Julius Bär

BUSINESS REVIEW 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 23 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 6,600 employees, we stand for:

SOLID FOUNDATIONS

PURE WEALTH MANAGEMENT

PERSONAL CONNECTIONS

INTERNATIONAL NETWORK

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Cover picture:
The name says it all: the city of Ouro Preto, meaning Black Gold, was one of the epicentres of the Brazilian gold rush in the 18th century. The wealth accumulated in that era is still evident today in a great number of outstanding civil and clerical buildings in Baroque Portuguese colonial architecture – gaining the city the title of World Heritage Site by UNESCO. Besides gold, soapstone was one of the main materials for ornamental or sculptural decoration. Working soapstone continues to be popular, as evidenced by artistic vessels of all kind crafted and sold in local markets. 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 18 f.).

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.

FOREWORD

Dear Reader

2020 was a truly extraordinary year. The pandemic hit the world largely unprepared, causing great disruption – economically, socially, individually and collectively. In contrast, the many restraints the virus imposed upon humanity propelled creativity and ingenuity, such as compensating for social distancing through myriad new forms of virtual interaction. At Julius Baer, we embraced the challenges swiftly and successfully: we accelerated investments in our ongoing digital transformation, in order to connect with clients and employees safely, and with a heightened frequency and relevance. We would like to express our heartfelt gratitude to our employees for making all of this possible through their dedication and energy.

The past year also underscored the value of being truly relevant to clients. Our high-quality advice, providing steady orientation despite rapidly changing circumstances, helped us strengthen client loyalty and engagement. Our recommendation at the outset of the pandemic was to stick to established investment strategies while taking advantage of the many opportunities our investment experts kept on identifying in the volatile markets – advice that proved helpful for our clients and their portfolios. The confidence in our capabilities translated into gratifying inflows of fresh assets from existing and new clients.

'Julius Baer has shown remarkable resilience, creating value for all stakeholders.'

The pandemic also reminded humanity of the fragility of the natural and man-made systems on which we all depend. In line with our sustainability strategy, we continued to focus on being a responsible citizen, encompassing our role as a caring employer, our standing as a trustworthy community partner and our drive to conserve natural resources. Our growing responsible investment offering mirrors this approach through a multitude of investment products. For clients interested in having a positive impact beyond financial returns, we have recently launched our impact investing platform with a differentiating product that is the first in a series of carefully curated and monitored impact investing solutions (see also page 29).

2020 was additionally marked by our resolute efforts to enhance and strengthen our risk culture and risk management framework, building on the programme initiated in 2016. We have also taken steps to resolve remaining legacy legal and regulatory issues in cooperation with the relevant authorities, such as at the end of November 2020 when we reached an agreement in principle with the US Department of Justice to close the investigation of the Bank's role in

[1] Cf. footnote 1 to the table on page 5

corruption events around the world soccer federation FIFA. The related regulatory proceeding in Switzerland was closed in February 2020, with underlying shortcomings essentially remediated through the programme mentioned above. We are confident that these steps are in the best interest of all our stakeholders: they allow us to focus on the future of our company and do not impact the delivery on our strategy or the success of our business.

This success is reflected in our financial strength, which we furthered throughout 2020. At the end of December 2020, the Group's BIS CET1 capital ratio stood at 14.9% and the BIS total capital ratio at 21.0%. At these levels, the capital ratios remain well above the Group's own floors and significantly exceed the regulatory requirements. Our distribution policy therefore remains unchanged. For the financial year 2020, the Board of Directors intends to propose to the Annual General Meeting on 14 April 2021 a dividend of CHF 1.75 per share, thereby paying out 40.5% of our adjusted net profit[1] for 2020.

2020 put everyone to the test, without exception. Once again, the circumstances confirmed what really counts in our business: mutual trust, shared values and true connections, virtually and in real life. To see these virtues blossom in the current environment is an enormous reward, for which we sincerely thank you.

Romeo Lacher
Chairman

Philipp Rickenbacher
Chief Executive Officer

FINANCIAL PERFORMANCE IN 2020

Against the backdrop of unusually high market volatility and a meaningful decline in US interest rates, the combination of a strong improvement in the gross margin and a clear focus on cost management led to a significant increase in profit.

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 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 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) 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.

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 basis points (bp) (2019: 82 bp).

ADJUSTED CONSOLIDATED INCOME STATEMENT[1]

	2020 CHF m	2019 CHF m	Change in %
Net interest income	621.7	792.2	-21.5
Net commission and fee income	2,015.0	1,922.9	4.8
Net income from financial instruments measured at FVTPL[2]	943.5	618.1	52.6
Net credit losses/(recoveries) on financial assets	35.5	9.2	-
Other ordinary results	38.4	58.7	-34.6
Operating income	**3,583.1**	3,382.9	5.9
Adjusted personnel expenses	1,589.4	1,613.3	-1.5
Adjusted general expenses	697.5	683.3	2.1
Adjusted depreciation, amortisation and impairment	181.7	169.4	7.3
Adjusted operating expenses	**2,468.7**	2,465.9	0.1
Adjusted profit before taxes	**1,114.5**	916.9	21.5
Adjusted income taxes	157.9	144.9	8.9
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 net profit attributable to:			
Shareholders of Julius Baer Group Ltd.	955.1	771.1	23.9
Non-controlling interests	1.5	0.9	-
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	4.44	3.55	25.0
Key performance ratios			
Adjusted cost/income ratio	66.4%	71.1%	-
Gross margin (basis points)	87.6	81.7	-
Adjusted pre-tax margin (basis points)	27.2	22.1	-
Adjusted tax rate	14.2%	15.8%	-

[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] FVTPL indicates fair value through profit or loss.

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.

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.

