion (3.5%).**
- **Further strengthening of capital ratios: BIS CET1 capital ratio 14.9% and BIS total capital ratio 21.0%, well above minimum regulatory requirements and Group's own floors. Adjusted return on CET1 capital 32% (2019: 27%).**
- **Ordinary dividend of CHF 1.75 per share proposed for financial year 2020, up 17% from CHF 1.50 per share for 2019.**
- **New share buy-back programme of up to CHF 450 million purchase value, expected to run until the end of February 2022.**

Philipp Rickenbacher, Chief Executive Officer of Julius Baer Group Ltd., said: "Julius Baer showed outstanding performance in 2020, both in quantitative and qualitative terms, reflecting the strength of our wealth management business model and the trust clients place in us. We delivered on the first leg of the three-year transformation strategy presented in February 2020. This strategy also gives us a clear roadmap for 2021 and beyond. In light of current industry challenges, from negative interest rates to a weak US dollar, we will stay our course and remain fully focused on achieving the 2022 targets we set a year ago."

Alternative performance measures and reconciliations

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

AuM up 2% – Continued net inflows – Total client assets cross half trillion Swiss franc mark

Assets under management increased to CHF 434 billion, an increase of CHF 8 billion, or 2%. The combined benefit of positive market performance and continued positive net new money inflows more than offset the negative impact from the strengthening Swiss franc, particularly against the US dollar. Monthly average AuM declined by 1% to CHF 409 billion, reflecting the sharp fall in equity valuations in the first quarter of the year.

Net new money of CHF 15.1 billion (net new money growth rate 3.5%) reflected strong inflows from new and existing clients domiciled in Europe (especially Germany, the UK, Spain, Luxembourg, Ireland and Russia), Asia (especially Hong Kong, China, India, Thailand and Japan), the UAE and Mexico. These positive effects were partly offset by a net reclassification of CHF 2.8 billion from AuM to assets under custody at the end of the year, and by outflows at Kairos.

Including assets under custody of CHF 72 billion, total client assets grew by 1% to CHF 505 billion, crossing above the half trillion Swiss franc mark for the first time.

Higher market volatility and breadth of Group's product and service offering drove growth in operating income

Operating income increased by 6% to CHF 3,583 million, benefitting from strongly increased client activity on the back of higher market volatility. This reflects the Group's ability to capitalise on client trade flows and prudent risk management inherent in the broad spectrum of products and services offered through Julius Baer's operating model. This benefit significantly outweighed the negative impact of lower net interest income, following the decline in US interest rates. The gross margin improved to 88 bp (2019: 82 bp).

Net commission and fee income grew by 5% to CHF 2,015 million, driven by a significant increase in brokerage commissions and income from securities underwriting, following a strong rise in client transaction volumes, especially in the first half of the year. Advisory and management fees declined, due mainly to a lower contribution from Kairos and partly to the year-on-year decrease in monthly average AuM.

Net income from financial instruments measured at FVTPL[1] rose steeply by 53% to CHF 943 million. This was driven by high market volatility, which spurred client activity in FX, derivatives and precious metals trading, as well as by higher income from structured products.

Net interest income fell by 22% to CHF 622 million, mainly as a result of the significantly lower US interest rates. The combined negative impact of a decrease in interest income on loans and a decline in interest income on debt instruments at FVOCI[2] more than offset the benefit of lower interest expense on amounts due to customers.

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

Other ordinary results declined by CHF 20 million to CHF 38 million.

Operating income was negatively affected by CHF 36 million of provisions booked under *net credit losses on financial assets* (2019: CHF 9 million). The CHF 49 million booked in the first half of 2020 was followed by a net recovery of CHF 13 million in the second half of 2020, reflecting the Group's management of credit risks and the quality of its exposure.

Cost efficiency improved

Operating expenses according to IFRS declined by 3% to CHF 2,737 million. *Personnel expenses* decreased by 1% to CHF 1,596 million, *general expenses* (which in 2019 were affected by the CHF 153 million BvS provision described below) by 16% to CHF 711 million, and *amortisation and impairment of customer relationships* by 14% to CHF 70 million. *Amortisation and impairment of intangible assets* rose by 55% to CHF 260 million (impacted by the further impairment of the goodwill on the Group's investment in Kairos, as described below). *Depreciation of property and equipment* was essentially unchanged at CHF 100 million.

