Julius Bär

MEDIA RELEASE

Julius Baer Group Ltd.

Zurich, 21 July 2021

Ad hoc announcement pursuant to Art. 53 LR

Presentation of the 2021 half-year results for the Julius Baer Group

Record-high net profit on the back of strong growth in assets under management and significant improvement in cost efficiency

- **IFRS net profit attributable to shareholders of Julius Baer Group Ltd. up 23% to CHF 606 million and IFRS earnings per share (EPS) up 23% to CHF 2.81.**
- **Net profit adjusted for M&A-related items up 21% to CHF 636 million and adjusted EPS attributable to shareholders of Julius Baer Group Ltd. up 21% to CHF 2.95.**
- **Gross margin 87 basis points (bp) (H1 2020: 92 bp), adjusted cost/income ratio 61.2% (H1 2020: 66.6%), and adjusted pre-tax margin 32 bp (H1 2020: 31 bp).**
- **Assets under management (AuM) CHF 486 billion, up 12% from end of 2020, supported by positive market performance, a weaker Swiss franc, and net new money of CHF 10 billion (4.6% annualised).**
- **BIS CET1 capital ratio 16.7% and BIS total capital ratio 22.8%, well above minimum regulatory requirements and Group's own floors. Adjusted return on CET1 capital 38% (H1 2020: 36%).**

Philipp Rickenbacher, Chief Executive Officer of Julius Baer Group Ltd., said: "The achievements of the first half of 2021 demonstrate how Julius Baer creates value: we have successfully shifted our focus to sustainable profit growth and continuously strengthened the attractiveness of our value proposition for existing and new clients alike. The quality of our business model is supported by the passionate dedication of our staff, and by efficient and scalable operations. Following a record-high net profit in the first half of the year, we are entering the second half from a position of strength: fully focused on delivering on our strategy and prepared to capitalise on our position as employer of choice and to capture growth opportunities in our core markets as they arise."

Alternative performance measures and reconciliations

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

AuM at new record high, supported by markets, currencies and increased net inflows
Assets under management grew by CHF 52 billion to a new record high of CHF 486 billion, an increase of 12% since the end of 2020, on the back of positive market performance, a weaker Swiss franc (particularly against the US dollar) and continued positive net new money inflows.

Net new money doubled to CHF 10 billion (annualised net new money growth rate 4.6%), with particularly strong contributions from clients domiciled in Asia and Western Europe, as well as solid growth in the Middle East.

Including assets under custody of CHF 79 billion (+10%), total client assets grew to CHF 565 billion, an increase of 12% from year-end 2020.

Record high commission and fee income helps drive significant growth in operating income
Operating income grew by 8% to CHF 1,993 million, reflecting the combined benefit of strongly increased net commission and fee income and the virtual disappearance of net credit losses. These positive developments were partly offset by a decrease in net interest income, following the year-on-year decline in US interest rates, as well as by somewhat lower net income from financial instruments measured at FVTPL[1] as market volatility eased from the extraordinarily high levels seen in the first half of 2020. As monthly average AuM increased by 14% year on year, the gross margin declined to 87 bp (H1 2020: 92 bp).

Net commission and fee income rose by 12% to CHF 1,155 million. This increase was driven mainly by a 19% improvement in advisory and management fees on the back of the growth in client assets and higher-value mandate penetration. Brokerage commissions went up by 7% following continued healthy client transaction activity, particularly in the first quarter of 2021.

Net income from financial instruments measured at FVTPL declined by 2% to CHF 503 million. While overall trading volumes remained elevated in a longer-term historical context (particularly in the first quarter of 2021), client activity in FX and precious metals trading subsided as volatility moderated in the second quarter of 2021.

Net interest income fell by 8% to CHF 308 million. Interest income on loans declined by 22% to CHF 290 million as the benefit of a year-on-year increase in average loan balances was more than offset by the sharp decrease in US interest rates. Lower US rates also negatively impacted interest income on debt instruments at FVOCI[2], which fell by 24% to CHF 57 million. On the plus side, lower rates led to a decline in interest expense on amounts due to customers, which fell by 93% to CHF 4 million, despite a year-on-year rise in client deposits.

Other ordinary results rose by 58% to CHF 28 million.

Operating income was marginally affected by the CHF 1 million of credit provisions booked under *net credit losses on financial assets*, a significant improvement from the CHF 49 million recorded in the first half of 2020.

Limited increase in operating expenses, reflecting results of cost-reduction programme
Operating expenses according to IFRS rose by 1% to CHF 1,286 million. *Personnel expenses* decreased by 1% to CHF 849 million, *general expenses* went up by 4% to CHF 318 million, *depreciation of property and equipment* declined by 1% to CHF 49 million, *amortisation and*

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

impairment of intangible assets increased by 17% to CHF 41 million, and *amortisation of customer relationships* diminished by 1% to CHF 29 million.

