

# Julius Bär

20

HALF-YEAR REPORT

Bank Julius Baer & Co. Ltd.

22



## HALF-YEAR REPORT 2022 BANK JULIUS BAER & CO. LTD.

<b>2</b>	CONSOLIDATED INCOME STATEMENT
<b>3</b>	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
<b>4</b>	CONSOLIDATED BALANCE SHEET
<b>6</b>	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
<b>8</b>	CONSOLIDATED STATEMENT OF CASH FLOWS
<b>12</b>	NOTES TO THE FINANCIAL STATEMENTS
<b>30</b>	CAPITAL RATIOS

## CONSOLIDATED INCOME STATEMENT

	Note	H1 2022 CHF m	H1 2021 CHF m	H2 2021 CHF m	Change to H1 2021 in %
Interest income on financial instruments measured at amortised cost or FVOCI		<b>397.5</b>	326.2	344.2	21.9
Interest expense on financial instruments measured at amortised cost		<b>88.6</b>	40.5	52.6	118.8
Net interest income	1	<b>308.9</b>	285.7	291.6	8.1
Commission and fee income		<b>957.8</b>	1,083.7	1,036.2	-11.6
Commission expense		<b>269.1</b>	287.7	288.8	-6.5
Net commission and fee income	2	<b>688.7</b>	796.0	747.4	-13.5
Net income from financial instruments measured at FVTPL		<b>418.2</b>	472.3	362.1	-11.5
Net credit losses/(recoveries) on financial assets		<b>10.9</b>	8.2	-1.1	32.9
Other ordinary results		<b>45.5</b>	61.5	45.3	-26.0
<b>Operating income</b>		<b>1,450.4</b>	1,607.3	1,447.5	-9.8
Personnel expenses	3	<b>607.3</b>	621.4	585.9	-2.3
General expenses	4	<b>389.6</b>	322.6	375.9	20.8
Depreciation of property and equipment		<b>31.4</b>	34.2	32.3	-8.2
Amortisation of customer relationships		<b>12.5</b>	16.1	16.1	-22.4
Amortisation and impairment of intangible assets		<b>46.9</b>	38.5	58.6	21.8
<b>Operating expenses</b>		<b>1,087.7</b>	1,032.8	1,068.8	5.3
<b>Profit before taxes</b>		<b>362.7</b>	574.5	378.7	-36.9
Income taxes		<b>42.5</b>	74.2	71.4	-42.7
<b>Net profit</b>		<b>320.2</b>	500.3	307.3	-36.0
		<b>H1 2022</b>	<b>H1 2021</b>	<b>H2 2021</b>	<b>Change</b>
		<b>CHF</b>	<b>CHF</b>	<b>CHF</b>	<b>to H1 2021 in %</b>
<b>Share information</b>					
Basic earnings per share (EPS)		<b>55.69</b>	87.01	53.45	-36.0
Diluted earnings per share (EPS)		<b>55.69</b>	87.01	53.45	-36.0

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	H1 2022 <i>CHF m</i>	H1 2021 <i>CHF m</i>	H2 2021 <i>CHF m</i>
<b>Net profit recognised in the income statement</b>	<b>320.2</b>	500.3	307.3
Other comprehensive income (net of taxes):			
<b>Items that may be reclassified to the income statement</b>			
Net unrealised gains/(losses) on debt instruments measured at FVOCI	-433.0	-26.4	-74.8
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	-0.8	-9.3	0.1
Effective portion of changes in fair value of hedging instruments designated as cash flow hedges	-36.0	-1.7	-7.0
Cost of hedging related to cash flow hedges	-2.2	-	-
<b>Items that will not be reclassified to the income statement</b>			
Net unrealised gains/(losses) on equity instruments designated at FVOCI	9.9	48.1	-16.6
Gains/(losses) from own credit risk on financial liabilities designated at fair value	4.5	0.9	2.2
Remeasurement of defined benefit obligation	-1.9	57.0	-3.6
<b>Other comprehensive income</b>	<b>-459.5</b>	68.6	-99.7
<b>Total comprehensive income</b>	<b>-139.3</b>	568.9	207.6
Attributable to:			
Shareholders of Bank Julius Baer & Co. Ltd.	-139.3	568.9	207.6

## CONSOLIDATED BALANCE SHEET

	Note	30.06.2022 CHF m	31.12.2021 CHF m	30.06.2021 CHF m
<b>Assets</b>				
Cash		16,662.1	17,275.4	14,109.0
Due from banks		6,538.5	5,101.5	4,896.7
Loans		43,210.0	46,399.0	46,822.2
Financial assets measured at FVTPL		11,082.8	14,681.2	13,834.7
Derivative financial instruments		3,396.5	2,097.0	2,123.6
Financial assets designated at fair value		268.4	306.9	288.9
Financial assets measured at FVOCI	5	13,795.9	13,231.5	13,859.9
Other financial assets measured at amortised cost	6	2,983.9	-	-
Property and equipment		469.4	425.3	444.7
Goodwill and other intangible assets		2,259.9	2,244.0	2,232.4
Accrued income and prepaid expenses		375.1	333.9	342.0
Deferred tax assets		16.2	2.4	-
Other assets		7,338.5	7,354.7	7,002.0
<b>Total assets</b>		<b>108,397.2</b>	109,452.8	105,956.1

	Note	<b>30.06.2022</b> <i>CHF m</i>	31.12.2021 <i>CHF m</i>	30.06.2021 <i>CHF m</i>
<b>Liabilities and equity</b>				
Due to banks		<b>11,005.9</b>	8,011.6	8,275.4
Due to customers		<b>75,103.5</b>	75,458.6	71,843.1
Financial liabilities measured at FVTPL		<b>626.3</b>	749.5	1,042.6
Derivative financial instruments		<b>3,444.2</b>	2,681.4	2,074.7
Financial liabilities designated at fair value		<b>10,959.5</b>	14,459.0	14,835.9
Debt issued	7	<b>736.2</b>	774.3	807.3
Accrued expenses and deferred income		<b>467.8</b>	563.7	488.1
Current tax liabilities		<b>221.7</b>	263.8	218.8
Deferred tax liabilities		<b>57.8</b>	66.0	74.3
Provisions	8	<b>123.7</b>	73.8	44.8
Other liabilities		<b>323.0</b>	266.6	371.8
<b>Total liabilities</b>		<b>103,069.6</b>	103,368.3	100,076.8
Share capital		<b>575.0</b>	575.0	575.0
Capital reserves		<b>1,931.1</b>	1,931.1	1,931.1
Retained earnings		<b>3,124.2</b>	3,423.5	3,122.2
Other components of equity		<b>-302.7</b>	154.9	251.0
Total equity attributable to shareholders of Bank Julius Baer & Co. Ltd.		<b>5,327.6</b>	6,084.5	5,879.3
<b>Total liabilities and equity</b>		<b>108,397.2</b>	109,452.8	105,956.1