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY CURRENCY

	31.12.2020	31.12.2019
USD	48%	47%
EUR	19%	20%
CHF	9%	10%
GBP	4%	4%
HKD	4%	3%
INR	4%	3%
BRL	2%	2%
SGD	1%	2%
Other	9%	9%

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 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

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

ASSETS UNDER MANAGEMENT

	31.12.2020 CHF bn	31.12.2019 CHF bn	Change in %
Assets under management	**433.7**	426.1	1.8
Change through net new money	*15.1*	*10.6*	-
Change through market and currency impacts	*-5.3*	*38.8*	-
Change through acquisition	-	*3.0*	-
Change through divestment[1]	*-2.1*	*-4.7*	-
Change through other effects[2]	*-0.0*	*-3.7*	-
Average assets under management	**409.2**	414.0	-1.2

[1] 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. (2019) and Julius Baer Bank (Bahamas) Limited (2020).

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

provision), as communicated in November 2020. Excluding the DOJ provision, adjusted operating expenses fell by 3% to CHF 2,396m.

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.

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 AND CAPITAL 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.

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.

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY ASSET MIX

	31.12.2020	31.12.2019
Equities	30%	28%
Investment funds	27%	26%
Client deposits	18%	17%
Bonds/convertibles	17%	19%
Structured products	5%	5%
Money market instruments	2%	4%
Precious metals	1%	1%

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.

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.

CONSOLIDATED BALANCE SHEET

	31.12.2020 *CHF m*	31.12.2019 *CHF m*	Change *in %*
Assets			
Due from banks	7,349.9	7,082.5	3.8
Loans to customers[1]	47,207.6	48,427.3	-2.5
Financial assets measured at FVTPL	13,429.8	13,776.2	-2.5
Financial assets measured at FVOCI	13,796.4	13,166.2	4.8
Goodwill and other intangible assets	2,637.4	2,866.1	-8.0
Other assets	24,716.0	16,716.8	47.9
Total assets	**109,137.0**	102,035.2	7.0
Liabilities and equity			
Due to banks	5,087.9	3,160.0	61.0
Deposits from customers	77,784.5	72,913.1	6.7
Financial liabilities designated at fair value	13,154.8	13,281.1	-1.0
Other liabilities	6,675.6	6,491.6	2.8
Total liabilities	102,702.8	95,845.8	7.2
Equity attributable to shareholders of Julius Baer Group Ltd.	6,425.6	6,180.2	4.0
Non-controlling interests	8.6	9.2	-
Total equity	6,434.1	6,189.4	4.0
Total liabilities and equity	**109,137.0**	102,035.2	7.0
Key performance ratios			
Loan-to-deposit ratio	61%	66%	-
Book value per share outstanding (CHF)[2]	30.0	29.1	3.2
Return on tangible equity (RoTE), adjusted	27%	24%	-
Return on common equity Tier 1 capital (RoCET1), adjusted	32%	27%	-
BIS statistics			
Risk-weighted assets	**21,120.7**	20,494.6	3.1
BIS total capital	**4,429.7**	4,521.7	-2.0
BIS CET1 capital	**3,157.5**	2,876.7	9.8
BIS total capital ratio	**21.0%**	22.1%	-
BIS CET1 capital ratio	**14.9%**	14.0%	-

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

DEVELOPMENTS IN 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 2020. It is a strategy to redefine wealth management in the decade to come, by dynamically modernising our organisation and thereby become the most reputable and admired wealth manager in the industry. As part of our three-year strategic plan, we began sharpening our value proposition for high net worth and ultra-high net worth clients. We accelerated our investments in human advice and technology. And we shifted 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 throughout the year. The reality of the pandemic has changed some of our priorities, moving innovation in our processes, tools and digital channels 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 digital innovation, 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, with an industry-leading, personalised and consistent client experience across all physical and digital touchpoints. The foundation are harmonised mobile and e-banking platforms. 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 an entirely 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. Clients' propensity to use digital channels further increased. The introduction of e-signature simplified dealing with administrative tasks, and the Direct-to-Client feature allows for coordinated and efficient content distribution. Aiming for seamless digital onboarding, video identification has been introduced for prospective clients, to be enriched with the capability to digitally sign account opening documents in 2021.

BEYOND MERE MARKET ACCESS: JULIUS BAER'S MARKETS UNIT

Julius Baer is a reliable partner for our private and intermediary clients in any market situation. To achieve this, our Markets unit facilitates our clients' trading flows and responds to their needs for tailored financial instruments through access to the Bank's balance sheet.

Being able to provide liquidity both for a large number of trades or single trades of significant size, requires a highly sophisticated set-up. For this purpose, Julius Baer's Markets unit maintains its own trading book and technology. The corresponding risk exposure is tightly managed using updated state-of-the-art tools and algorithms.

The same trading book allows the Bank and its internal and external clients to exploit any market opportunities that may arise and hence to benefit from interesting risk/reward constellations. Leveraging its structuring capabilities and broad network of counterparties – in collaboration with other key functions of the Bank such as Credit – our Markets unit is a rapidly growing provider of innovative products and solutions. It covers a universe encompassing all asset classes, including straight equities, funds, derivatives and leveraged investments. Providing clients with direct investment opportunities in private equity, private debt and other unlisted or illiquid assets represents the most recent expansion.

While the Markets unit excels in creating bespoke solutions for highly complex client needs, the majority of products issued originate from the *Markets Toolbox*, a real-time structuring, pricing and trading platform for equities, currencies and precious metals. It combines the benefits of intuitive, tailored structuring with efficient straight-through processing. This makes our Markets unit an important enabler in driving and developing our wealth management business, and a meaningful contributor of client-driven revenue flows for the Group.

The record transaction volumes in 2020 induced by the spread of the pandemic, particularly in spring, were handled efficiently and with the highest quality by our trading and execution systems. A combination of split and remote work set-ups provided our employees with a secure environment, ensuring business continuity and a high level of productivity. This triggered a further wave of process digitalisation and the constant refinement of remote collaboration tools. Together with steady internal communication on how to best handle the difficult new situation, this resulted in high satisfaction levels in our regular employee surveys.