As in previous years, in the analysis and discussion of the results in the media release and the Business Review, *adjusted operating expenses* exclude M&A-related expenses. Acquisition-related amortisation of intangible assets amounted to CHF 29 million (H1 2020: CHF 29 million), while other M&A-related expenses amounted to CHF 6 million (H1 2020: CHF 10 million). The reconciliations to the respective IFRS line items are provided in the Alternative Performance Measures document available at www.juliusbaer.com/APM.

Adjusted operating expenses rose by 1% to CHF 1,251 million. Excluding provisions and losses, adjusted operating expenses fell by 1% to CHF 1,220 million.

Adjusted personnel expenses declined by CHF 1 million to CHF 849 million, supported by the 1% year-on-year decline in the monthly average number of employees as well as a decrease in the severance costs related to the restructuring programme initiated in 2020 to CHF 14 million (H1 2020: CHF 19 million). Performance-based accruals increased following the strong increase in operating income and profit. At the end of June 2021, the Group employed 6,667 full-time equivalents (FTEs), down 63 from a year ago, but up 60 in the year to date owing largely to the further internalisation of formerly external employees as part of the efficiency improvement programme. Staff numbers do not yet fully reflect the year-to-date reduction of positions as part of the restructuring steps taken so far in 2021. Total staff included 1,341 relationship managers, down 115 from a year ago and down 35 in the year to date.

Adjusted general expenses went up by 4% to CHF 312 million, impacted by a CHF 29 million increase in provisions and losses (to CHF 31 million). Excluding provisions and losses, adjusted general expenses fell by 6% to CHF 281 million, partly reflecting the impact of the cost-reduction programme.

While *depreciation of property and equipment* declined by 1% to CHF 49 million, *adjusted amortisation and impairment of intangible assets* rose by 17% to CHF 41 million, the latter reflecting the rise in IT-related investments in recent years.

The *adjusted cost/income ratio* (which excludes adjusted provisions and losses) improved to 61.2% (H1 2020: 66.6%). The *adjusted expense margin* (also excluding adjusted provisions and losses) improved to 53 bp (H1 2020: 61 bp).

Record-high net profit

IFRS *profit before taxes* rose by 22% to CHF 707 million. As IFRS income taxes increased by 17% to CHF 101 million, IFRS *net profit* as well as IFRS net profit attributable to shareholders of Julius Baer Group Ltd. climbed by 23% to CHF 606 million, and EPS by 23% to CHF 2.81.

Adjusted profit before taxes grew by 20% to CHF 742 million, and the adjusted pre-tax margin improved to 32 bp (H1 2020: 31 bp). The related income taxes increased by 15% to CHF 106 million, representing a tax rate of 14.3% (H1 2020: 14.9%).

Adjusted net profit for the Group as well as adjusted net profit attributable to shareholders of Julius Baer Group Ltd. increased by 21% to CHF 636 million. Adjusted EPS attributable to shareholders improved by 21% to CHF 2.95.

The IFRS net profit and adjusted net profit achieved in the first half of 2021 were the highest six-month profits in the history of Julius Baer Group Ltd.

The adjusted return on CET1 capital (RoCET1) improved to 38% (H1 2020: 36%).

Balance-sheet developments: Client releveraging drives increase in Lombard loans
Since the end of 2020, *total assets* rose by 4% to CHF 114 billion. Client releveraging was reflected in an increase in *loans* by 8% to CHF 51 billion – comprising CHF 43 billion in Lombard loans (+11%) and CHF 8 billion in mortgages (-4%). The *due to customers* position (deposits) rose by 3% to CHF 80 billion. As a result, the loan-to-deposit ratio went up to 64% (end of 2020: 61%). *Cash* held at central banks in Switzerland and Europe grew by 14% to CHF 17 billion, and *financial assets measured at FVOCI* (treasury book) by 1% to CHF 14 billion. *Equity attributable to shareholders of Julius Baer Group Ltd.* grew by 5% to CHF 6.7 billion.

Strongly capitalised
BIS CET1 capital rose by CHF 0.4 billion, or 13%, to CHF 3.6 billion, on the back of the significantly increased net profit. The CET1 capital build was additionally helped by the positive impacts of CHF 75 million from currency-translation differences (as a result of the weakened Swiss franc) and CHF 59 million from a remeasurement of the Group's defined-benefit obligations. At the same time, CHF 146 million of CET1 capital was used to fund the share buy-back programme in the first half of 2021. Dividend is accrued during the year at a rate in line with the Group's dividend policy.

Risk-weighted assets (RWA) grew by CHF 0.3 billion, or 2%, to CHF 21.5 billion. Credit risk positions increased by 1% to CHF 13.9 billion, operational risk positions by 2% to CHF 5.8 billion and market risk positions by 6% to CHF 1.2 billion. Non-counterparty-related risk positions declined by 5% to CHF 0.5 billion.

As a result, the *BIS CET1 capital ratio* strengthened further to 16.7% at the end of June 2021 (end of 2020: 14.9%), and the *BIS total capital ratio* went up to 22.8% (end of 2020: 21.0%).