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital CHF m	Capital reserves CHF m	Retained earnings CHF m
At 1 January 2021	575.0	1,931.1	2,925.3
Net profit	-	-	500.3
Items that will not be reclassified to the income statement	-	-	57.0
Total other comprehensive income	-	-	57.0
Total comprehensive income	-	-	557.3
Bank Julius Baer & Co. Ltd. dividend payment	-	-	-360.0 <sup>1</sup>
Share-based payment expensed	-	-	28.4
Distribution to the parent related to share-based payments	-	-	-28.8
At 30 June 2021	575.0	1,931.1	3,122.2
At 1 July 2021	575.0	1,931.1	3,122.2
Net profit	-	-	307.3
Items that may be reclassified to the income statement	-	-	-
Items that will not be reclassified to the income statement	-	-	-3.6
Total other comprehensive income	-	-	-3.6
Total comprehensive income	-	-	303.7
Share-based payment expensed	-	-	34.7
Distribution to the parent related to share-based payments	-	-	-37.1
At 31 December 2021	575.0	1,931.1	3,423.5
<b>At 1 January 2022</b>	<b>575.0</b>	<b>1,931.1</b>	<b>3,423.5</b>
Net profit	-	-	320.2
Items that may be reclassified to the income statement	-	-	-
Items that will not be reclassified to the income statement	-	-	-1.9
Total other comprehensive income	-	-	-1.9
Total comprehensive income	-	-	318.3
Bank Julius Baer & Co. Ltd. dividend payment	-	-	-620.0 <sup>1</sup>
Share-based payment expensed	-	-	22.8
Distribution to the parent related to share-based payments	-	-	-20.4
<b>At 30 June 2022</b>	<b>575.0</b>	<b>1,931.1</b>	<b>3,124.2</b>

<sup>1</sup> Dividend payment per share CHF 62.61 (2021) / Dividend payment per share CHF 107.83 (2022)

<sup>2</sup> Includes effective portion of changes in fair value of hedging instruments designated as cash flow hedges as well as cost of hedging related to cash flow hedges.



Other components of equity (net of taxes)

	OCI related to equity instruments at FVOCI CHF m	OCI related to debt instruments at FVOCI CHF m	Cash flow hedges <sup>2</sup> CHF m	Own credit risk on financial liabilities designated at FV CHF m	Total equity attributable to share- holders of Bank Julius Baer & Co. Ltd. CHF m
	120.4	122.9	-	-3.9	5,670.8
	-	-	-	-	500.3
	48.1	-	-	0.9	106.0
	48.1	-35.7	-1.7	0.9	68.6
	48.1	-35.7	-1.7	0.9	568.9
	-	-	-	-	-360.0
	-	-	-	-	28.4
	-	-	-	-	-28.8
	168.5	87.2	-1.7	-3.0	5,879.3
	168.5	87.2	-1.7	-3.0	5879.3
	-	-	-	-	307.3
	-	-74.7	-7.0	-	-81.7
	-16.6	-	-	2.2	-18.0
	-16.6	-74.7	-7.0	2.2	-99.7
	-16.6	-74.7	-7.0	2.2	207.6
	-	-	-	-	34.7
	-	-	-	-	-37.1
	151.9	12.5	-8.7	-0.8	6084.5
	<b>151.9</b>	<b>12.5</b>	<b>-8.7</b>	<b>-0.8</b>	<b>6,084.5</b>
	-	-	-	-	320.2
	-	-433.8	-38.2	-	-472.0
	9.9	-	-	4.5	12.5
	9.9	-433.8	-38.2	4.5	-459.5
	9.9	-433.8	-38.2	4.5	-139.3
	-	-	-	-	-620.0
	-	-	-	-	22.8
	-	-	-	-	-20.4
	<b>161.8</b>	<b>-421.3</b>	<b>-46.9</b>	<b>3.7</b>	<b>5,327.6</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	H1 2022 <i>CHF m</i>	H1 2021 <i>CHF m</i>
Net profit	<b>320.2</b>	500.3
Adjustments to reconcile net profit to cash flow from/(used in) operating activities:		
Non-cash items included in net profit and other adjustments:		
- Depreciation of property and equipment	<b>31.4</b>	34.2
- Amortisation and impairment of intangible assets	<b>59.4</b>	54.6
- Change in loss allowance	<b>10.9</b>	8.2
- Deferred tax expense/(benefit)	<b>7.3</b>	-4.4
- Net loss/(gain) from investing activities	<b>3.3</b>	-1.5
- Other non-cash income and expenses	<b>22.8</b>	28.4
Net increase/decrease in operating assets and liabilities:		
- Net due from/to banks	<b>2,930.9</b>	1,053.8
- Net financial assets measured at FVTPL and derivative financial instruments	<b>2,975.9</b>	-350.3
- Net loans/due to customers	<b>2,764.5</b>	-1,435.5
- Issuance and repayment of financial liabilities designated at fair value	<b>-3,493.9</b>	1,682.0
- Accrued income, prepaid expenses and other assets	<b>-25.0</b>	-711.8
- Accrued expenses, deferred income, other liabilities and provisions	<b>-53.4</b>	-82.1
Adjustment for income tax expenses	<b>35.3</b>	78.6
Income taxes paid	<b>-76.9</b>	-52.4
<b>Cash flow from operating activities</b>	<b>5,512.9</b>	802.1
Purchase of property and equipment and intangible assets	<b>-89.8</b>	-89.9
Net (investment in)/divestment of financial assets measured at FVOCI	<b>-3,937.4</b>	671.0
<b>Cash flow from investing activities</b>	<b>-4,027.2</b>	581.1
Dividend payments	<b>-620.0</b>	-360.0
Changes in debt issued	<b>-</b>	807.5
Distribution to the parent related to share-based payments for the year	<b>-20.4</b>	-27.3
<b>Cash flow from financing activities</b>	<b>-640.4</b>	420.2
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>845.3</b>	1,803.4

	<b>30.06.2022</b> <i>CHF m</i>	30.06.2021 <i>CHF m</i>
Cash and cash equivalents at the beginning of the period	<b>24,461.9</b>	19,660.8
Cash flow from operating activities	<b>5,512.9</b>	802.1
Cash flow from investing activities	<b>-4,027.2</b>	581.1
Cash flow from financing activities	<b>-640.4</b>	420.2
Effects of exchange rate changes on cash and cash equivalents	<b>372.4</b>	-26.6
<b>Cash and cash equivalents at the end of the period</b>	<b>25,679.6</b>	21,437.6