Through our partnership with the *F10 FinTech Incubator & Accelerator* association and as co-founding member of *F10 Singapore*, we remain close to the rapidly evolving FinTech ecosystem. We 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 proprietary *Digital Advisory Suite* (DiAS) is the tool used by our RMs in the advisory process to navigate regulatory and administrative requirements as well as generate tailor-made investment ideas for their clients. In 2020, its industry-leading capabilities have been recognised by two awards: the *Outstanding Technology Implementation – Front End* award at the *Global Private Banking Innovation Awards 2020* and the *Best Change Management Process/Best Implementation of a Technology Solution* award at the *Wealth Briefing European Awards 2020*.

Our internal data is a vast resource for advancing our business, from the automation of operational processes via robots to augmenting our client value proposition. Our own corporate start-up focuses particularly on areas of predictive client retention and asset flows.

RISK CULTURE

Risk management is the centrepiece of our way to do business and is reflected 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* in early 2020 represented another milestone in strengthening our risk culture, offering orientation to master everyday business activities in a risk-conscious way. Information and IT security risks are consistently mitigated by technical and organisational means. Ongoing 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.

At the end of November 2020, we reached an agreement in principle with the US Department of Justice to close the investigation of the Bank's role in corruption events around the world soccer federation FIFA. The agreement entails Julius Baer entering into a three-year deferred prosecution agreement and a financial component, for which we have taken a provision of USD 79.7 million charged against our 2020 financial results. The related regulatory proceeding in Switzerland was closed in February 2020, with underlying shortcomings essentially remediated through the programme mentioned above. In parallel, the Group's compliance framework was further strengthened towards the end of the year, amongst others by the introduction of a new client risk rating methodology. It serves to identify elevated risk profiles faster and with greater accuracy, contributing to a sustainably lower share of risk clients. We continued to roll out related compliance training efforts to the entire Group – RMs and other client-facing staff in particular – including mandatory certification programmes and corresponding refresher courses.

REGULATION

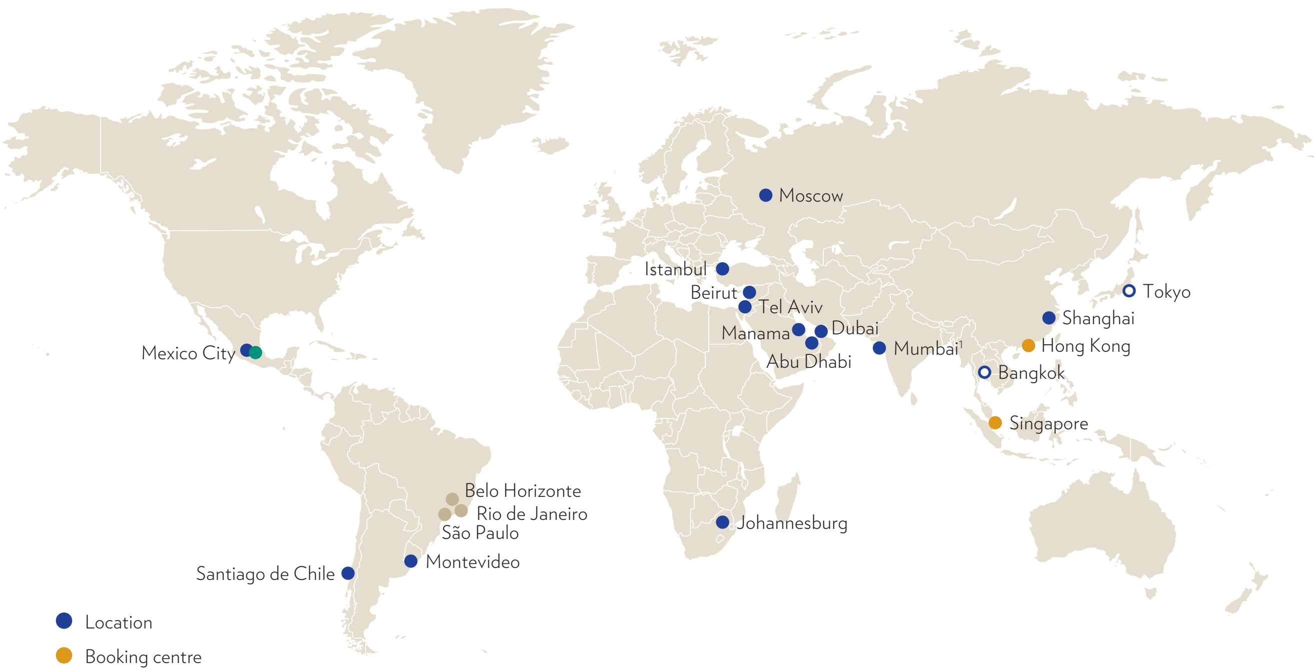
The Swiss consumer protection legislation FIDLEG entered into force on 1 January 2020. Given the large overlap with the latest MiFID II legislation, Julius Baer was well prepared, with a large part of the new Swiss requirements already covered. The introduction of the residual enhancements is expected 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 and disclosure touch on various existing regulations.

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 Partners SGR S.p.A., a fully consolidated 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

The necessary changes to the client advisory process as well as the integration into the overall risk framework are implemented in a timely manner.

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* entered into force on 1 July 2020 with retroactive effect of 25 June 2018. The implementation of the new processes is on track.

SWITZERLAND

Switzerland is Julius Baer's home market and the Group's main booking centre. We serve a significant number of Swiss domestic clients as their principal banker, 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 therefore also makes it an attractive home for a diverse population of international wealthy individuals whose particular needs we meet with a dedicated offering. Switzerland's 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.

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 planning, investing and financing. Following the reorganisation of the Bank at the beginning of the year, we aligned our market approach with the updated Group strategy and defined a new strategic push for the Swiss market.