As in previous years, in the analysis and discussion of the results in the media release and the Business Review, *adjusted operating expenses* exclude M&A-related expenses (2020: CHF 269 million, 2019: CHF 351 million). M&A-related amortisation and impairment of customer relationships decreased to CHF 70 million (2019: CHF 81 million), of which CHF 11 million was related to the acceleration of the amortisation of customer relationships acquired through the Group's investment in Kairos. M&A-related amortisation and impairment of intangible assets increased to CHF 179 million (2019: CHF 99 million), which is entirely related to the further impairment of the goodwill on the Group's investment in Kairos. Other M&A-related expenses decreased to CHF 19 million, down from CHF 170 million in 2019 when the results were impacted by a CHF 153 million provision related to the claim by the Bundesanstalt für vereinigungsbedingte Sonderaufgaben (BvS) against Bank Julius Baer & Co. Ltd. as successor to Bank Cantrade Ltd. (acquired in 2005 through the acquisition of Bank Ehinger & Armand von Ernst Ltd. from UBS AG). The claim related to alleged unauthorised withdrawals between 1990 and 1992 from a Cantrade account. 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 marginally, by CHF 3 million, to CHF 2,469 million. They were impacted by a CHF 73 million provision related to the agreement in principle with the U.S. Department of Justice to settle an investigation in the FIFA matter (DOJ provision), as communicated in November 2020. Excluding the DOJ provision, adjusted operating expenses fell by 3% to CHF 2,396 million.

Adjusted personnel expenses declined by 1% to CHF 1,589 million, including CHF 31 million of severance costs related to the restructuring programme announced in February 2020 (2019: CHF 19 million). While the monthly average number of employees declined by 1% year on year, the solid growth in operating income resulted in an increase in performance-related remuneration. At the end of 2020, the Group employed 6,606 full-time equivalents (FTEs), down by 32 from the end of 2019 and by 123 since the end of June 2020, partly reflecting the impact of the restructuring programme.

Adjusted general expenses increased by 2% to CHF 698 million. Excluding the DOJ provision, adjusted general expenses declined by 9% to CHF 625 million, as the rise in non-capitalised IT-related spending was more than offset by the combined benefit of a decline in adjusted provisions and losses (down from CHF 61 million to CHF 16 million) and the non-recurrence in 2020 of the costs related to the finalisation of the client documentation project in 2019.

Depreciation of property and equipment was essentially unchanged at CHF 100 million, while *adjusted amortisation and impairment of intangible assets* grew by 17% to CHF 81 million, mainly reflecting the rise in IT-related investments in recent years.

The *adjusted cost/income ratio* (which excludes adjusted provisions and losses) improved to 66.4% (2019: 71.1%). The *adjusted expense margin* (also excluding adjusted provisions and losses) remained at 58 bp.

Significant rise in net profit
IFRS *profit before taxes* rose by 49% to CHF 846 million. As income taxes increased by 46% to CHF 147 million, *net profit* grew by 50% to CHF 699 million, net profit attributable to shareholders of Julius Baer Group Ltd. by 50% to CHF 698 million, and EPS by 52% to CHF 3.25.

Adjusted profit before taxes grew by 22% to CHF 1,114 million (excluding the DOJ provision: by 29% to CHF 1,187 million), and the adjusted pre-tax margin improved by 5 bp to 27 bp (excluding the DOJ provision: by 7 bp to 29 bp). The related income taxes rose by 9% to CHF 158 million, representing a tax rate of 14.2% (2019: 15.8%).

Adjusted net profit for the Group increased by 24% to CHF 957 million, adjusted net profit attributable to shareholders of Julius Baer Group Ltd. also by 24% to CHF 955 million, and adjusted underlying EPS attributable to shareholders by 25% to CHF 4.44.

The adjusted return on CET1 capital (RoCET1) improved to 32% (2019: 27%).

Balance sheet development
Total assets grew by 7% to CHF 109 billion. Partly as a result of the weakening US dollar, *loans* declined by 3% to CHF 47 billion – comprising CHF 38 billion of Lombard loans (-3%) and CHF 9 billion of mortgages (-1%). As the *due to customers* position (client deposits) increased by 7% to CHF 78 billion, the loan-to-deposit ratio fell from 66% to 61%. *Equity attributable to shareholders of Julius Baer Group Ltd.* rose by 4% to CHF 6.4 billion.

Strongly capitalised
BIS CET1 capital increased by 10% to CHF 3.2 billion despite a negative impact of CHF 163 million from translation differences (as a result of the strengthening Swiss franc).

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, and in November 2020 all the outstanding AT1 bonds issued on 18 November 2015 in the aggregate nominal amount of SGD 450 million. The latter redemption had been pre-financed by the issuance, in October 2020, of new AT1 bonds in the aggregate nominal amount of USD 350 million.

As a result of the CET1 capital development and the net decline in AT1 capital, BIS tier 1 capital declined by 3% to CHF 4.3 billion and total capital by 2% to CHF 4.4 billion.

Risk-weighted assets (RWA) grew by 3% to CHF 21.1 billion. This increase was driven mainly by a rise in RWA of market risk positions, following the year-on-year rise in market volatility.