	<b>30.06.2022</b> <i>CHF m</i>	30.06.2021 <i>CHF m</i>
<b>Cash and cash equivalents are structured as follows:</b>		
Cash	<b>16,662.1</b>	14,109.0
Debt instruments measured at fair value through other comprehensive income (original maturity of less than three months)	<b>3,145.0</b>	2,570.7
Due from banks (original maturity of less than three months)	<b>5,872.5</b>	4,757.9
<b>Total</b>	<b>25,679.6</b>	21,437.6

	<b>30.06.2022</b> <i>CHF m</i>	30.06.2021 <i>CHF m</i>
<b>Additional information</b>		
Interest received	<b>349.3</b>	285.2
Interest paid	<b>105.8</b>	11.5
Dividends on equities received	<b>201.7</b>	185.8
<b>Total</b>	<b>656.8</b>	482.5

	<b>30.06.2022</b> <i>CHF m</i>	30.06.2021 <i>CHF m</i>
<b>Leases</b>		
Cash payments - leases	<b>19.9</b>	20.7
Cash payments - interest paid	<b>1.7</b>	2.0
Short-term lease payments	<b>0.2</b>	0.3
<b>Total</b>	<b>21.8</b>	23.0

## CONDENSED ACCOUNTING POLICIES AND VALUATION PRINCIPLES

This unaudited interim report was produced in accordance with International Accounting Standard 34 Interim Financial Reporting.

The condensed consolidated half-year financial statements of the Bank as at, and for the six month ended, 30 June 2022 comprise of Bank Julius Baer & Co. Ltd. and its branches. They were prepared on the basis of the accounting policies and valuation principles of the consolidated financial statements of Bank Julius Baer & Co. Ltd. as at 31 December 2021. No amendments or new standards have been applied as of 1 January 2022.

### **Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16)**

During the first half of 2022, the Bank continued the transition from IBORs to alternative reference rates (ARRs) according to its timetable. The remaining minor positions will be switched in the course of the following quarters, in line with the timelines provided by regulatory authorities.

EVENTS AFTER THE BALANCE SHEET DATE.

The Audit Committee of the Board of Directors, together with representatives of the Group Executive Board, approved the half-year condensed consolidated financial statements at its meeting on

20 July 2022. There are no events to report that had an influence on the balance sheet or the income statement up to that date.

The following exchange rates are used for the major currencies:

	Exchange rates as at			Average exchange rates		
	<b>30.06.2022</b>	30.06.2021	31.12.2021	<b>H1 2022</b>	H1 2021	2021
USD/CHF	<b>0.9574</b>	0.9244	0.9111	<b>0.9430</b>	0.9120	0.9150
EUR/CHF	<b>1.0009</b>	1.0962	1.0362	<b>1.0250</b>	1.0970	1.0795
GBP/CHF	<b>1.1628</b>	1.2770	1.2341	<b>1.2140</b>	1.2670	1.2580

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 NET INTEREST INCOME

	H1 2022 CHF m	H1 2021 CHF m	H2 2021 CHF m	Change to H1 2021 in %
Interest income on amounts due from banks	1.2	0.9	0.4	33.3
Interest income on loans	300.8	251.8	269.3	19.5
Interest income on debt instruments at FVOCI	65.4	56.3	57.8	16.2
Interest income on debt instruments amortised cost	13.0	-	-	-
Negative interest received on financial liabilities	17.1	17.2	16.7	-0.6
Interest income on financial instruments measured at amortised cost and fair value through other comprehensive income	397.5	326.2	344.2	21.9
Interest expense on amounts due to banks	4.0	0.6	2.3	566.7
Interest expense on amounts due to customers	42.8	19.9	21.3	115.1
Interest expense on debt issued	0.4	0.1	0.3	-
Negative interest paid on financial assets	39.6	17.9	27.0	-
Interest expense on lease liabilities	1.8	2.0	1.7	-10.0
Interest expense on financial instruments measured at amortised cost	88.6	40.5	52.6	118.8
<b>Total</b>	<b>308.9</b>	<b>285.7</b>	<b>291.6</b>	<b>8.1</b>

## NOTE 2 NET COMMISSION AND FEE INCOME

	H1 2022 CHF m	H1 2021 CHF m	H2 2021 CHF m	Change to H1 2021 in %
Advisory and asset management fees	628.3	619.1	663.1	1.5
Brokerage commissions and income from securities underwriting	304.3	436.2	340.7	-30.2
Commission and fee income on other services	25.2	28.4	32.4	-11.3
Total commission and fee income	957.8	1,083.7	1,036.2	-11.6
Commission expense	269.1	287.7	288.8	-6.5
<b>Total</b>	<b>688.7</b>	<b>796.0</b>	<b>747.4</b>	<b>-13.5</b>

### NOTE 3 PERSONNEL EXPENSES

	<b>H1 2022</b> <i>CHF m</i>	H1 2021 <i>CHF m</i>	H2 2021 <i>CHF m</i>	<i>Change to H1 2021 in %</i>
Salaries and bonuses	<b>462.5</b>	501.4	452.6	-7.8
Contributions to staff pension plans (defined benefits)	<b>49.3<sup>1</sup></b>	34.6	41.2	42.5
Contributions to staff pension plans (defined contributions)	<b>19.4</b>	10.7	12.7	81.3
Other social security contributions	<b>39.6</b>	39.7	34.3	-0.3
Share-based payments	<b>22.8</b>	28.4	34.7	-19.7
Other personnel expenses	<b>13.7</b>	6.6	10.4	107.6
<b>Total</b>	<b>607.3</b>	621.4	585.9	-2.3

<sup>1</sup> Including the loss from a plan amendment in the amount of CHF 6.0 million.

### NOTE 4 GENERAL EXPENSES

	<b>H1 2022</b> <i>CHF m</i>	H1 2021 <i>CHF m</i>	H2 2021 <i>CHF m</i>	<i>Change to H1 2021 in %</i>
Occupancy expense	<b>10.1</b>	8.9	12.5	13.5
IT and other equipment expense	<b>43.2</b>	38.0	37.3	13.7
Information, communication and advertising expense	<b>70.7</b>	66.6	73.8	6.2
Service expense, fees and taxes	<b>192.3</b>	176.5	218.9	9.0
Provision and losses	<b>71.7</b>	29.7	33.4	141.4
Other general expenses	<b>1.6</b>	2.9	-	-44.8
<b>Total</b>	<b>389.6</b>	322.6	375.9	20.8

NOTE 5 FINANCIAL ASSETS MEASURED AT FVOCI

	30.06.2022	31.12.2021
	<i>CHF m</i>	<i>CHF m</i>
Government and agency bonds	4,892.3	4,430.7
Financial institution bonds	5,538.6	5,232.4
Corporate bonds	3,013.5	3,229.1
<b>Debt instruments</b>	<b>13,444.4</b>	12,892.2
<i>of which quoted</i>	<b>9,160.0</b>	8,832.0
<i>of which unquoted</i>	<b>4,284.4</b>	4,060.2
<b>Equity instruments</b>	<b>351.5</b>	339.3
<i>of which unquoted</i>	<b>351.5</b>	339.3
<b>Total</b>	<b>13,795.9</b>	13,231.5

