

MEDIA RELEASE

Julius Baer Group Ltd.

Zurich, 22 July 2019

Presentation of the 2019 half-year results for the Julius Baer Group

Strong recovery in net profit after challenging second half of 2018 – Cost-reduction programme on track

- Net profit recovered considerably from the challenging second half of 2018, driven by a strong sequential increase in asset valuations and gross margin.
- The CHF 100 million cost-reduction programme initiated at the start of 2019 is on track. The resulting gross cost savings are expected to start materialising partly in the financial results for the second half of 2019 and fully in 2020. The Group recorded CHF 17 million of one-off redundancy costs related to the programme in the first half of 2019.
- IFRS net profit attributable to shareholders of Julius Baer Group Ltd. CHF 343 million and earnings per share CHF 1.58, an improvement of 18% from H2 2018, a decrease of 23% from H1 2018.
- Adjusted¹ net profit for the Group CHF 391 million, an increase of 18% compared to H2 2018, down 19% from H1 2018.
- Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. CHF 1.79, up 18% from H2 2018, down 18% from H1 2018.
- Assets under management² (AuM) CHF 412 billion, up CHF 30 billion, or 8%, from the end of 2018, supported by net new money² of CHF 6.2 billion, or 3.2% annualised.
- Gross margin³ 83.2 basis points (bp), up 3.6 bp from H2 2018, down 8.2 bp from H1 2018, as client transaction volumes continued to recover from the significant decline experienced in H2 2018.
- Adjusted cost/income ratio⁴ 71.0%, a clear improvement from 74.3% in H2 2018, up from 67.3% in H1 2018.
- Adjusted pre-tax margin⁵ 23.0 bp, up 3.1 bp from H2 2018, down 6.8 bp from H1 2018.
- Adjusted return on CET1 capital⁶ 28%, up from 24% in H2 2018, down from 36% in H1 2018.
- BIS CET1 capital ratio 13.1%, up from 12.8% at the end of 2018, and BIS total capital ratio 20.7%, well above the minimum regulatory requirements and the Group's own floors.

Bernhard Hodler, Chief Executive Officer of Julius Baer Group Ltd., said: "Profitability has markedly improved compared to the second half of 2018, as we saw client activity and asset valuations recover substantially. The cost-reduction programme we initiated earlier this year is on track, and we will see its effects materialise in the coming months and throughout 2020, as targeted. At the same time, we have made targeted investments in the future of our business. Julius Baer is in excellent shape, thanks to the dedication and relentless work of our staff. And I am convinced that,

with Philipp Rickenbacher being appointed as my successor, I am leaving the Group in very good hands.”

AuM up 8% since year-end 2018, supported by a strong recovery in global stock markets

Assets under management ended the first six months of 2019 at CHF 412 billion, an increase of CHF 30 billion, or 8%, since the end of 2018. The growth in AuM was helped by a strong recovery in global stock markets, as well as net new money of CHF 6.2 billion and the first-time consolidation of NSC Asesores in Mexico, which added CHF 3 billion. The strengthening Swiss franc had a slightly negative impact on AuM.

While the annualised net new money growth rate⁷ of 3.2% was below the Group’s medium-term target range (4–6%), it moved closer to the target in the last quarter. Excluding Kairos, net inflows developed at a satisfactory level inside the targeted range, driven by solid inflows from clients domiciled in Asia, Europe, and the Middle East. However, these net inflows were partly offset by net outflows from Kairos funds (following a decline in fund performance in 2018; in H1 2019 the performance improved again). The Group’s net new money was also negatively impacted to some extent by a limited number of client exits in the context of the ongoing client risk review project (which is nearing completion), as well as by modest outflows following a wider application of negative interest rates to large cash holdings in affected currencies, mainly Swiss francs and euros.

Including assets under custody² of CHF 67 billion, total client assets² grew by 8% from year-end 2018 to CHF 479 billion.

Operating income development impacted by transaction volumes and cost of deposits

Operating income was CHF 1,699 million, a decrease of 5% versus H1 2018. Compared to the second half of 2018, operating income grew by 8%. As monthly average AuM increased to CHF 408 billion (up 4% year-on-year and 3% versus H2 2018), the gross margin came to 83.2 bp, a decline versus H1 2018 (91.5 bp), but an improvement from H2 2018 (79.6 bp).

