Julius Bär

MEDIA RELEASE

Julius Baer Group Ltd.

Zurich, 24 July 2023

Ad hoc announcement pursuant to Art. 53 LR

Presentation of the 2023 half-year results for the Julius Baer Group

Substantial rise in net profit – Strong relationship manager hiring and robust pipeline – Well capitalised, liquid balance sheet

Strong start into the new strategic cycle:

- **IFRS net profit attributable to shareholders of Julius Baer Group Ltd. grew 18% year on year to CHF 532 million and IFRS earnings per share (EPS) grew 20% to CHF 2.58.**
- **Adjusted net profit (excluding M&A-related items) up 14% to CHF 541 million and adjusted EPS attributable to shareholders of Julius Baer Group Ltd. up 16% to CHF 2.63.**
- **Assets under management (AuM) of CHF 441 billion, a year-to-date increase of 4%, supported by net new money of CHF 7.1 billion.**
- **Operating income grew by 9% year on year, with the positive impact of higher interest rates more than offsetting a decline in net commission and fee income.**

Key indicators further underline the year-on-year improvement in business performance:

- **Gross margin: 93 basis points (bp) (H1 2022: 81 bp)**
- **Adjusted cost/income ratio: 65% (H1 2022: 67%)**
- **Adjusted pre-tax margin: 30 bp (H1 2022: 24 bp)**
- **Adjusted return on CET1 capital: 34% (H1 2022: 30%)**

Accelerated growth investments through meaningful relationship manager (RM) hiring:

- **The number of RMs has risen by (net) 57 full-time equivalents year to date to 1,305.**

Significantly bolstered capital position and balance sheet liquidity:

- **BIS CET1 capital ratio: 15.5% (end of 2022: 14.0%)**
- **BIS total capital ratio: 24.7% (end of 2022: 21.7%)**
- **BIS tier 1 leverage ratio: 5.1% (end of 2022: 4.3%)**
- **Liquidity coverage ratio: 303% (end of 2022: 233%)**

Philipp Rickenbacher, Chief Executive Officer of Julius Baer Group Ltd., said: “In the first half of 2023, with many uncertainties affecting client and market sentiment, Julius Baer has again demonstrated its attractiveness to clients and as an employer. This reflects the proven resilience of our business model, with its unrivalled focus on wealth management, the foresighted management of our financial resources, and our strategic consistency. A complex environment has not hindered us from achieving a strong start to the current strategy cycle – on the contrary, it has even allowed for a tactical acceleration of our push for scale in our key markets.”

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

AuM growth driven by positive market performance and net new money inflows

In the first half of 2023, *assets under management* grew by CHF 17 billion (4%) to CHF 441 billion. This increase was driven mainly by the net positive developments in global equity and bond markets and net new money inflows, partly offset by a net negative currency impact resulting largely from the strengthening of the Swiss franc against the US dollar and the euro.

After a slow start to the year, the net new money intake accelerated in the last two months of the second quarter to reach CHF 7.1 billion (H1 2022: net outflows of CHF 1.1 billion). The level of net inflows continued to be impacted by deleveraging by clients, reflecting current market conditions. Excluding deleveraging, net new money amounted to CHF 9.2 billion (H1 2022: CHF 2.6 billion). The first half of the year saw solid net inflow contributions from clients domiciled in Switzerland, Europe (especially the UK, Ireland, Spain, Luxembourg), Asia (especially Hong Kong, India), Israel, and the Middle East.

Including assets under custody (AuC) of CHF 74 billion, total client assets rose by 5% to CHF 515 billion.

Operating income: positive impact of higher interest rates

Operating income increased by 9% year on year to CHF 2,029 million and the gross margin rose to 93 bp (H1 2022: 81 bp). The development of operating income reflected the positive impact of higher interest rates which drove significant growth in both net interest income and net income from financial instruments measured at FVTPL[1]. This positive impact more than offset a decline in net commission and fee income resulting from lower monthly average AuM (–5% year on year) as well as from reduced client activity.