NOTE 6 FINANCIAL ASSETS MEASURED AT AMORTISED COST

	30.06.2022	31.12.2021
	<i>CHF m</i>	<i>CHF m</i>
Government and agency bonds	2,034.3	-
Financial institution bonds	859.6	-
Corporate bonds	90.0	-
<b>Debt instruments</b>	<b>2,983.9</b>	-
<i>of which quoted</i>	<b>2,696.2</b>	-
<i>of which unquoted</i>	<b>287.7</b>	-
<b>Total</b>	<b>2,983.9</b>	-



NOTE 7 DEBT ISSUED

	<b>30.06.2022</b>	31.12.2021
	<i>CHF m</i>	<i>CHF m</i>
Bonds	<b>736.2</b>	774.3
<b>Total</b>	<b>736.2</b>	774.3

**Bonds**

				<b>30.06.2022</b>	31.12.2021
	Stated interest rate/ effective interest rate %		Currency	Notional amount m	Carrying value CHF m
				Carrying value CHF m	Carrying value CHF m
<b>Bank Julius Baer &amp; Cie Ltd.</b>					
2021	0.125/ 0.103	Senior bond	CHF	260.0	236.6
				236.6	257.4
<b>Bank Julius Baer &amp; Cie Ltd.</b>					
2021	0.000/ 0.092	Senior unsecured bond	EUR	500.0	499.6
				499.6	516.9
<b>Total</b>				<b>736.2</b>	774.3

**Changes in debt issued**

	<b>30.06.2022</b>	31.12.2021
	<i>CHF m</i>	<i>CHF m</i>
Balance at the beginning of the year	<b>774.3</b>	-
Changes from financing cash flows:		
– Proceeds from issuance of new bonds	-	806.9
Total changes from financing cash flows	-	806.9
Changes related to amortisation of premiums/discounts	<b>0.2</b>	0.2
Changes related to foreign exchange	<b>-17.6</b>	-29.9
Changes related to hedge accounting	<b>-20.7</b>	-2.9
<b>Balance at the end of the year</b>	<b>736.2</b>	774.3

## NOTE 8 PROVISIONS

### Introduction

The Bank operates in a legal and regulatory environment that exposes it to significant litigation, compliance, reputational and other risks arising from disputes and regulatory proceedings.

Non-compliance with regulatory requirements may result in regulatory authorities taking enforcement action or initiating criminal proceedings against the Bank and/or its employees. Possible sanctions could include the revocation of licences to operate certain businesses, the order to suspend or limit certain activities, the suspension or expulsion from a particular jurisdiction or market of any of the Bank's business organisations or their key personnel, the imposition of fines, the disgorgement of profit as well as claims for restitution, and censures on companies and employees with respective impact on the reputation of the Bank and its relation with clients, business partners and other stakeholders. In certain markets, authorities, such as regulatory or tax authorities, may determine that industry practices, e.g. regarding the provision and charging of services, are or have become inconsistent with their interpretations of existing local and/or international laws and regulations. Also, from time to time, the Bank is and may be confronted with information and clarification requests, and procedures from authorities and other third parties (e.g. related to conflicting laws, sanctions, etc.) as well as with enforcement procedures relating to certain topics (such as environmental, social, governance, sustainability, suitability or disclosure issues). As a matter of principle, the Bank cooperates with the competent authorities within the confines of applicable laws to clarify the situation while protecting its own and other stakeholders' interests.

The risks described below may not be the only risks to which the Bank is exposed. The additional risks not presently known, or risks and proceedings currently deemed immaterial, may also impair the Bank's future business, results of operations, financial condition and prospects. The materialisation of one or more of these risks may individually, or together with other circumstances,

have a materially adverse impact on the Bank's business, results of operations, financial condition and prospects.

### Legal proceedings/contingent liabilities

The Bank is involved in various legal, regulatory and administrative proceedings concerning matters arising within the course of normal business operations. The current business environment involves substantial legal and regulatory risks, the impact of which on the financial position or profitability of the Bank – depending on the status of related proceedings – is difficult to assess.

The Bank establishes provisions for pending and threatened legal proceedings if management is of the opinion that such proceedings are more likely than not to result in a financial obligation or loss, or if the dispute for economic reasons should be settled without acknowledgement of any liability on the part of the Bank and if the amount of such obligation or loss can already be reasonably estimated.

In cases in which the amount cannot be reasonably estimated due to the early stage of the proceedings, the complexity of the proceedings and/or other factors, no provision is recognised but the case is recorded as a contingent liability as of 30 June 2022. The contingent liabilities may result in a materially adverse effect on the Bank or for other reasons may be of interest to investors and other stakeholders.

In 2010 and 2011, litigation was commenced against the Bank and numerous other financial institutions by the liquidators of the Fairfield funds (the 'Fairfield Liquidators'), which funds had served as feeder funds for the Madoff fraudulent investment schemes. In the direct claims against the Bank, the Fairfield Liquidators are seeking to recover a total amount of approximately USD 64 million in the courts of New York (including USD 17 million that relates to redemption payments made to clients of ING Bank (Suisse) SA, which merged with the Bank in 2010, and approximately USD 25 million that relates to redemption payments made to clients of

Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions). The proceedings in the courts of the British Virgin Islands, where an amount of approximately USD 8.5 million had been claimed from the Bank, were finally dismissed in favour of the Bank with a ruling of the Privy Council, the highest court of appeals for the British Virgin Islands. In addition to the direct claims against the Bank, the Fairfield Liquidators have made combined claims in the amount of approximately USD 1.8 billion against more than 80 defendants, with only a fraction of this amount being sought from the Bank (and ultimately its clients concerned). The combined claims aggregate the damages asserted against all defendants, such that a reliable allocation of the claimed amounts between the Bank and the other defendants cannot be made at this time. Finally, in further proceedings, the trustee of Madoff's broker-dealer company (the 'Trustee') seeks to recover over USD 110 million in the courts of New York (including USD 46 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions), largely in relation to the same redemption payments which are the subject matter of the claims asserted by the Fairfield Liquidators. The Bank is challenging these actions on procedural and substantive grounds and has taken further measures to defend and protect its interests. In the proceedings initiated by the Trustee, the Bankruptcy Court in New York dismissed the case against the Bank and other defendants based on extraterritoriality principles in November 2016. The Trustee has appealed this decision, and, in February 2019, the Court of Appeal has reversed the decision by the Bankruptcy Court. The Supreme Court denied reviewing such decision, therefore the proceedings continue with the Bankruptcy Court. In the proceedings initiated by the Liquidators, the Bankruptcy Court in New York decided in December 2018 on certain aspects, which have been appealed by the Liquidators. The Bankruptcy Court has additionally decided on certain other aspects in the Bank's favour in late 2020. That decision has been appealed as well. Both appeals have been consolidated and remain pending. Further, in October 2021, the Bank filed a motion to dismiss for

lack of personal jurisdiction. In response, the Liquidators requested jurisdictional discovery, which is pending.