Net commission and fee income decreased by 6% year-on-year to CHF 956 million. This decline was driven mainly by lower client transaction activity compared to the first half of 2018, and to a lesser extent by modest fee pressure on discretionary mandates and a lower contribution from Kairos.

Net interest and dividend income declined by 7% year-on-year to CHF 515 million. It included CHF 162 million of dividend income on trading portfolios, up 2% year-on-year. Excluding this item, underlying net interest and dividend income decreased by 10% to CHF 354 million. Underlying net interest income benefitted from an increase in interest income on loans (driven by higher US interest rates) and interest income on debt instruments at FVOCI⁸ (following an increase in investments of excess deposits into the Group’s treasury portfolio, at higher rates). However, this benefit was more than offset by an increase in interest expense on amounts due to customers.

Net trading income decreased by 4% year-on-year to CHF 197 million. Including the dividend income related to trading portfolios, underlying net trading income declined by 2% to CHF 359 million.

Other ordinary results (which, among other items, includes income from associates, rental income, and net gains/losses from the disposal of investments from the financial assets portfolio) grew by CHF 14 million year-on-year to CHF 28 million.

Net credit recoveries on financial assets improved from close to zero in H1 2018 to CHF 3 million.

Operating expenses development – Adjusted cost/income ratio 71.0%

Operating expenses according to IFRS rose by 3% year-on-year to CHF 1,281 million. This was driven by a 1% decrease in *personnel expenses* to CHF 835 million (despite the inclusion of CHF 17 million of one-off redundancy costs related to the cost-reduction programme), a 1% increase in *general expenses* to CHF 324 million, a 22% increase in amortisation to CHF 74 million and a 163% increase in *depreciation* to CHF 49 million. The first-time application of IFRS 16 (Leases) resulted effectively in a shift of CHF 31 million from general expenses to depreciation. Compared to the second half of 2018, IFRS operating expenses grew by 4%.

As in previous years, in the analysis and discussion of the results in the Media Release and the Business Review, *adjusted operating expenses* exclude acquisition-related integration and restructuring expenses (CHF 9 million, H1 2018: CHF 4 million, H2 2018: CHF 6 million) as well as the acquisition-related amortisation of intangible assets (CHF 43 million, H1 2018: CHF 36 million, H2 2018: CHF 37 million).

Compared to the first half of 2018, adjusted operating expenses increased by 2% to CHF 1,229 million, as the 2% decrease year-on-year in adjusted personnel expenses, to CHF 833 million, and the unchanged adjusted general expenses of CHF 317 million were more than offset by a 163% increase in adjusted depreciation to CHF 49 million, and a 27% increase in adjusted amortisation to CHF 31 million. Compared to the second half of 2018, adjusted operating expenses increased by 4%.

At 6,768 full-time equivalents (FTEs), personnel has risen by 2%, or 125 FTEs, in the twelve months since 30 June 2018, and by 1%, or 75 FTEs, in the six months since the end of 2018. This included 55 FTEs following the first-time consolidation of NSC Asesores in March 2019. Compared to the first half of 2018, the monthly average number of employees grew by 5% to 6,780. At the end of June 2019, the Group employed 1,490 relationship managers (RMs), including 20 at NSC Asesores. This represents an increase of 15 RMs since 30 June 2018 and a decrease of 11 RMs since the end of 2018.

Despite the 5% rise year-on-year in average staff levels and the inclusion of CHF 17 million of one-off severance costs related to the cost-reduction programme, *adjusted personnel expenses* declined by 2% year-on-year to CHF 833 million, following a decrease in performance-related remuneration.

Adjusted general expenses were unchanged year-on-year at CHF 317 million, despite a CHF 20 million increase in provisions and losses (to CHF 22 million) but helped by the first-time application of IFRS 16 (Leases).