Julius Baer is one of the largest domestic managers of Swiss private client assets and enjoys a high brand awareness in our targeted client segments of high and ultra-high net worth individuals (HNWIs/UHNWIs). The rising complexity of both client situations and regulations plays to our strengths. By combining our holistic advisory and individual solution capabilities into a personalised client experience, we aim to foster new client acquisition, increase the share of wallet with existing clients and support our revenue margins.

Despite the pandemic-induced disruptions, business momentum held up well in 2020. Asset gathering remained very challenging throughout the year. While transaction-based income normalised from the peak in spring, asset-based income recovered in tune with markets, resulting in higher 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 derived from mystery shopping, whereby the magazine acts undercover on behalf of a real client and examines the services of almost 100 banks in Switzerland.

EUROPE

Europe is a key 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 well-established and growing advisory business conducted out of Luxembourg. The Luxembourg hub supports our European operating model by providing integrated and continuously expanding booking centre capabilities (e.g. private equity, structured finance, wealth planning) for private clients, families and intermediaries.

We experienced strong business momentum in 2020 despite the difficult situation imposed by the COVID-19 pandemic. The demand for mandate-based and value-added solutions further increased. Net new money inflows significantly accelerated year on year, contributing to higher 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 company for employees.

Frankfurt-based *Bank Julius Bär Deutschland AG's* locally booked private client business showed robust momentum in 2020, confirming our leading position in the market. On the back of our further broadened base of experienced RMs, we achieved very healthy net new money inflows, which contributed to higher assets under management. Elevated transaction activity, particularly in spring, contributed to improved margins.

In ***Spain*** as well as with Portuguese clients, we experienced very strong business momentum in 2020, which helped us significantly increase our standing and profile in the Iberian Peninsula, 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 in spring, contributing to increased profitability further supported by solid portfolio performance, very healthy net new money inflows, and higher asset levels.

We continued to build on our position as the largest wealth manager in ***Monaco***. Business momentum was strong throughout the year, with no meaningful changes in clients' risk appetite. On the back of a rising share of wallet and the sustainable development of our credit book, we achieved solid net new money inflows, contributing to broadly supported asset levels 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.

Italian clients are served in various Swiss locations. The Group's local activities in ***Italy*** 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 thus business prospects. 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.

After a period of stabilisation, Kairos has embarked on repositioning itself as an independent investment boutique under the lead of its new CEO Alberto Castelli, appointed in November 2020. Together with a number of long-standing key employees, he became a co-owner of the company, with Julius Baer remaining the majority shareholder. These steps represent a solid foundation for Kairos' renewed and sustainable long-term success.

Thanks to our efforts to establish Julius Baer as the private wealth manager of choice among HNWIs across the ***United Kingdom***, our local business activities showed steady momentum in 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 and the uncertainty about the country leaving the European Union heavily influenced client discussions and also raised important business topics. Our clients praised our efforts to stay in touch and offer guidance. Asset levels held up well year on year, contributing to stable margins.

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, earning Julius Baer the award for *Best Large Firm* at the *Citywire Investment Performance Awards 2020*.

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 2020, bolstering asset levels and margins.

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. They much appreciate our ability to serve them in their own language irrespective of office location. Against a difficult geopolitical, regulatory and economic environment, the business conditions remained challenging in 2020. Nevertheless, we were able to capitalise on our strong market standing and achieved very healthy net new money inflows. This supported asset levels despite rising cash holdings and some deleveraging in clients' portfolios.

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

Given our large footprint in the region and hence its strategic importance for Julius Baer, we view Asia as our second home market. 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. 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 experienced increased interest in our *Single Family Office* offering also in Asia, with wealth and succession planning becoming a priority among our clients. 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. After a pandemic-induced subdued start to the year, business momentum continuously improved as the year progressed. Net new money inflows remained healthy though slightly below last year's levels, contributing to higher assets under management. The significantly increased client activity during 2020 resulted in higher revenues.

Continuous learning and education are key strategic enablers that support our business strategy. Hence, in summer 2020 Julius Baer was the first foreign institution to enter into a partnership with *Beijing International Wealth Management Institute*, thus contributing to the ongoing development of the Chinese private wealth management industry. In recognition of our internal training efforts during the pandemic, Julius Baer was one of the top three companies acknowledged by the *Swiss Chamber of Commerce Singapore* in its *People and Skills Development Award*.

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.* (SCB JB), remained positive during the year. On the back of a newly introduced client-servicing model, the offering tailored to Thai UHNWIs and HNWIs was further broadened, combining selected domestic products and services from SCB with Julius Baer's international wealth management expertise and solutions. A joint market outlook event, conducted digitally, provided clients with investment perspectives and highlighted SCB JB's capabilities in wealth management and investment advisory.

Our strategic partnership with Nomura in ***Japan*** continued to develop well in the period under review, with the share of prospective clients entering an account relationship accelerating in the second half of the year. *Julius Baer Nomura Wealth Management Ltd.'s* aim is to introduce our bespoke discretionary mandate services to Nomura's local UHNWI and HNWI client base. The partnership continued to further tailor its offering to meet the specific requirements of Japanese individuals and families.

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 additional promising business developments.

In November 2020, Julius Baer was named *Best Boutique Private Bank in Asia* for the eleventh consecutive year by *The Asset*. At the beginning of 2021, we received the precious award *Best Private Bank – Global Indians* for 2020 from *Asian Private Banker*.

DISCRETIONARY MANDATES: PREMIUM SOLUTIONS AND HIGH-TOUCH EXPERIENCE

Julius Baer's Discretionary Mandates provide a state-of-the-art investment experience for our clients who want to put their wealth in the expert hands of world-class investment managers. With our time-tested investment philosophy and proven asset allocation expertise, we help our clients navigate through the maze of growing complexity, fragmented markets and low interest rates in order to reach their financial goals. Assets in our Discretionary Mandates are invested fully in line with our Julius Baer house view, with the possibility of customising the asset allocation according to our clients' personal preferences and values.