In a landmark decision on so-called retrocessions, the Swiss Federal Supreme Court ruled in 2012 that the receipt of fund trailer fees by a bank in connection with a Discretionary Portfolio Management mandate may create a potential conflict of interest in the execution of the mandate. The Court considered that by receiving trailer fees in the context of such mandate, a bank may be inclined not to act in the best interest of the client. Therefore, based on applicable Swiss mandate law, a bank shall not only account for fund trailer fees obtained from third parties in connection with a client's mandate, but also be obliged to forward respective amounts to a client, provided the client has not validly waived the right to reclaim such fees. The Bank has assessed this decision by the Swiss Federal Supreme Court and other court decisions relevant in this context – i.e. the Bank continues to assess such court decisions and developments, the mandate structures to which the Court decisions might be applicable, and the documentation as well as the impact of respective waivers and communicated bandwidths that were introduced in the past on an ongoing basis – and has implemented appropriate measures to address the matter.

The Bank is confronted with a claim by the liquidator of a Lithuanian corporation arguing that the Bank did not prevent two of its clients from embezzling assets of such corporation. In this context, the liquidator as of 2013 presented draft complaints with different claim amounts for a potential Swiss proceeding and initiated payment orders ('Betreibungsbegehren') against the Bank in the amount of CHF 422 million (plus accrued interest from 2009). On 8 February 2017, the Bank was served with a claim from said Lithuanian corporation in liquidation in the amount of EUR 306 million. The court proceeding against the Bank was initiated in Lithuania. On 19 October 2018, the Lithuanian court of last instance definitively rejected local jurisdiction, thereby terminating the litigation against the Bank in Lithuania. On 1 July 2019, the Bank was served with a conciliation request from the liquidator representing the assets of the Lithuanian corporation in liquidation filed with the first instance

court in Geneva, related to a claim of EUR 335 million plus accrued interest since 2011. On 8 January 2020, the Bank was served with the corresponding claim in the amount of EUR 335 million plus accrued interest at a rate of 5% per annum since December 2011. On 30 June 2022, as settlement in the amount of EUR 105 million was concluded.

In the context of an investigation against a former client regarding alleged participation in an environmental certificate-trading-related tax fraud in France, a formal procedure into suspected lack of due diligence in financial transactions/money laundering was initiated against the Bank in June 2014 and dismissed for formal reasons by a Court Order in March 2017. The deposit in the amount of EUR 3.75 million made in October 2014 by the Bank with the competent French court as a precautionary measure representing the amount of a potential fine accordingly was reimbursed to the Bank. However, in July 2017 the same amount was deposited again as a new investigatory procedure with respect to the same matter was initiated against the Bank. In May 2020, following an application by the prosecutor, the court admitted a new indictment against the Bank in this matter. A trial in the matter took place in December 2021 at which a fine of EUR 5 million and a restitution amount of EUR 2 million was proposed to be charged against the Bank. The competent court of First Instance issued its decision on 14 March 2022 and found the Bank guilty of aggravated money laundering and confirmed the fine of EUR 5 million but reduced the claimed restitution amount to EUR 0.4 million. The Bank has appealed this decision and continues to protect its interests.

The Bank is confronted with a claim by a former client arguing that the Bank initiated transactions without appropriate authorisations and that the Bank has not adhered to its duties of care, trust, information and warnings. In April 2015, the former client presented a complaint for an amount of USD 70 million (plus accrued interest) and BRL 24 million, which, in January 2017, he supported with a payment order (“Betreibungsbegehren”) in various currencies filed against the Bank in the total amount of then approximately CHF 91.3 million (plus

accrued interest). Since December 2017, the Bank has received yearly payment orders in various currencies in the total amount of currently approximately CHF 139 million (plus accrued interest). The Bank is contesting the claim whilst taking appropriate measures to defend its interests.

In November 2014, the Bank was served in Geneva with a claim by an investment fund, acting on its behalf and on behalf of three other funds, in the total amount of USD 29 million (plus accrued interests). The funds were former clients of Bank of China (Suisse) SA, which was acquired by Bank Julius Baer & Co. Ltd. in 2012. Additionally, in October 2015, the claimant filed an amendment of claim in court, by which a further USD 39 million was claimed. In March 2017, the claimant reduced the total claimed amount to USD 44.6 million. The claimant argues that Bank of China (Suisse) SA acted not only as a custodian bank, but also as secured creditor and manager of the funds, and tolerated excess in leverage. It claims that the funds suffered a severe loss consequent upon the liquidation of almost their entire portfolio of assets in May 2010 and argues that this liquidation was performed by Bank of China (Suisse) SA without the consent of the funds’ directors and was ill-timed, disorderly and occurred in exceptionally unusual market conditions. The Bank is contesting the claim whilst taking appropriate measures to defend its interests. In addition, such claims in principle are subject to acquisition-related representation and warranties provisions.

The Bank had received inquiries from, and has been cooperating with, authorities in Switzerland and the USA investigating corruption and bribery allegations surrounding *Petróleos de Venezuela S.A. (PDVSA)*. These requests in particular focused on persons named in the indictment ‘United States of America v. Francisco Convit Guruceaga, et al.’ of 23 July 2018. The authorities in Switzerland and abroad have, in addition to the corruption and bribery allegations against third parties, opened investigations and are inquiring whether financial institutions failed to observe due diligence standards as applied in financial services and in particular in the context of anti-money laundering laws in relation to suspicious and potentially illegal transactions. FINMA’s related enforcement procedure against the

Bank and Julius Baer Group Ltd. was closed by an order as published on 20 February 2020. Julius Baer has been supporting related inquiries and investigations and has been cooperating with the competent authorities. FINMA also lifted an acquisition ban at the end of March 2021 initially imposed with the closing of the enforcement procedure in February 2020. Related to the PDVSA matter, in November 2019, a former employee filed a labour law-based claim in the amount of USD 34.1 million in Venezuela against several Julius Baer companies combined with a respective precautionary seizure request in the double amount. Julius Baer is contesting the claim and seizure request while taking appropriate measures to defend its interests.

Following the successful defense in the Swiss Federal Supreme Court of its OFAC sanctions applicability practices the Bank, against the background of recent political and regulatory

intensification of the topic of international sanctions, has resumed discussion with the aim to timely resolve certain open issues with regard to historic compliance with OFAC regulations.