The *BIS CET1 capital ratio* strengthened to 14.9% (end of 2019: 14.0%), while the *BIS total capital ratio* receded to 21.0% (end of 2019: 22.1%). The leverage exposure increased by 6% to CHF 107 billion, resulting in a Tier 1 leverage ratio of 4.0% (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 was CHF 111 billion and the Tier 1 leverage ratio 3.9%.

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.

Proposed ordinary dividend of CHF 1.75 per share for 2020, up 17% from 2019
The Board of Directors of Julius Baer Group Ltd. will propose an ordinary dividend of CHF 1.75 per share for the financial year 2020. Subject to shareholder approval at the Annual General Meeting of shareholders (AGM) on 14 April 2021, the dividend will be paid on 20 April 2021. Of the CHF 1.75 per share dividend, CHF 0.64 will be paid out of retained earnings and be subject to 35% Swiss withholding tax, and the balance, CHF 1.11, out of tax-exempt statutory capital reserves, not subject to Swiss withholding tax.

Based on the 223,809,448 shares outstanding, the total proposed distribution amount would amount to CHF 392 million. However, net of the 2,585,000 shares currently repurchased under the existing share buy-back programme (and for which the cancellation will be proposed at the upcoming AGM), the total proposed distribution amount would be CHF 387 million. The latter is equivalent to 40.5% of adjusted net profit attributable to shareholders of Julius Baer Group Ltd. – in line with the Group's dividend policy.

Based on the aforementioned CHF 387 million distribution amount and including the CHF 77 million purchase value of shares bought back in 2020, the total return of capital to shareholders would amount to CHF 464 million.

New share buy-back programme
In view of Julius Baer's strong capital position and ongoing capital generation, the Board of Directors of Julius Baer has approved the launch of a new programme to buy back up to CHF 450 million purchase value of Julius Baer Group Ltd. shares. The programme is expected to be launched early March 2021 and to run until the end of February 2022. The execution of the programme is subject to market conditions. The shares will be bought via a second trading line on the SIX Swiss Exchange. Shares that have been repurchased under the programme are expected to be cancelled through capital reductions to be proposed at future AGMs.

Under the existing programme that was launched on 20 November 2019, a total of 2,585,000 shares have been repurchased at an aggregate cost of CHF 113 million (of which 1,830,000 shares in 2020 at a cost of CHF 77 million). The cancellation of the shares repurchased under the current programme will be proposed at the AGM on 14 April 2021.

The results conference will be webcast at 9.30 a.m. (CET). All documents (presentation, Business Review 2020, Consolidated Financial Statements 2020, spreadsheets, Alternative Performance Measures document, and this media release) are available at www.juliusbaer.com.

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Important dates

22 March 2021:	Publication of Annual Report 2020 including Remuneration Report 2020
22 March 2021:	Publication of Corporate Sustainability Report 2020
14 April 2021:	Annual General Meeting, Zurich
16 April 2021:	Ex-dividend date
19 April 2021:	Record date
20 April 2021:	Dividend payment date
19 May 2021:	Publication of Interim Management Statement for first four months of 2021
20 July 2021:	Publication and presentation of 2021 half-year results, 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 2020, assets under management amounted to CHF 434 billion. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the principal operating company of Julius Baer Group Ltd., whose shares are listed on the SIX Swiss Exchange (ticker symbol: BAER) and are included in the Swiss Leader Index (SLI), comprising the 30 largest and most liquid Swiss stocks.

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

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

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

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

KEY FIGURES JULIUS BAER GROUP[1]

	2020 CHF m	2019 CHF m	Change in %
Key operating data			
Operating income	3,583.1	3,382.9	5.9
Adjusted operating expenses	2,468.7	2,465.9	0.1
Adjusted profit before taxes	1,114.5	916.9	21.5
Adjusted net profit for the Group	956.6	772.0	23.9
IFRS net profit for the Group	698.6	465.0	50.2
Adjusted cost/income ratio	66.4%	71.1%	-
Adjusted pre-tax margin (basis points)	27.2	22.1	-

	31.12.2020	31.12.2019	Change in %
Assets under management (CHF bn)			
Assets under management	433.7	426.1	1.8
Net new money	15.1	10.6	-
Consolidated balance sheet (CHF m)			
Total assets	109,137.0	102,035.2	7.0
Total equity	6,434.1	6,189.4	4.0
BIS total capital ratio	21.0%	22.1%	-
BIS CET1 capital ratio	14.9%	14.0%	-
Return on tangible equity (RoTE), adjusted	27%	24%	-
Return on common equity Tier 1 capital (RoCET1), adjusted	32%	27%	-
Personnel (FTE)			
Number of employees	6,606	6,639	-0.5
Number of relationship managers	1,376	1,467	-6.2
Capital structure			
Number of shares issued	223,809,448	223,809,448	-
Market capitalisation (CHF m)	11,414	11,175	2.1
Moody's rating Bank Julius Baer & Co. Ltd.			
Long-term deposit rating	Aa3	Aa2	
Short-term deposit rating	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.