Depreciation grew by 163% year-on-year to CHF 49 million, mainly as a consequence of IFRS 16 (Leases), and *adjusted amortisation* rose by 27% to CHF 31 million. The growth in adjusted amortisation mainly reflects the rise in IT-related investments in recent years, including the completion in 2018 of the new core banking system in Singapore and Hong Kong.

As a result, the Group achieved an adjusted *cost/income ratio*⁴ of 71.0% (H1 2018: 67.3%, H2 2018: 74.3%).

Cost-reduction programme on track

As announced last February, while continuing its strategic growth investments, Julius Baer has put in place a CHF 100 million gross cost-reduction programme which encompasses a number of structural measures, including a decrease in the Group's headcount by a net 2% between the end of 2018 and the end of 2019. The execution of this programme is on track, and the results from these structural cost reductions are expected to start materialising partly in the second half of 2019 and

fully in the 2020 financial results, with the reconfirmed aim to reduce the adjusted cost/income ratio below 68% in 2020 – assuming no meaningful deterioration relative to the 2018 average market conditions.

Net profit recovered significantly from H2 2018

IFRS *profit before taxes* declined by 23% year-on-year to CHF 418 million. As income taxes were 24% lower at CHF 75 million, *net profit for the Group* as well as net profit attributable to shareholders of Julius Baer Group Ltd. decreased by 23% to CHF 343 million, and EPS also by 23% to CHF 1.58. Compared to the second half of 2018, IFRS profit before taxes grew by 19%, and net profit and EPS by 18%.

Adjusted profit before taxes of CHF 470 million represented a drop of 19% year-on-year (but an increase of 19% compared to H2 2018), resulting in an adjusted pre-tax margin of 23.0 bp (H1 2018: 29.8 bp, H2 2018: 19.9 bp). The related income taxes were CHF 79 million, corresponding to a tax rate of 16.9% (H1 2018: 17.7%, H2 2018: 16.3%).

Adjusted net profit for the Group came to CHF 391 million, a decrease of 19% year-on-year (but an improvement of 18% compared to H2 2018). Adjusted EPS attributable to shareholders was CHF 1.79, a decline of 18% from H1 2018 (but an increase of 18% compared to H2 2018).

The adjusted return on CET1 capital was 28% (H1 2018: 36%, H2 2018: 24%).

Balance sheet: Lombard credit volume up 4% year to date

Since the end of 2018, *total assets* increased by 1% to CHF 104 billion. *Loans* grew by 3% to CHF 47 billion – comprising over CHF 37 billion of Lombard loans (+4%) and over CHF 9 billion of mortgages (-1%). As the *due to customers* position (deposits) declined by 1% to CHF 71 billion, the loan-to-deposit ratio⁹ went up to 66% (end of 2018: 63%). *Equity attributable to shareholders of Julius Baer Group Ltd.* grew by 1% to CHF 6.1 billion.

Solid capital position – CET1 ratio 13.1%

Since the end of 2018, BIS CET1 capital increased by 4% to CHF 2.8 billion. In June 2019, the Group placed CHF 350 million of perpetual Additional Tier 1 (AT1) subordinated bonds with a coupon of 2.375%. As a result of the increase in BIS CET1 capital and the AT1 bond issue, BIS tier 1 capital grew by 12% to CHF 4.4 billion and BIS total capital by 13% to CHF 4.5 billion.

As risk-weighted assets went up by 2% to CHF 21.7 billion, the *BIS CET1 capital ratio* rose to 13.1% (compared to 12.8% at the end of 2018) and the *BIS total capital ratio* to 20.7% (up from 18.7% at the end of 2018). The leverage exposure grew by 1% to CHF 103 billion, resulting in the Tier 1 leverage ratio rising to 4.3% (compared to 3.9% at the end of 2018).

At these levels, the Group continues to be solidly capitalised: the CET1 and total capital ratios remain well above the Group's own floors of 11% and 15% and significantly in excess of the regulatory minimums of 8.2% and 12.4%, respectively, while the Tier 1 leverage ratio is comfortably above the 3.0% regulatory minimum.

¹ The adjusted results as presented and commented in this Media Release and in the Business Review are derived by excluding from the total operating expenses in the reviewed IFRS financial statements the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments.