The leverage exposure increased by 9% to CHF 117 billion, resulting in a Tier 1 leverage ratio of 4.1% (end of 2020: 4.0%). The temporary exclusion of central bank reserves from the calculation of the leverage ratio ended on 1 January 2021.

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.

Share buy-back programme
On 2 March 2021, the Group commenced the execution of a new programme to buy back Julius Baer Group Ltd. shares up to a purchase value of CHF 450 million. The programme runs until the end of February 2022. By the end of June 2021, a total of 2,439,000 shares had been repurchased at an aggregate acquisition cost of CHF 146 million.

The cancellation of the 2,585,000 shares repurchased under the previous share buy-back programme (launched in November 2019 and terminated at the end of February 2021) was executed on 1 July 2021. The registered share capital of Julius Baer Group Ltd. now amounts to CHF 4,424,488.96, divided into 221,224,448 registered shares with a par value of CHF 0.02 each.

The results conference will be webcast at 8.30 a.m. (CEST). All documents (presentation, Business Review First Half 2021, Half-Year Report 2021, spreadsheets, Alternative Performance Measures document, and this media release) are available at www.juliusbaer.com.

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Important dates

22 November 2021:	Publication of Interim Management Statement for first ten months of 2021
2 February 2022:	Publication and presentation of 2021 full-year results, Zurich
21 March 2022:	Publication of Annual Report 2021 including Remuneration Report 2021
21 March 2022:	Publication of Corporate Sustainability Report 2021
12 April 2022:	Annual General Meeting, Zurich

About Julius Baer
Julius Baer is the leading Swiss wealth management group and a premium brand in this global sector, with a focus on servicing and advising sophisticated private clients. In all we do, we are inspired by our purpose: creating value beyond wealth. At the end of June 2021, assets under management amounted to CHF 486 billion. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the principal operating company of Julius Baer Group Ltd., whose shares are listed on the SIX Swiss Exchange (ticker symbol: BAER) and are included in the Swiss Leader Index (SLI), comprising the 30 largest and most liquid Swiss stocks.

Julius Baer is present in over 25 countries and more than 60 locations. Headquartered in Zurich, we have offices in key locations including Dubai, Frankfurt, Geneva, Hong Kong, London, Luxembourg, Mexico City, Milan, Monaco, Montevideo, Moscow, Mumbai, São Paulo, Singapore and Tokyo. Our client-centric approach, our objective advice based on the Julius Baer open product platform, our solid financial base and our entrepreneurial management culture make us the international reference in wealth management.

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

KEY FIGURES JULIUS BAER GROUP[1]

Consolidated income statement	**H1 2021** *CHF m*	H1 2020 *CHF m*	H2 2020 *CHF m*	*Change to H1 2020 in %*
Operating income	1,992.9	1,850.8	1,732.3	7.7
Adjusted operating expenses	1,250.8	1,234.4	1,234.3	1.3
Adjusted profit before taxes	742.2	616.4	498.0	20.4
Adjusted net profit for the Group	636.3	524.4	432.1	21.3
IFRS net profit for the Group	606.0	491.0	207.7	23.4
Adjusted cost/income ratio	61.2%	66.6%	66.2%	-
Adjusted pre-tax margin (basis points)	32.3	30.5	24.0	-

	30.06.2021	30.06.2020	31.12.2020	Change *to 31.12.2020 in %*
Assets under management (CHF bn)				
Assets under management	485.9	401.8	433.7	12.0
Net new money (in period)	9.9	5.0	10.1	-
Consolidated balance sheet (CHF m)				
Total assets	113,578.3	107,359.3	109,137.0	4.1
Total equity	6,725.6	6,289.8	6,434.1	4.5
BIS total capital ratio	22.8%	20.0%	21.0%	-
BIS CET1 capital ratio	16.7%	13.9%	14.9%	-
Return on tangible equity (RoTE) annualised, adjusted (in period)	32%	31%	24%	
Return on common equity Tier 1 capital (RoCET1), adjusted (in period)	38%	36%	28%	
Personnel (FTE)				
Number of employees	6,667	6,729	6,606	0.9
Number of relationship managers	1,341	1,456	1,376	-2.5
Capital structure				
Number of shares issued[2]	223,809,448	223,809,448	223,809,448	-
Market capitalisation (CHF m)	13,514	8,874	11,414	18.4
Moody's rating Bank Julius Baer & Co. Ltd.				
Long-term deposit rating	Aa3	Aa3	Aa3	-
Short-term deposit rating	Prime-1	Prime-1	Prime-1	-

[1] The document Alternative Performance Measures available at www.juliusbaer.com/APM provides a reconciliation of adjusted performance measures to reported results under IFRS as well as definitions of adjusted performance measures and other alternative performance measures.

[2] The cancellation of the 2,585,000 Julius Baer Group Ltd. shares bought back under the 2019–2021 share buy-back programme was executed effective 1 July 2021, resulting in the number of shares issued to decrease to 221,224,448.