In May 2021, the Bank became aware that a Writ of Summons ('the Writ') had been registered against it at the Registry of the High Court of the Hong Kong Special Administrative Region, Court of First Instance. The Writ had been filed by SRC International (Malaysia) Limited ('SRC') claiming the sum of approximately USD 112 million from the Bank, alleging the Bank was in breach of its fiduciary duty of care by accepting and processing payment instructions for the transfer of funds during the period 25 October 2013 to September 2016. On 4 May 2022, the amended writ and statement of claim in the amount of USD 112.5 million have been served on the Bank. The Bank is contesting the claim while taking appropriate measures to defend its interests.

NOTE 9A FINANCIAL INSTRUMENTS - FAIR VALUES

**Financial assets**

	<b>30.06.2022</b>		31.12.2021	
	Carrying value CHF m	Fair value CHF m	Carrying value CHF m	Fair value CHF m
<b>Financial assets measured at amortised cost</b>				
Cash	16,662.1	16,662.1	17,275.4	17,275.4
Due from banks	6,538.5	6,506.5	5,101.5	5,104.1
Loans	43,210.0	43,347.3	46,399.0	46,763.2
Other financial assets measured at amortised cost	2,983.9	2,989.9	-	-
Accrued income	266.3	266.3	281.3	281.3
Other assets	12.3	12.3	9.1	9.1
<b>Total</b>	<b>69,673.1</b>	<b>69,784.4</b>	69,066.3	69,433.1
<b>Financial assets measured at FVTPL</b>				
Financial assets measured at FVTPL	11,082.8	11,082.8	14,681.2	14,681.2
Derivative financial instruments	3,396.5	3,396.5	2,097.0	2,097.0
Financial assets designated at fair value	268.4	268.4	306.9	306.9
<b>Total</b>	<b>14,747.7</b>	<b>14,747.7</b>	17,085.1	17,085.1
<b>Financial assets measured at FVOCI</b>				
Financial assets measured at FVOCI	13,795.9	13,795.9	13,231.5	13,231.5
<b>Total</b>	<b>13,795.9</b>	<b>13,795.9</b>	13,231.5	13,231.5
<b>Total financial assets</b>	<b>98,216.7</b>	<b>98,328.0</b>	99,382.9	99,749.7

**Financial liabilities**

	<b>30.06.2022</b>		31.12.2021	
	Carrying value CHF m	Fair value CHF m	Carrying value CHF m	Fair value CHF m
<b>Financial liabilities at amortised costs</b>				
Due to banks	11,005.9	11,005.9	8,011.6	8,017.4
Due to customers	75,103.5	75,178.4	75,458.6	75,548.5
Debt issued	736.2	705.9	774.3	774.3
Accrued expenses	245.1	245.1	173.1	173.1
Other liabilities	6.1	6.1	4.9	4.9
<b>Total</b>	<b>87,096.8</b>	<b>87,141.4</b>	84,422.5	84,518.2
<b>Financial liabilities measured at FVTPL</b>				
Financial liabilities measured at FVTPL	626.3	626.3	749.5	749.5
Derivative financial instruments	3,444.2	3,444.2	2,681.4	2,681.4
Financial liabilities designated at fair value	10,959.5	10,959.5	14,459.0	14,459.0
<b>Total</b>	<b>15,030.0</b>	<b>15,030.0</b>	17,889.9	17,889.9
<b>Total financial liabilities</b>	<b>102,126.8</b>	<b>102,171.4</b>	102,312.4	102,408.1

## NOTE 9B FINANCIAL INSTRUMENTS - FAIR VALUE DETERMINATION

For financial instruments measured at fair value through profit and loss (FVTPL) as well as for financial assets measured at fair value through other comprehensive income (FVOCI), the fair values are determined as follows:

**Level 1**

For financial instruments for which prices are quoted in an active market, the fair value is determined directly from the quoted market price.

**Level 2**

For financial instruments for which quoted market prices are not directly available or are not derived from active markets, fair values are estimated using valuation techniques or models based wherever possible on assumptions supported by observable market prices or rates existing on the balance sheet date. This is the case for the majority of OTC derivatives, most unquoted financial instruments, the vast majority of the Group's issued structured notes, and other items that are not traded in active markets. The main pricing models and valuation techniques applied to these financial instruments include forward pricing and swap models using present-value calculations, and option models such as the Black-Scholes model. The values derived from applying these models and techniques are significantly impacted by the choice of the valuation model used and the underlying assumptions made, such as the amounts and timing of future cash flows, discount rates, volatility, or credit risk.

**Level 3**

For certain financial instruments, neither quoted market prices nor valuation techniques or models based on observable market prices are available for determining the fair value. In these cases, fair value is estimated indirectly using valuation techniques or models based on reasonable assumptions reflecting market conditions.

*Financial assets measured at FVTPL and financial assets measured at FVOCI:* The Bank holds a limited number of shares in companies in adjacent business areas, which are measured at FVTPL. Additionally, the Group holds shares in service

providers such as SIX Swiss Exchange, Euroclear and SWIFT, which are required for the operation of the Bank and are reported as financial assets measured at FVOCI, with changes in the fair value recognised in other comprehensive income. The determination of the fair value of these financial instruments is based on the reported or published net asset value of the investees. The net asset values are adjusted by management for any necessary impacts from events that may have an influence on the valuation (adjusted net asset method). In 2022, dividends related to these investments in the amount of CHF 3.0 million (2021: CHF 11.9 million) have been recognised in the income statement.

*Financial instruments designated at fair value:* The Bank issues to its wealth management clients a limited number of specific structured notes, which are intended to be fully invested in private equity investments. Since the notes may not be fully invested in private equity from the beginning, the portion currently not yet invested is placed in money market instruments, short-term debt funds, or held in cash. Although the clients contractually bear all the related risks and rewards from the underlying investments, these financial instruments are not derecognised from the Bank's balance sheet due to the strict derecognition criteria required by IFRS. Therefore, the private equity investments as well as the money market instruments are recorded as financial assets designated at fair value. Any changes in the fair value or any other income from the private equity investments, as well as any income related to the money market instruments, are recorded in the income statement. However, as the clients are entitled to all rewards related to the investments, these amounts net out in the respective line item in the income statement. Hence, any change in the valuation inputs has no impact on the Bank's income statement or shareholders' equity.

To measure the fair values of the private equity investments, the Bank generally relies on the valuations provided by the respective private equity funds managing the investments. These funds in turn use their own valuation techniques, such as



market approaches or income approaches, including their own input factors into the applied models. Therefore, the private equity investments are reported in level 3 of the fair value hierarchy, as the fair values are determined based on models

with unobservable market inputs. The related issued notes are reported as financial liabilities designated at fair value and classified as level 3 instruments, due to the related private equity investments being part of the valuation of the notes.