² For the definition of assets under management, net new money, and client assets, please refer to the Annual Report 2018, pp. 197 and 198. Assets under custody are those client assets that are not assets under management.

³ Annualised total operating income divided by monthly average assets under management.

- ⁴ Total operating expenses divided by total operating income; calculated using adjusted operating expenses (as defined in footnote 1), excluding provisions and losses.
- ⁵ Annualised adjusted profit before taxes (using adjusted operating expenses as defined in footnote 1), divided by monthly average assets under management.
- ⁶ Annualised adjusted net profit attributable to shareholders of Julius Baer Group Ltd., divided by the average of CET1 capital at the start of the period and at the end of the period.
- ⁷ Annualised net new money as a percentage of assets under management at the end of the previous year.
- ⁸ Fair value through other comprehensive income.
- ⁹ The loans position divided by the due to customers position.

The results conference will be webcast at 9:30 a.m. (CEST). All documents (presentation, Business Review First Half 2019, Half-Year Report 2019, spreadsheets, and this Media Release) are available at www.juliusbaer.com.

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Important dates

19 November 2019: Publication of ten-month Interim Management Statement
 3 February 2020: Publication and presentation of 2019 full-year results, Zurich
 23 March 2020: Publication of Annual Report 2019
 16 April 2020: Annual General Meeting 2020, Zurich

About Julius Baer

Julius Baer is the leading Swiss wealth management group and a premium brand in this global sector, with a focus on servicing and advising sophisticated private clients. At the end of June 2019, assets under management amounted to CHF 412 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, Milan, Monaco, Montevideo, Moscow, Mumbai, Singapore and Tokyo. Our client-centric approach, our objective advice based on the Julius Baer open product platform, our solid financial base and our entrepreneurial management culture make us the international reference in wealth management.

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

Cautionary statement regarding forward-looking statements

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

These forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause the Company's actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions, legislative, fiscal and regulatory developments, general economic conditions in Switzerland, the European Union and elsewhere, and the Company's ability to respond to trends in the financial services industry. Additional factors could cause actual results, performance or achievements to differ materially. In view of these

uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements. The Company and its subsidiaries, and their directors, officers, employees and advisors expressly disclaim any obligation or undertaking to release any update of or revisions to any forward-looking statements in this media release and any change in the Company's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.

KEY FIGURES JULIUS BAER GROUP¹

	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m	Change to H1 2018 in %
Consolidated income statement				
Operating income	1,699.0	1,788.8	1,579.0	-5.0
Adjusted operating expenses	1,229.2	1,206.1	1,184.7	1.9
Profit before taxes	469.8	582.7	394.4	-19.4
Adjusted net profit for the Group	390.5	479.6	330.0	-18.6
IFRS net profit for the Group ²	342.9	443.8	291.6	-22.7
Cost/income ratio ³	71.0%	67.3%	74.3%	-
Pre-tax margin (basis points)	23.0	29.8	19.9	-
	30.06.2019	30.06.2018	31.12.2018	Change to 31.12.2018 in %
Assets under management (CHF bn)				
Assets under management	412.3	399.9	382.1	7.9
Net new money (in period)	6.2	9.9	7.5	-
Consolidated balance sheet (CHF m)				
Total assets	103,654.9	103,540.2	102,898.3	0.7
Total equity	6,086.7	5,788.7	6,041.9	0.7
BIS total capital ratio	20.7%	20.2%	18.7%	-
BIS CET1 capital ratio	13.1%	13.7%	12.8%	-
Return on tangible equity (RoTE) annualised ⁴	25%	33%	22%	-
Return on common equity Tier 1 capital (RoCET1) ⁵	28%	36%	24%	-
Personnel (FTE)				
Number of employees	6,768	6,643	6,693	1.1
Number of relationship managers	1,490	1,475	1,501	-0.7
Capital structure				
Number of shares	223,809,448	223,809,448	223,809,448	-
Market capitalisation (CHF m)	9,727	13,044	7,836	24.1
Moody's rating Bank Julius Baer & Co. Ltd.				
Long-term deposit rating	Aa2	Aa2	Aa2	-
Short-term deposit rating	Prime-1	Prime-1	Prime-1	-

¹ Adjusted results derived by excluding from the reviewed IFRS financial statements the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments and the taxes on those respective items.