In keeping with our commitment to be the most personal wealth manager, we have introduced digitalisation to the tailoring, selection and comparison of discretionary mandate solutions, thus making our customisation and investment capabilities more scalable and accessible. Aptly named *Mandate Solution Designer* (MSD), this cutting-edge platform guides the relationship manager (RM) and client through intuitive steps to arrive at the final investment strategy and portfolio design. Key variables include the desired exposure levels to respective asset classes, investment styles and regional focus preferences. The RM and client can see in real time the possible effects of these exposure levels in an illustrative portfolio.

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. New money inflows remained positive overall but were countered by deleveraging in clients' portfolios, weighing on asset levels. The newly introduced service models contributed to rising mandate penetration. Profitability was maintained.

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 2020, underlining our high reputation as a premium brand. The pandemic, however, impacted net new asset flows. Profitability was well supported.

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 two years ago to focus on core markets and key client segments started to bear fruit in 2020. Clients valued our personal and innovative approach to remain connected and to keep them on top of market developments. Their more cautious investment stance went along with increased international diversification. Asset gathering was challenging but significantly improved year on year. Lower asset levels, mainly due to currency depreciation, held back revenues.

The overhaul of our business also paved the way for new growth opportunities in key markets. In May 2020, the entry in the commercial register for our representative office in ***Colombia*** was completed. 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 political 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*, uniting our two fully owned subsidiaries *GPS* and *Reliance*. This move helps us to provide our clients with an enhanced service experience in an independent multicustody framework while fostering efficiency. Through the partnership with local digital investment advisor Magnetis, we continued to develop the affluent client segment of younger, tech-savvy investors. Our business developed positively in 2020. Clients' growing interest in diversifying their assets geographically and by asset classes favoured our comprehensive offering. In addition, we broadened our range of selected alternative investments and actively managed certificates.

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 throughout the year. Julius Baer 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.

As part of Julius Baer's programme to reduce complexity, we sold the Group's Bahamas operations to a local wealth management company at the end of September 2020. This solution ensures the highest level of continuity for both clients and employees.

INTERMEDIARIES BUSINESS

In the course of the realignment of the Group's management structure, the Intermediaries unit, i.e. our business activities with external asset managers (EAMs) and external financial advisors (EFAs), and our technology unit were put under the unified leadership of the Group's Chief Operating Officer. This move will accelerate the technological transformation of our Intermediaries business 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.

In 2020, the Group was able to grow its Intermediaries franchise across most key markets. We were able to maintain our high level of service and availability to intermediaries and their clients throughout lockdown. The business developed in line with the overall market. Net new money inflows improved year on year, with notable contributions from Europe and Latin America, as well as emerging and other growth markets.

Against the backdrop of high market volatility during the pandemic crisis, 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 (e.g. 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 to meet the needs of EAMs who operate a professional portfolio management system.

JULIUS BAER'S HOLISTIC SERVICE AND SOLUTIONS OFFERING

We focus on helping our clients to grow, preserve and advance the wealth they created and on supporting 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, investing and financing.

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. With the newly launched *Family Office Services*, we aim to leverage our long-standing expertise on wealth preservation and creation to benefit our clients and their families by supporting them better and more holistically than ever before.

INVESTING

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.

This approach has proven to be very robust in navigating last year's market turmoil and subsequent fast-paced recovery. Across all our product lines, we adequately managed risk exposure in response to the heightened volatility and realised a strong performance compared to the market and most peers.

Given the unprecedented circumstances in 2020, our dedicated teams 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.

Having focused on private market products since 2018, at the end of 2020 our *Private Markets* team was pleased to announce that the first exit of one of its co-investment deals took place at a considerable profit.

An important pillar of *Julius Baer – Your Wealth* is the expert investment advice we provide to clients via our *Advisory Mandates*. They 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 close support and offered proactive advice across asset classes and markets. With yields set to remain low or even negative and market conditions unlikely to change, the support of our advisors remains essential to identify opportunities to generate income in our clients' portfolios.

INVESTMENT RESEARCH: THE YEAR THAT WAS 2020

The coronavirus struck an unprecedented blow to the world in 2020, rapidly mushrooming into a global pandemic. It was an exogenous shock (i.e. not due to self-inflicted imbalances of the financial system) and had a particularly hard impact on the services sector, the backbone of modern economies.

Across the globe, numerous governments implemented lockdowns to mitigate the spread of the virus, but this forced the closure of many businesses, including retail shops, restaurants and bars. The economic impact was huge, and areas such as hospitality, travel and tourism suffered greatly.

Overall, the drop in employment was much greater than the fall in output. In contrast, the rebound of financial markets was just as fast as the setback, and the economic recovery is now well under way. 2021 will be about containing and healing the health crisis, which we believe will provide investors with many opportunities this year and beyond. Overcoming the drop in growth was faster than in previous crises because, unlike in past recessions, the financial system today proved highly resilient. The structural damage to the economic system caused by the pandemic should be limited, and the return to normal should gain pace as soon as the availability of effective vaccines increases.

At the same time, however, the speed of the recovery will differ across countries. Economies need continued fiscal spending from their governments in order to heal their suffering employment markets, but policymakers have varying degrees of freedom in this regard. Hence, different nations will get back to 'normal' at different times. We expect the world to reach the pre-crisis output levels in the second half of 2021. China already achieved this in the second half of 2020. The US should follow sometime around the middle of 2021, while the eurozone, Japan and most emerging countries are likely to take longer. In our view, therefore, until the health crisis is fully resolved across the globe (which is hard to imagine before 2022), the winners will likely continue to be those nations in the Western world where fiscal spending remains high, plus China and Japan.

The US elections were a hugely significant political event of 2020. With Joe Biden now at the helm, there are hopes that the new US administration will work towards containing and healing global relationships. We expect the tone to improve given the stark contrast in character between Donald Trump and Joe Biden, but some tensions in the world will certainly remain. Geopolitical relations are complex, with no quick fixes, so we will undoubtedly see a few gripping headlines in 2021 mirroring some rocky international relationships.