Net commission and fee income fell by 8% to CHF 963 million. Recurring income declined by 5% to CHF 788 million, in line with the year-on-year decrease in monthly average AuM. A slowdown in client activity resulted in a 15% drop in brokerage commissions to CHF 284 million. Commission expense declined by 8% to CHF 109 million.

Net interest income grew by 36% to CHF 464 million. The increase in interest rates drove a 146% increase in interest income on loans to CHF 841 million, despite a decrease in average loan balances. Higher interest rates also had a positive impact on income from the treasury portfolio: the sum of interest income on debt instruments at FVOCI[2] and interest income on debt instruments at amortised cost rose by 196% to CHF 233 million. Interest income on amounts due from banks grew by CHF 142 million to CHF 143 million. The strong rise in interest income was partly offset by a

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

significant increase in the cost of deposits: interest expense on amounts due to customers rose by CHF 651 million to CHF 667 million, as clients increasingly redirected their cash positions from current accounts to time and call deposits at higher interest rates.

Net income from financial instruments measured at FVTPL grew by 26% to CHF 596 million. The significant year-on-year increase in the differential between US dollar and Swiss franc interest rates benefitted treasury swap income. However, FX, precious metals, and structured products-related income declined following a drop in volatility and muted client activity.

Other ordinary results decreased by CHF 8 million to CHF 4 million.

Net credit recoveries on financial assets of CHF 2 million (H1 2022: net credit losses of CHF 7 million) underline the Group's prudent management of credit risks and the quality of its exposure.

Cost/income ratio improved to 65%, despite increased investments in growth
The successful reset in cost efficiency in the 2020–2022 strategic cycle has created room to fund growth investments for the current cycle. As outlined in the May 2022 Strategy Update, an increased focus is being placed on attracting top talent to scale the Group's presence in key markets and on investments in technology and innovation.

Operating expenses according to IFRS rose by 3% year on year to CHF 1,396 million. *Personnel expenses* grew by 5% to CHF 882 million, *general expenses* rose by 2% to CHF 398 million, *amortisation and impairment of intangible assets* went up by 17% to CHF 58 million, and *depreciation of property and equipment* increased by 10% to CHF 50 million. *Amortisation and impairment of customer relationships* declined by 67% to CHF 8 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 (CHF 11 million in H1 2023, down from CHF 29 million in H1 2022). M&A-related amortisation and impairment of customer relationships decreased to CHF 8 million (H1 2022: CHF 24 million), while other M&A-related expenses decreased to CHF 3 million (H1 2022: CHF 5 million). The reconciliations to the respective IFRS line items are provided in the Alternative Performance Measures document available at www.juliusbaer.com/APM. On this basis, *adjusted operating expenses* rose by 5% year on year to CHF 1,385 million.

Adjusted personnel expenses grew by 5% to CHF 881 million, driven by a 4% year-on-year increase in the monthly average number of employees as well as a rise in performance-related remuneration, partly offset by lower staff pension plan contributions. Julius Baer's unique and resilient pure wealth management business model, supported by its open product platform, its strong and liquid balance sheet, as well as its solid capital position, continues to make it an attractive destination for top talent. At the end of June 2023, the Group employed 7,185 full-time equivalents (FTEs), up 294 from the end of 2022. The number of RMs rose by 57 FTEs (net) to 1,305 FTEs, and the RM hiring pipeline for the rest of the year remains healthy.

Adjusted general expenses increased by 2% to CHF 396 million. Excluding provisions and losses (which declined by 20% to CHF 59 million), adjusted general expenses rose by 7% to CHF 336 million. This latter increase was driven predominantly by a rise in IT-related expenses, and by an increase in travel and client events (often at higher costs) following the further relaxation of COVID-19-related restrictions in many key jurisdictions.