The fair value of financial instruments measured at fair value is determined as follows:

	<b>30.06.2022</b>			
	Quoted market price Level 1 CHF m	Valuation technique market- observable inputs Level 2 CHF m	Valuation technique non-market- observable inputs Level 3 CHF m	<b>Total</b> CHF m
<b>Financial assets and liabilities measured at fair value</b>				
Trading – debt instruments FVTPL	2,347.5	1,280.2	277.4	3,905.1
Trading – equity instruments FVTPL	6,030.9	1,047.2	99.7	7,177.8
<b>Total financial assets measured at FVTPL</b>	<b>8,378.4</b>	<b>2,327.4</b>	<b>377.1</b>	<b>11,082.9</b>
Foreign exchange derivatives	3.1	1,866.9	-	1,870.0
Interest rate derivatives	0.9	265.8	-	266.7
Precious metal derivatives	1.0	130.4	-	131.4
Equity/indices derivatives	13.7	1,042.1	-	1,055.8
Credit derivatives	-	1.1	-	1.1
Other derivatives	4.3	67.2	-	71.5
<b>Total derivative financial instruments</b>	<b>23.0</b>	<b>3,373.5</b>	<b>-</b>	<b>3,396.5</b>
<b>Financial assets designated at fair value</b>	<b>8.8</b>	<b>61.2</b>	<b>198.4</b>	<b>268.4</b>
Debt instruments at FVOCI	10,020.0	3,424.4	-	13,444.4
Equity instruments at FVOCI	-	-	351.5	351.5
<b>Total financial assets measured at FVOCI</b>	<b>10,020.0</b>	<b>3,424.4</b>	<b>351.5</b>	<b>13,795.9</b>
<b>Total assets</b>	<b>18,430.2</b>	<b>9,186.5</b>	<b>927.0</b>	<b>28,543.7</b>
<b>Financial liabilities measured at fair value</b>				
Short positions – debt instruments	172.3	51.4	-	223.7
Short positions – equity instruments	393.1	8.1	1.4	402.6
<b>Total financial liabilities measured at FVTPL</b>	<b>565.4</b>	<b>59.5</b>	<b>1.4</b>	<b>626.3</b>
Foreign exchange derivatives	0.1	1,758.0	-	1,758.1
Interest rate derivatives	1.7	306.9	-	308.6
Precious metal derivatives	0.3	164.9	-	165.2
Equity/indices derivatives	7.2	1,140.1	-	1,147.3
Credit derivatives	-	1.3	-	1.3
Other derivatives	2.4	61.3	-	63.7
<b>Total derivative financial instruments</b>	<b>11.7</b>	<b>3,432.5</b>	<b>-</b>	<b>3,444.2</b>
<b>Financial liabilities designated at fair value</b>	<b>-</b>	<b>10,623.1</b>	<b>336.4</b>	<b>10,959.5</b>
<b>Total liabilities</b>	<b>577.1</b>	<b>14,115.1</b>	<b>339.2</b>	<b>15,030.0</b>

	31.12.2021			
	Quoted market price Level 1 CHF m	Valuation technique market- observable inputs Level 2 CHF m	Valuation technique non-market- observable inputs Level 3 CHF m	Total CHF m
Financial assets and liabilities measured at fair value				
Trading – debt instruments FVTPL	2,262.2	715.6	286.0	3,263.8
Trading – equity instruments FVTPL	9,179.2	2,232.9	5.3	11,417.4
Total financial assets measured at FVTPL	11,441.4	2,948.5	291.3	14,681.2
Foreign exchange derivatives	0.9	851.2	-	852.1
Interest rate derivatives	0.9	135.7	-	136.6
Precious metal derivatives	2.0	70.1	-	72.1
Equity/indices derivatives	32.8	969.6	-	1,002.4
Credit derivatives	-	29.9	-	29.9
Other derivatives	3.9	-	-	3.9
Total derivative financial instruments	40.5	2,056.5	-	2,097.0
Financial assets designated at fair value	22.1	97.1	187.7	306.9
Debt instruments at FVOCI	9,776.8	3,115.4	-	12,892.2
Equity instruments at FVOCI	-	-	339.3	339.3
Total financial assets measured at FVOCI	9,776.8	3,115.4	339.3	13,231.5
<b>Total assets</b>	<b>21,280.8</b>	<b>8,217.5</b>	<b>818.3</b>	<b>30,316.6</b>
Short positions – debt instruments	132.6	41.4	-	174.0
Short positions – equity instruments	548.3	27.2	-	575.5
Total financial liabilities measured at FVTPL	680.9	68.6	-	749.5
Foreign exchange derivatives	0.4	985.1	-	985.5
Interest rate derivatives	0.7	164.5	-	165.2
Precious metal derivatives	2.0	111.4	-	113.4
Equity/indices derivatives	6.5	1,359.6	-	1,366.1
Credit derivatives	-	48.6	-	48.6
Other derivatives	2.6	-	-	2.6
Total derivative financial instruments	12.2	2,669.2	-	2,681.4
Financial liabilities designated at fair value	-	14,122.3	336.7	14,459.0
<b>Total liabilities</b>	<b>693.1</b>	<b>16,860.1</b>	<b>336.7</b>	<b>17,889.9</b>

For financial instruments measured at FVTPL, no material shifts between the fair value levels have occurred in 2022 and 2021 due to COVID-19 or any other event.

## NOTE 10 CREDIT QUALITY ANALYSIS

The following tables provide an analysis of the Bank's exposure to credit risk by credit quality and expected credit loss stage; they are based on the Bank's internal credit systems.

**Exposure to credit risk by credit quality**

				<b>30.06.2022</b>	
	Moody's	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	<b>Total</b> CHF m
<b>Due from banks, at amortised cost</b>					
R1 – R4: Low to medium risk		6,496.8	-	-	<b>6,496.8</b>
R5 – R6: Increased risk		7.4	34.6	-	<b>42.0</b>
R7 – R10: Impaired		-	-	-	-
Total		6,504.2	34.6	-	<b>6,538.8</b>
Loss allowance		-0.2	-0.1	-	-0.3
<b>Carrying amount</b>		<b>6,504.0</b>	<b>34.5</b>	-	<b>6,538.5</b>
<b>Lombard loans, at amortised cost<sup>1</sup></b>					
R1 – R4: Low to medium risk		35,549.5	52.1	-	<b>35,601.6</b>
R5 – R6: Increased risk		1,440.4	59.7	-	<b>1,500.1</b>
R7 – R10: Impaired		-	-	84.8	<b>84.8</b>
Total		36,989.9	111.8	84.8	<b>37,186.5</b>
Loss allowance		-7.6	-0.2	-80.6	-88.4
<b>Carrying amount</b>		<b>36,982.3</b>	<b>111.6</b>	<b>4.2</b>	<b>37,098.1</b>
<b>Mortgages, at amortised cost<sup>1</sup></b>					
R1 – R4: Low to medium risk		5,648.2	332.5	-	<b>5,980.7</b>
R5 – R6: Increased risk		1.9	79.9	-	<b>81.8</b>
R7 – R10: Impaired		-	-	57.1	<b>57.1</b>
Total		5,650.1	412.4	57.1	<b>6,119.6</b>
Loss allowance		-2.2	-0.3	-5.2	-7.7
<b>Carrying amount</b>		<b>5,647.9</b>	<b>412.1</b>	<b>51.9</b>	<b>6,111.9</b>
<b>Debt instruments, at FVOCI</b>					
R1 – R4: Low to medium risk	Aaa – Baa3	13,446.0	-	-	<b>13,446.0</b>
R5 – R6: Increased risk	Ba1 – B3	-	-	-	-
R7 – R10: Impaired	Caa1 – C	-	-	-	-
<b>Carrying amount</b>		<b>13,446.0</b>	-	-	<b>13,446.0</b>
Loss allowance		-1.5	-	-	-1.5
<b>Debt instruments, at amortised cost</b>					
R1 – R4: Low to medium risk	Aaa – Baa3	2,984.1	-	-	<b>2,984.1</b>
R5 – R6: Increased risk	Ba1 – B3	-	-	-	-
R7 – R10: Impaired	Caa1 – C	-	-	-	-
<b>Carrying amount</b>		<b>2,984.1</b>	-	-	<b>2,984.1</b>
Loss allowance		-0.2	-	-	-0.2