We now see the end to the US dollar bull market, an era that lasted more than a decade. The US dollar started to weaken after the Federal Reserve (Fed) went all-in and ramped up the money supply in response to the pandemic. Crucially for the future, the Fed also shifted their commitment to price stability, by promising to be more tolerant of higher inflation than ever before.

INVESTMENT CONTENT

Responding to the extraordinary environment, we strengthened our communication efforts, particularly on the market impact of COVID-19, but also on the US presidential elections. Key measures included increased client interaction, daily situation updates in our flagship publications and regular client webcasts to ensure a constant information flow. In addition, we broadened the direct client service by sharing market views and related risks and opportunities via e-mails or within our e-banking.

To support our clients in managing their individual investments, we put a lot of effort into regular follow-ups on core client holdings. As digital has become the channel of choice, we have improved both content and usability of our *Investment Insights App* to provide a more structured access to current market news, investment recommendations and ideas as well as to topics of longer-term relevance by our Research specialists (see page 21).

FINANCING AND CREDIT

As part of our holistic *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 ourselves. Our loan book is prudently managed using a sophisticated credit risk framework. This ensured quality also under the COVID-19-related market stress. The transition of credit agreements from IBOR to alternative reference rates is well on track.

MARKETS

The Markets teams focus on providing best-in-class execution and trading advice to our private banking clients as well as on manufacturing a vast range of structured products and solutions for a broader internal and external client base.

2020 saw continued investments in our platform, resulting in a very efficient infrastructure. This, combined with an extensive network of counterparties, allows us to ensure high-quality service to the Group's client base, external asset managers and other external parties alike. On financial markets that trade on a 24-hour basis, we provide constant access through our trading hubs in Zurich, Singapore and Hong Kong.

The ability to connect to our product experts 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, most recently by providing our clients direct access to private investments, is addressing the diverse needs of our global customer base. Digital tools such as the *Markets Toolbox*, a real-time structuring, pricing and trading platform for equities, currencies and precious metals, are key enablers in achieving a high level of service experience and have been indispensable during the recent pandemic crisis. Such tools, together with our ability to take on risk and offer innovative payoffs, make us an attractive partner for intermediaries, family offices and other professional clients, who love to work with us and expand their product universe.

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.

OUR STRATEGY

Julius Baer's long-term strategy is focused exclusively on international wealth management. This strategy was introduced in 2009 with the Group's separation from its asset management business, a move accompanied by the independent listing of today's Julius Baer Group. We updated and refined our strategy at the beginning of 2020.

In its strategy, Julius Baer targets wealthy private clients, family offices and external asset managers through a client-centric business model, providing clients with holistic advice tailored to their needs. Julius Baer's model is built on highly-personal interaction with clients, powered by a relevant and comprehensive offering, an open product platform, proprietary research and state-of-the-art digital capabilities.

At the start of 2020, we presented an update and refinement of our strategy for the medium and longer term. First and foremost, we will remain true to our 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. At the same time, the Group will continue to strengthen its corporate values and its robust risk and compliance culture, based on professional integrity and teamwork, and further invest in the implementation of our corporate sustainability and responsible investment strategy.

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 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 has resulted in strong margin pressure over recent years. 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 longer-term growth rates expected to exceed GDP expansion in most markets. Capturing these opportunities, however, requires an update of our strategy, as announced at the start of 2020.

In order to capture these opportunities, 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 continue to look to strengthen its critical mass in core markets while investing further 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.

Julius Baer Group Ltd.

Board of Directors
Romeo Lacher, Chairman

Chief Executive Officer
Philipp Rickenbacher

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

Investment & Wealth Management Solutions

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

Executive Board

ACCELERATING INVESTMENTS IN HUMAN ADVICE AND TECHNOLOGY

Investments in technology to power human advice will be accelerated, creating new revenue opportunities and further improving 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 margins. 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.

In order to excel in wealth management, we believe we also need to move beyond just managing wealth and serve clients across generations. 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 client 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 has started to upgrade incentive and compensation systems in line with its financial targets, entrepreneurial aspiration and risk standards.

CREATING LONG-TERM SHAREHOLDER VALUE BY 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 introduced new targets for shareholder value creation at the start of the current 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 Executive Board's compensation structure, with the cumulative economic profit and relative total shareholder return components of its equity performance plan, is aligned with the Group's focus on sustainable, profitable growth and long-term shareholder value creation.

This section of the Business Review is an excerpt from the yearly updated Corporate Governance chapter of the Group's Annual Report.

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

SUSTAINABILITY

Our sustainability strategy focuses on long-term value creation for clients, employees, shareholders and society at large. As the first Swiss bank to endorse the United Nations Principles of Responsible Banking (UN PRB), our priorities remain guided by stakeholder input and the global sustainable development agenda, including the UN Sustainable Development Goals.

The coronavirus pandemic has been a stark reminder of just how fragile our social and economic systems can be when faced with unfamiliar shocks. Aside from the tragic health toll of COVID-19, it also brought a new emphasis to wealth inequalities and digital exclusion. Equally pressing remain challenges of climate change, nature loss and ocean health, all of which have the potential to destabilise economic systems on a scale far greater than COVID-19.

Our sustainability strategy informs the Bank's response to such socio-economic and environmental challenges while steering it on a long-term trajectory of positive, sustainable impact. This begins with enabling our clients to make educated choices, supporting colleagues to consider environmental, social and governance (ESG) matters and connecting meaningfully with our communities.

RESPONSIBLE INVESTMENT

Investors who have been embedding ESG aspects into their asset selection have long believed that their investments would be more resilient in times of crises. This indeed proved true during 2020 as sustainable investing strategies outperformed the market in many areas[1]. Now estimated to be worth USD 40 trillion globally, responsible investment offers the compelling prospect of aligning financial returns with personal values. At Julius Baer, we offer a range of sustainable and impact solutions, complemented by philanthropy advisory.