While *depreciation of property and equipment* rose by 10% to CHF 50 million, *adjusted amortisation and impairment of intangible assets* grew by 17% to CHF 58 million, mainly reflecting the rise in IT-related investments in recent years.

The *adjusted cost/income ratio* (as always excluding adjusted provisions and losses) improved to 65% (H1 2022: 67%).

Significant growth in net profit
IFRS *profit before taxes* improved by 23% year on year to CHF 633 million. As income taxes rose by 62% to CHF 102 million, IFRS *net profit* grew by 18% to CHF 531 million. IFRS net profit attributable to shareholders of Julius Baer Group Ltd. also increased by 18%, to CHF 532 million, and IFRS EPS grew by 20% to CHF 2.58.

Adjusted profit before taxes rose by 19% to CHF 644 million and the adjusted pre-tax margin by 6 bp to 30 bp. The related adjusted income taxes increased by 58% to CHF 103 million, representing an adjusted tax rate of 16.1% (H1 2022: 12.1%). The increase in the effective tax rate was the result of a larger profit contribution from higher-tax jurisdictions.

Both *adjusted net profit for the Group* and adjusted net profit attributable to shareholders of Julius Baer Group Ltd. increased by 14% to CHF 541 million, and adjusted underlying EPS attributable to shareholders rose by 16% to CHF 2.63.

The adjusted return on CET1 capital (RoCET1) improved to 34% (H1 2022: 30%).

Strong and liquid balance sheet
In the first half of 2023, *total assets* decreased by 5% to CHF 100.2 billion. *Loans* declined by 4% to CHF 42.8 billion – comprising CHF 34.6 billion of Lombard loans (−5%, reflecting the further deleveraging observed in the period) and CHF 8.1 billion of mortgages (+1%). As the *due to customers* position (client deposits) decreased by 9% to CHF 69.4 billion, the loan-to-deposit ratio rose to 62% (end of 2022: 58%). *Cash*, largely held at central banks in Switzerland and Europe, declined by 1% to CHF 11.8 billion.

The total treasury portfolio, recorded under *financial assets measured at FVOCI* (down 16% to CHF 11.3 billion) and *other financial assets measured at amortised cost* (up 39% to CHF 5.3 billion), shrank by 4% to CHF 16.6 billion.

Equity attributable to shareholders of Julius Baer Group Ltd. declined by 1% to CHF 6.3 billion.

Balance sheet liquidity improved further, with the liquidity coverage ratio increasing to 303% (end 2022: 233%), significantly above the 100% minimum regulatory requirement.

Share buy-back programme completed
The share buy-back programme launched in March 2022 was completed, as planned, on 28 February 2023 at the maximum approved amount of CHF 400 million. Under this programme, Julius Baer repurchased 7,799,460 registered shares, of which 2,074,888 shares (at a combined value of CHF 124 million) in the first two months of 2023. Following the approval by the Annual General Meeting on 13 April 2023, the cancellation of all the shares bought back under this programme was executed effective 29 June 2023. The registered share capital of Julius Baer Group Ltd. now amounts to CHF 4,120,035.60, divided into 206,001,780 registered shares with a par value of CHF 0.02 each.

Strongly capitalised
Julius Baer's already solid capitalisation was strengthened significantly in the first half of 2023.

Compared to the end of 2022, BIS CET1 capital grew by CHF 0.3 billion, or 9%, to CHF 3.3 billion, as the combined benefit of the strong net profit generation and the initial 'pull-to-par' reversal of last year's decline in the value of bonds held in the Group's treasury portfolio (financial assets measured at FVOCI) exceeded the impacts of the dividend accrual and the completion of the share buy-back programme.

As a result of the CET1 capital development, and additionally helped by the successful placement of EUR 400 million of perpetual non-cumulative additional tier 1 (AT1) securities in February 2023, BIS tier 1 capital increased by CHF 0.6 billion, or 13%, to CHF 5.2 billion, and BIS total capital also by CHF 0.6 billion, or 12%, to CHF 5.3 billion.