<sup>1</sup> Loss allowance on overdue interest payments and cancelled credit-impaired facilities on certain Mortgages (CHF 4.4m), as well as their corresponding exposures (CHF 29.0m) were reported - as commented in the respective footnote - as Lombard loans in the annual report 2021. For 2022, these are now reported under Mortgages.

				31.12.2021	
	Moody's	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	Total CHF m
<b>Due from banks, at amortised cost</b>					
R1 – R4: Low to medium risk		5,022.2	-	-	5,022.2
R5 – R6: Increased risk		79.4	-	-	79.4
R7 – R10: Impaired		-	-	-	-
<b>Total</b>		<b>5,101.6</b>	<b>-</b>	<b>-</b>	<b>5,101.6</b>
Loss allowance		-0.1	-	-	-0.1
Carrying amount		5,101.5	-	-	5,101.5
<b>Lombard loans, at amortised cost<sup>1</sup></b>					
R1 – R4: Low to medium risk		38,773.2	30.1	-	38,803.3
R5 – R6: Increased risk		1,290.2	200.4	-	1,490.6
R7 – R10: Impaired		-	-	119.7	119.7
<b>Total</b>		<b>40,063.4</b>	<b>230.5</b>	<b>119.7</b>	<b>40,413.6</b>
Loss allowance		-4.9	-0.1	-79.2	-84.2
Carrying amount		40,058.5	230.4	40.5	40,329.4
<b>Mortgages, at amortised cost<sup>1</sup></b>					
R1 – R4: Low to medium risk		5,657.6	346.4	-	6,004.0
R5 – R6: Increased risk		1.8	34.6	-	36.4
R7 – R10: Impaired		-	-	30.7	30.7
<b>Total</b>		<b>5,659.4</b>	<b>381.0</b>	<b>30.7</b>	<b>6,071.1</b>
Loss allowance		-0.6	-0.1	-0.8	-1.5
Carrying amount		5,658.8	380.9	29.9	6,069.6
<b>Debt instruments, at FVOCI</b>					
R1 – R4: Low to medium risk	Aaa – Baa3	12,847.9	-	-	12,847.9
R5 – R6: Increased risk	Ba1 – B3	-	-	-	-
R7 – R10: Impaired	Caa1 – C	45.6	-	-	45.6
<b>Carrying amount</b>		<b>12,893.5</b>	<b>-</b>	<b>-</b>	<b>12,893.5</b>
Loss allowance		-1.3	-	-	-1.3

<sup>1</sup> Loss allowance on overdue interest payments and cancelled credit-impaired mortgages (CHF 4.4 million), as well as their corresponding exposures (CHF 29.0 million) are allocated to Lombard loans.

The macroeconomic scenarios used in the ECL calculation models have been reviewed in light of the major changes in geopolitical realities and macroeconomic data and expectations. As a consequence, the growth assumption (based on the gross domestic products) used in the baseline scenario has been lowered for the half-year reporting 2022; this after the Bank had increased it for the year-end reporting 2021. For the same reasons, the Bank increased the weighting of the down scenario at the expense of the base and the up scenarios. The other input factors applied in the ECL calculation models did not have to be adjusted, as they

generally proved to be reliable and robust. Likewise, the models used for the ECL calculation were not modified.

The ECL calculations did not reveal material losses to be recognised for half-year reporting 2022.

However, as the significant uncertainty regarding the development of the macroeconomic situation persists, the input factors used in the ECL models are monitored on an ongoing basis and may have to be adjusted further in the next reporting periods.

NOTE 11 ASSETS UNDER MANAGEMENT

	<b>30.06.2022</b> <i>CHF m</i>	30.06.2021 <i>CHF m</i>	31.12.2021 <i>CHF m</i>
Assets with discretionary mandate	<b>51,536</b>	58,857	60,142
Other assets under management	<b>294,078</b>	334,919	325,199
<b>Total assets under management (including double counting)</b>	<b>345,614</b>	393,776	385,341
<i>of which double counting</i>	<b>15,041</b>	15,799	16,423
	<b>H1 2022</b> <i>CHF m</i>	H1 2021 <i>CHF m</i>	H2 2021 <i>CHF m</i>
Change through net new money	<b>-2,947</b>	8,191	13,580
Change through market and currency impacts	<b>-35,793</b>	33,393	20,341
Change through divestment	<b>-772<sup>1</sup></b>	-196 <sup>1</sup>	-968 <sup>1</sup>
Change through other effects	<b>-215<sup>2</sup></b>	- <sup>2</sup>	- <sup>2</sup>
Client assets	<b>413,252</b>	472,553	464,875

<sup>1</sup> Assets under management were affected by the Bank's decision to discontinue its offering to clients from a number of selected countries.

<sup>2</sup> Includes assets which have been reclassified following the completed roll-out of the new client advisory models in Switzerland.

**Method of calculation**

Assets under management are disclosed according to the Guidelines of the Swiss Financial Market Supervisory Authority (FINMA) governing financial statement reporting.

## CAPITAL RATIOS

Details regarding tier 1 capital instruments can be found in the Regulatory Disclosures section of [www.juliusbaer.com](http://www.juliusbaer.com).







BANK JULIUS BAER & CO. LTD.

Bahnhofstrasse 36  
P.O. Box  
8010 Zurich  
Switzerland  
Telephone +41 (0) 58 888 1111  
Fax +41 (0) 58 888 1122  
[www.juliusbaer.com](http://www.juliusbaer.com)