To allow our clients to make educated decisions, we must also empower the relevant Julius Baer teams. In 2020, a first group of investment advisors and portfolio managers started our ESG training programme and went on to take part in the ESG certification programme with the Chartered Financial Analyst Institute, UK. Having successfully completed 20 hours of classroom training (virtual in 2020), 130 hours of self-study and a final exam, so far 27 *ESG champions* have gained proof of competence as specialists within Julius Baer. We are now extending the certification option to more colleagues globally.

Sustainable investing

We offer both discretionary sustainability mandates and sustainability advisory mandates. Discretionary mandates go through a process of screening: negative screening excludes companies or governments that are involved in certain business activities or unethical behaviours based on specific criteria; positive screening selects best-in-class ESG leaders as rated against peers. We enable thematic investing, focusing on themes such as low carbon footprint, water scarcity, natural resource efficiency, nutrition innovation, healthcare innovation and economic empowerment. Assets managed in discretionary sustainability mandates increased from CHF 1.6 billion in 2019 to CHF 2.5 billion in 2020.

[1] https://www.juliusbaer.com/en/insights/market-outlook/the-world-after-the-corona-crisis-digitalisation-investing/

Sustainability advisory mandates are delivered by our new competence centre for tailored advice and research in the area of sustainable investing. Our insight provides clients full flexibility to choose from different sustainable investment strategies and select the criteria that are most important to them. It also allows them to add a sustainability overlay to their portfolios or focus on a specific theme.

Impact investing
Investing in assets that intentionally create a measurably positive impact for people or the planet, alongside financial returns, is known as impact investing. In 2020, impact investing became the world's fastest growing investment approach[1]. Our ambition is to give our clients access to this dynamic market, and we have developed a distinctive and comprehensive *impact ecosystem* to do so (see also page 29).

Philanthropy advisory
The COVID-19 crisis created an additional demand for our philanthropy expertise as people sought to review their estate planning and donate to health and social causes. In 2020, the advisory offering was further developed to become scalable across the Julius Baer universe and we recorded almost 100 philanthropy advisory mandates at the end of the year.

CARING EMPLOYER

Our ambition to be the employer of choice in wealth management is supported by an inclusive working culture that brings out the best in people. In a year of significant personal uncertainty for our employees, we were particularly proud to see our global engagement score rise to 7.8 out of 10 (+0.2 compared to our 2019 employee survey), above average in the finance industry. This is testament to the ongoing support measures provided to everyone, including the mental and physical well-being initiative as well as interactive virtual training and development.

We are fully committed to achieving a gender balance across the Bank, and 27.9% of senior positions were held by women in 2020 (against our target of 30%). Mentoring has been an effective strategy to enable this, with approximately 80% of mentees citing improvements to their career progression since we began the programmes in 2017. Furthermore, our Parents@Work initiative helped 18 new parents in 2020 prepare for the challenges of combining work and family, coached by 10 colleagues who are also parents themselves.

[1] GIIN Annual Impact Investor Survey 2020. Source: https://thegiin.org/research/publication/impinv-survey-2020

COMMUNITY PARTNER

We work in partnership with local organisations to support social and environmental causes, either directly as a donor, via our employee-led community engagement movement, *JB Cares,* or through the *Julius Baer Foundation*. Community giving in 2020 was dominated by the pandemic – back in February 2020, we sent 100,000 medical masks to those at the front line in China. We have since donated CHF 5 million to support those most affected in our global communities (for details, visit www.juliusbaer.com/foundation). Notwithstanding our coronavirus efforts, in August 2020 *JB Cares* and the *Julius Baer Foundation* immediately stepped up in support of the Beirut explosion recovery efforts, raising USD 170,000 for the Lebanese Red Cross and key local hospitals.

For more than fifty years, the *Julius Baer Foundation* has dedicated itself to making a meaningful and impactful contribution to society. In 2020, it collaborated with 27 partner organisations in 22 countries and initiated 30 projects dedicated to the strategic core areas of *Wealth Inequality* and *Solutions Replacing Plastics*. The overall grant funding increased by approximately 10%, to CHF 3.1 million in 2020.

Our sponsorship strategy to back innovative, sustainable and pioneering initiatives continued unhindered during 2020, with flagship sponsorships including the *ABB FIA Formula E Championship*, the *Greentech Festival* and the *Elbphilharmonie and Laeiszhalle Hamburg*.

And finally, in turbulent times the *Julius Baer Art Collection* was a source of inspiration and continuity, with more than 5,000 pieces on view for colleagues and clients. We also launched *Surrounded by Art*, a book that showcases the dynamic mix of artworks over the decades, from established Swiss artists to emerging talent.

KEY RESPONSIBLE INVESTMENT INDICATORS

	2020	2019	Change *in %*
Assets with ESG integration (CHF m)[1]	55,242	52,486	*5.3*
As percentage of total assets under management (%)	*12.7*	*12.3*	-
Discretionary sustainability mandates (CHF m)[2]	2,468	1,625	51.9
Recommended sustainable and impact investment funds (CHF m)[3]	1,118	535	108.9

[1] Based on assets under management in central mandates (only front regions, excluding intermediaries).
[2] Including various asset classes and currencies.
[3] Total assets under management invested through Julius Baer in recommended Sustainable Investment and Impact Investment funds on the open product platform.

EMPOWERING FOR POSITIVE IMPACT

In recent years, the financial industry has witnessed a growing investor appetite for investment opportunities that generate a measurable positive social or environmental impact beyond financial returns. As a result, impact investing has begun attracting a rising allocation from institutional and private investors.

THE JULIUS BAER IMPACT INVESTING ECOSYSTEM

In our thematic approach to impact investing, we address two of humanity's most critical challenges in transitioning towards a sustainable global economy: the overuse of natural resources and the underuse of human resources. Our goal is to provide clients with an ecosystem that empowers them to take an active role and make educated investment choices that lead to a positive impact. This includes the access to thought leadership, a community of like-minded investors and transparency of the impact created through a product platform of curated impact investment solutions.