Risk-weighted assets (RWA) decreased by CHF 0.3 billion, or 1%, to CHF 21.4 billion. While credit risk positions declined by 2% to CHF 12.8 billion and market risk positions decreased by 7% to CHF 1.7 billion, operational risk positions increased by 1% to CHF 6.3 billion and non-counterparty-related risk positions rose by 7% to CHF 0.6 billion.

As a result, the *BIS CET1 capital ratio* improved to 15.5% (end of 2022: 14.0%) and the *BIS total capital ratio* to 24.7% (end of 2022: 21.7%).

As the leverage exposure fell by 4% to CHF 102 billion, the tier 1 leverage ratio improved to 5.1% (end of 2022: 4.3%).

At these levels, the Group's capitalisation remains robust: 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 8.2% and 12.4%, respectively, applicable at the end of June 2023. The tier 1 leverage ratio continued to be comfortably above the 3.0% regulatory minimum.

The results conference will be webcast live at 9.30 a.m. (CEST). All documents (presentation, Business Review First Half 2023, Half-Year Report 2023, spreadsheets, Alternative Performance Measures document, and this media release) are available at www.juliusbaer.com.

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Important dates

20 November 2023:	Publication of Interim Management Statement for first ten months of 2023
1 February 2024:	Publication and presentation of 2023 full-year results, Zurich
18 March 2024:	Publication of Annual Report 2023 including Remuneration Report 2023
18 March 2024:	Publication of Sustainability Report 2023
11 April 2024:	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 2023, assets under management amounted to CHF 441 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 over 60 locations. Headquartered in Zurich, we have offices in key locations including Bangkok, Dubai, Dublin, Frankfurt, Geneva, Hong Kong, London, Luxembourg, Madrid, Mexico City, Milan, Monaco, Mumbai, Santiago de Chile, São Paulo, Shanghai, Singapore, Tel Aviv and Tokyo. Our client-centric approach, our objective advice based on the Julius Baer open product platform, our solid financial base and our entrepreneurial management culture make us the international reference in wealth management.

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

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

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

Key figures Julius Baer Group[1]

	H1 2023 *CHF m*	H1 2022 *CHF m*	H2 2022 *CHF m*	Change *to H1 2022 in %*
Consolidated income statement				
Operating income	2,029.1	1,865.0	1,988.3	8.8
Adjusted operating expenses	1,384.8	1,323.0	1,331.4	4.7
Adjusted profit before taxes	644.3	542.0	656.9	18.9
Adjusted net profit for the Group	540.9	476.3	573.4	13.5
IFRS net profit for the Group	531.4	450.3	498.8	18.0
Adjusted cost/income ratio	65.3%	67.0%	65.0%	-
Adjusted pre-tax margin (basis points)	29.5	23.7	30.6	-

	30.06.2023	30.06.2022	31.12.2022	Change *to 31.12.2022 in %*
Assets under management (CHF bn)				
Assets under management	440.7	427.9	424.1	3.9
Net new money (in period)	7.1	-1.1	9.8	-27.8
Consolidated balance sheet (CHF m)				
Total assets	100,210.2	115,835.2	105,643.7	-5.1
Total equity	6,252.4	6,087.7	6,289.7	-0.6
BIS total capital ratio	24.7%	23.4%	21.7%	-
BIS CET1 capital ratio	15.5%	15.0%	14.0%	-
Return on tangible equity (RoTE) annualised, adjusted (in period)	29%	25%	32%	-
Return on common equity tier 1 capital (RoCET1) annualised, adjusted (in period)	34%	30%	37%	-
Personnel (FTE)				
Number of employees	7,185	6,798	6,891	4.3
Number of relationship managers	1,305	1,203	1,248	4.5
Capital structure				
Number of shares issued	206,001,780	213,801,240	213,801,240	-
Market capitalisation (CHF m)	11,606	9,416	11,515	0.8
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.