² Reconciliation with adjusted net profit for the Group is detailed in the table on the next page.

³ Calculated using adjusted operating expenses, excluding provisions and losses.

⁴ Adjusted net profit attributable to shareholders/(half-yearly) average shareholders' equity less goodwill and other intangible assets.

⁵ Adjusted net profit attributable to shareholders/(half-yearly) average CET1 capital.

RECONCILIATION CONSOLIDATED FINANCIAL STATEMENT¹
IFRS TO ADJUSTED NET PROFIT

	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m	Change to H1 2018 in %
IFRS net profit attributable to shareholders of Julius Baer Group Ltd.	343.1	443.8	291.6	-22.7
Non-controlling interests	-0.2	-	-0.1	
IFRS net profit for the Group	342.9	443.8	291.6	-22.7
Amortisation of intangible assets related to previous acquisitions or divestments²	43.2	36.2	37.4	19.3
Total adjustment to personnel expenses	2.0	1.1	1.5	73.7
Total adjustment to general expenses	7.2	2.9	4.2	148.8
Integration and restructuring expenses	9.1	4.0	5.6	127.8
Adjustments to operating expenses and profit before taxes	52.3	40.2	43.0	30.1
Tax impact	-4.7	-4.3	-4.6	9.1
Adjustments to net profit	47.6	35.9	38.5	32.7
Adjusted net profit for the Group	390.5	479.6	330.0	-18.6

¹ Detailed financial statements are available in the Half-Year Report 2019.

² Further details on transaction-related amortisation can be found in the presentation to investors, analysts and media.

Julius Bär

HY 2019 RESULTS AND BUSINESS UPDATE

Presentation for Investors, Analysts & Media
Zurich, 22 July 2019



INTRODUCTION

BERNHARD HODLER, CEO

HALF-YEAR 2019 RESULTS: STRONG RECOVERY VS. H2 2018

Net profit
substantially
recovered from
H2 2018

- Adjusted¹ net profit for the Group CHF 391m, up 18% from H2 2018
- Gross margin² 83.2bp, up from 79.6bp
- Cost/income ratio³ 71.0%, down from 74.3%, and pre-tax margin⁴ 23.0bp, up from 19.9bp
- Cost programme: on track to achieve targeted CHF 100m gross savings in 2020

8% AuM growth,
NNM trending up
after weak start

- AuM CHF 412bn (+8% since end 2018)
- NNM CHF 6.2bn (3.2%): inflows improved towards end of period
- Strong inflows from clients in Asia, Europe and Middle East

Continuous capital
generation

- CET1 ratio: 13.1%, up from 12.8%
- Adjusted return on CET1 capital 28%, up from 24% in H2 2018
- Successfully placed CHF 350m AT1 bond at attractive terms

¹ The adjusted results as presented and commented in this Media Release and in the Business Review are derived by excluding from the IFRS financial statements the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments, as well as the taxes on those respective items | ² Annualised total operating income divided by monthly average assets under management. | ³ Total operating expenses divided by total operating income; calculated using adjusted operating expenses (as defined in footnote 1), excluding provisions and losses. | ⁴ Annualised adjusted profit before taxes¹, divided by monthly average assets under management.

STRATEGIC PROGRESS & ACHIEVEMENTS

Smarter market coverage

- Continued investments in our 'core' markets with new offices opened in the United Kingdom (Belfast) and Spain (Barcelona)
- Increased stake in NSC Asesores in Mexico from 40% to 70%
- Thai joint venture between Siam Commercial Bank and Julius Baer officially launched

Holistic and personalised advice

- Substantial investments into Wealth Planning, Wealth Management and Wealth Financing solutions
- Continued growth of our UHNW clients

Technology transformation

- Digital Advisory Suite ('DiAS') global roll out on track
- Enhanced digital channels with personalised investment ideas rolled out

Risk framework

- Client documentation upgrade near completion
- DoJ deferred prosecution agreement terminated in February 2019
- Foreign exchange & precious metals-trading related investigations closed by Swiss Competition Commission