INVESTING IN A BLUE ECONOMY

The curated investment products across asset classes give our clients access to our focus themes. An example is *Blue Economy*, which encourages better protection of our oceans. With the plight of the world's oceans becoming a high-profile issue, the prospect of investing in marine resources for long-term preservation is gaining traction. In 2020, we successfully launched an exclusive impact investing solution providing our clients access to innovative, tech-enabled companies focused on reducing pressure on the oceans, while generating financial returns.

TOWARDS A BETTER FUTURE

As millennials begin to leave their investment mark, the demand for impact investing products is set to accelerate. Within our sustainability journey, we strive to develop a differentiated impact investing offering, backed by robust metrics and transparent reporting.

CONSERVING NATURAL RESOURCES

We can shape our environmental impact mainly through our products and services, by guiding our clients in their sustainable investments. In addition, we take our own responsibilities to conserve natural resources and reduce emissions very seriously. In 2020, we continued to achieve 100% renewable sourced electricity for our Swiss locations (representing 75% of the reported global electricity consumption).

From replacing single-use plastics in Singapore to LED retrofits in Mumbai, teams across our global offices have found innovative ways to reduce energy, paper, water and waste. In Dubai, colleagues moved into ICD Brookfield Place, a LEED Platinum-rated building with outstanding environmental features – a physical manifestation of our Future Cities insight work in the region. Environmental performance data for 2020 will be published in our next Sustainability Report, available in March 2021.

ETHICAL CONDUCT AND RISK

Reflecting the operating environment and the Group's strategic objectives, in 2020 we updated and republished our *Code of Ethics and Business Conduct*. We also introduced a new client risk rating system to further strengthen our anti-money laundering defences. We are building in more safeguards to protect the bank and our clients from privacy and security risks. Together with the Code, we are committed to ensuring our business practices meet regulatory requirements and global standards. This includes those arising out of the EU Action Plan on Sustainable Finance, as well as principles and standards defined by the UN PRB and UN Principles for Responsible Investment.

KEY HUMAN CAPITAL INDICATORS

	2020	2019	Change *in %*
Our people			
Total headcount (total workforce excl. externals)[1]	6,897	6,958	-0.9
Of which regular staff	*6,762*	*6,773*	*-0.2*
Number of employees (FTE) (total workforce excl. externals)[1]	6,606.5	6,638.5	-0.5
Of whom in Switzerland (%)	*52.0*	*51.6*	-
Of whom in rest of Europe (%)	*18.0*	*17.7*	-
Of whom in Asia-Pacific (%)	*22.1*	*21.6*	-
Of whom in Latin America (%)	*5.0*	*6.0*	-
Of whom in Middle East and Africa (%)	*2.8*	*3.0*	-
Total net employee turnover (%)[2]	8.5	11.4	-
People and diversity			
Ratio of women (% of total regular staff headcount)	42.5	42.2	-
Women in senior management (% of total senior management headcount)[3]	27.9	27.2	-

[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 to Managing Director.

SUSTAINABILITY OUTLOOK

Our 2020 progress gained us external recognition in key sustainability benchmarks, including an A rating in the MSCI ESG[1], an 85th percentile ranking in the SAM Corporate Sustainability Assessment[2] – in addition to Julius Baer being constituent of both the SXI Switzerland Sustainability 25 Index[3] and FTSE4GOOD index[4]. We welcome recognition, but above all we embrace the challenge to scale and deepen our impact. This is why in early 2021 we will publish our updated sustainability strategy, which further strengthens our credibility within the field of sustainability, enabling our clients to make informed choices with positive impact.

For more details about our approach to sustainability, please see our *Sustainability Report 2020* at www.juliusbaer.com/cosreport, available from 22 March 2021.

[1] MSCI ESG ratings provide insight into ESG risks and opportunities within multi-asset class portfolios. Source: https://www.msci.com/esg-ratings

[2] The SAM Corporate Sustainability Assessment (CSA) is an annual evaluation of companies' sustainability practices. The resulting ESG rating is used, among others, to create the Dow Jones Sustainability Index. Source: https://www.robecosam.com/csa

[3] The SXI Switzerland Sustainability 25 Index® includes 25 stocks from the SMI® Expanded Index with the best sustainability scores

[4] Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products. Source: https://www.ftse.com/products/indices/ftse4good

KEY ENVIRONMENTAL INDICATORS[1,2]

	2019	2018[3]	Change *in %*
Energy consumption (MWh)	32,524	33,990	*-4.3*
Electricity (MWh)	*24,303*	*24,772*	*-1.9*
Greenhouse gas emissions (tCO_2e)[4]	18,466	18,483	*-0.1*
Of which business travel (tCO_2e)[5]	*13,044*	*12,917*	*1.0*
Water consumption (m^3)	124,789	121,764	2.5

[1] The figures in this table are for reporting years 2018 and 2019. The 2020 results will be included in the Sustainability Report 2020.

[2] 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.

[3] 2018 data was restated to include additional business locations. Business travel (km/FTE) was overstated in the previous report and has been corrected.

[4] Greenhouse gas emissions were calculated according to guidelines issued by the WRI/WBCSD Greenhouse Gas Protocol. We offset all our CO_2 emissions.

[5] 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 2. Kilometres/FTE are calculated using the same input.

IMPORTANT DATES

Publication of Annual Report (incl. Remuneration Report) 2020 and
Sustainability Report 2020: 22 March 2021
Annual General Meeting: 14 April 2021
Publication of Interim Management Statement: 19 May 2021
Publication of 2021 half-year results: 20 July 2021

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This brief report also appears in German. The English version is prevailing.

Once published, the Annual Report 2020 of Julius Baer Group Ltd. containing the audited IFRS financial accounts of the Julius Baer Group for the year 2020 is available at www.juliusbaer.com/reporting.

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Neidhart + Schön Print AG, Zurich, is an FSC- as well as ClimatePartner-certified climate-neutral printer.

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01.02.2021 Publ. No. PU00062EN