FINANCIAL RESULTS HY 2019*

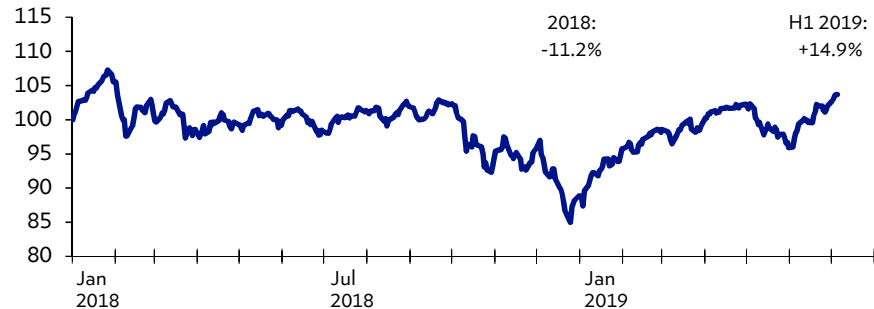
DIETER A. ENKELMANN, CFO

*Financial Results are presented on adjusted basis. See “Scope of Presentation of Financials” in the Appendix.

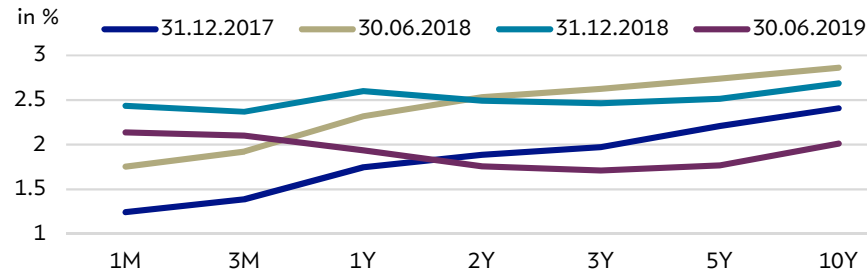
H1 2019 MARKET ENVIRONMENT

Global stock markets recovered strongly – Key bond yields sharply lower

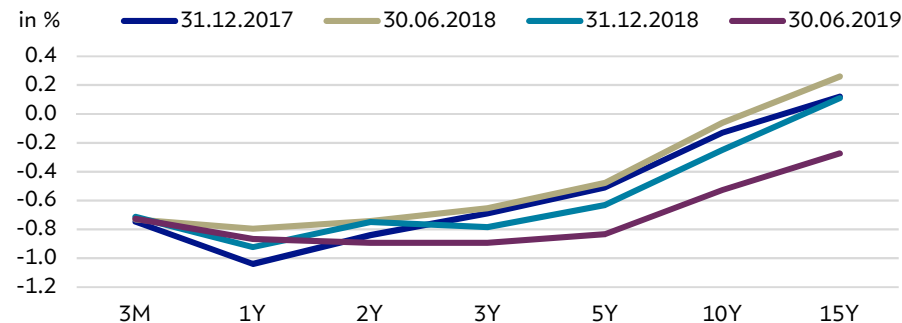
2018-2019 YTD development MSCI All-World Index¹



2018-2019 YTD development of US 1M-10Y treasury yield curve²



2018-2019 YTD development of Swiss 3M-15Y treasury yield curve²



Stock markets

- Global equities recovered solidly after major losses towards end of 2018

US interest rates

- After significant moves upward in 2018, US bond yields moved lower in H1 2019
- Yield curve continued to flatten and even invert

Swiss interest rates

- After relatively stable 2018, Swiss yields moved significantly further into negative territory

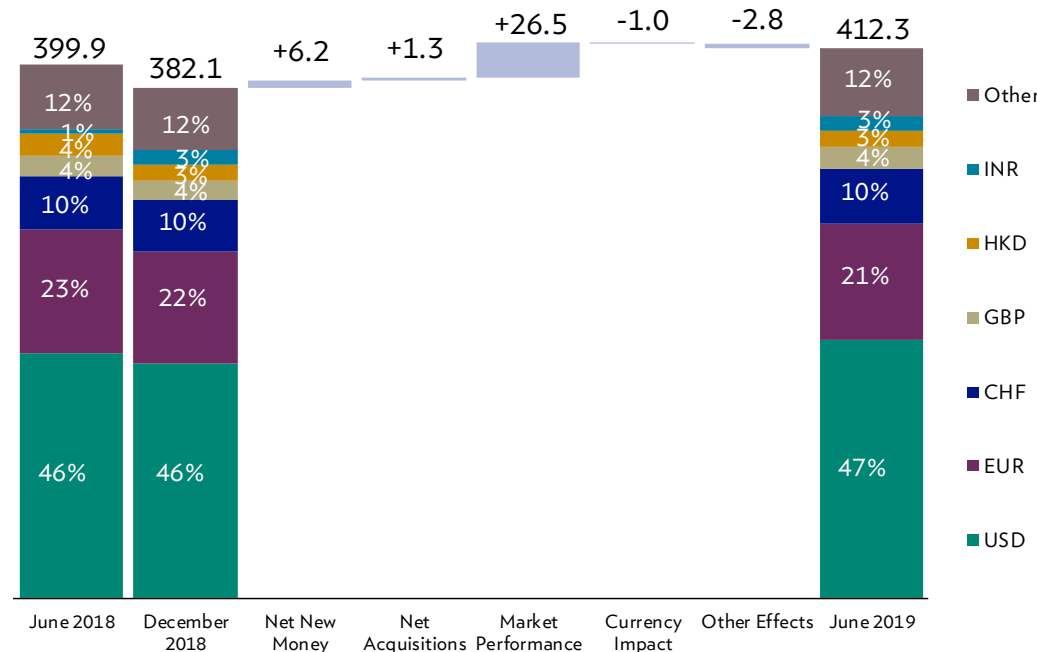
¹ Source: Datastream, Julius Baer | ² Source: Bloomberg Finance L.P., Julius Baer

AUM INCREASE OF CHF 30bn (+8%) TO CHF 412bn

Strong market performance² of +7% as main driver

Development of Assets under Management

CHF bn



- AuM CHF 412bn, up 30.2bn, +8%
 - Net new money CHF +6.2bn
 - Net acquisitions¹ CHF +1.3bn
 - Market performance CHF +26.5bn
 - Currency impact² CHF -1.0bn
 - Other effects³ CHF -2.8bn
- Average AuM⁴ of CHF 408bn,
 - up +4% from CHF 391bn in H1 2018
 - up +3% from CHF 397bn in H2 2018
- Assets under Custody CHF 67bn, +8%

¹ Net acquisitions consisting of acquisition of CHF +3.0bn NSC Asesores and CHF -1.7bn resulting from discontinuation of offering to clients from selected countries

² Currency impact is approximated by applying the changes in the currency exchange rates in the period to AuM at the end of the preceding year. Market performance is approximated through the change in AuM that remains after accounting for net new money, net acquisitions, the currency impact approximation, and the other effects

³ Includes assets which have been reclassified following the completed roll-out of the new client advisory models in Switzerland and Europe

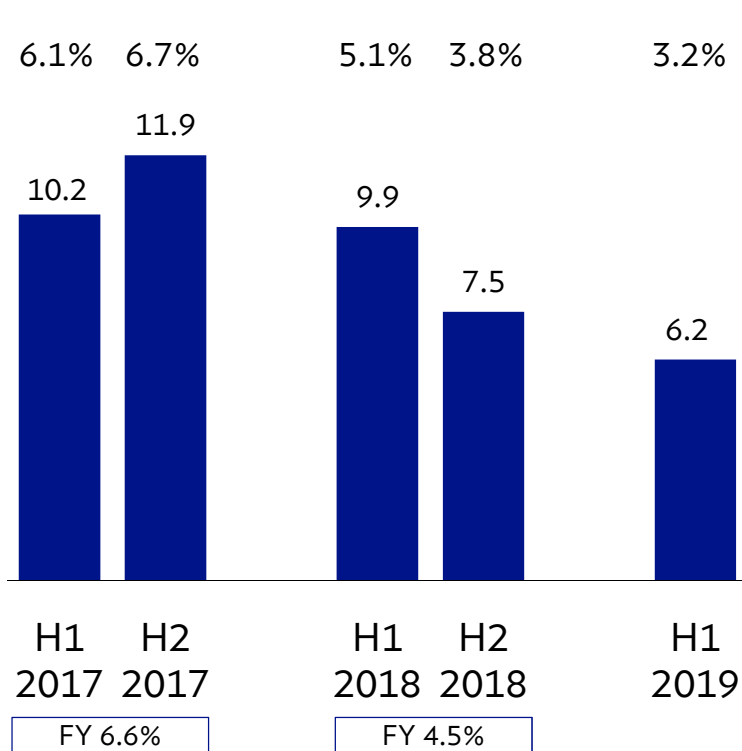
⁴ Calculated on the basis of monthly AuM levels

NET NEW MONEY UP 6.2bn, 3.2% ANNUALISED

Improved after slow start – NNM excl. Kairos: 4.1%

Development of Net New Money

In CHF bn and %¹

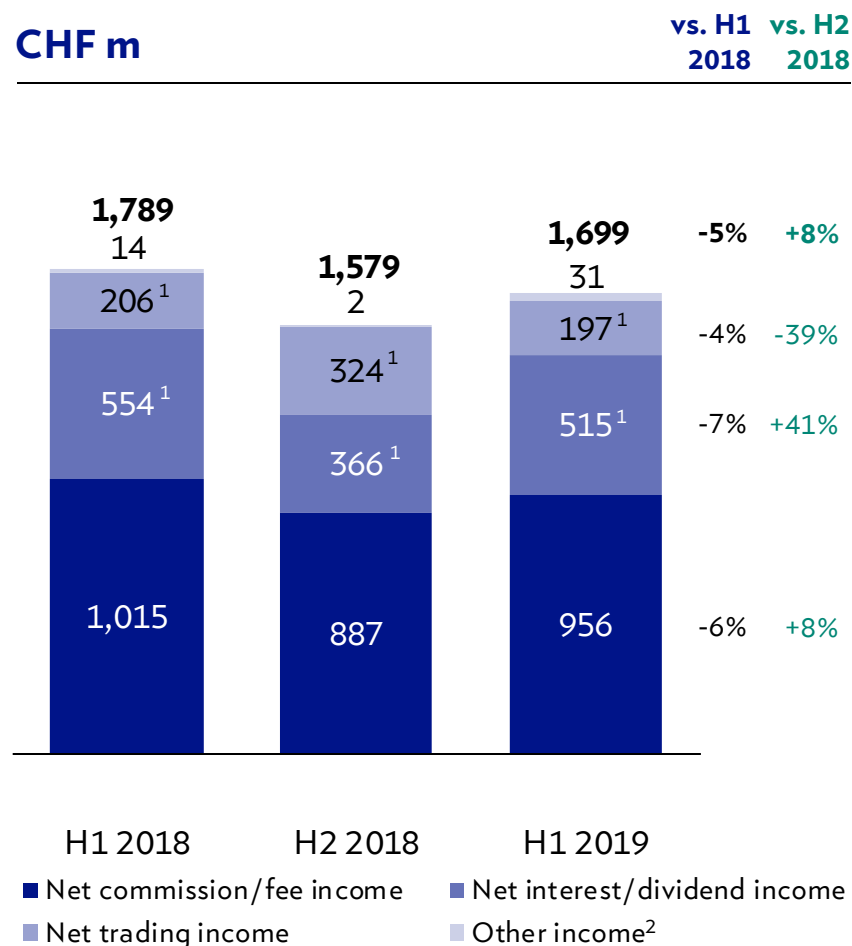


- NNM negatively impacted by net outflows at Kairos, after weak fund performance in 2018
- Excluding Kairos, NNM inside target range (4.1%), despite some outflows related to
 - client documentation upgrade/risk review project
 - wider application of negative interest rates
- Solid inflows from clients domiciled in Asia, Europe and Middle East

¹ Annualised NNM in % of AuM at the end of the preceding period

OPERATING INCOME CHF 1.7bn, UP 8% FROM H2 2018

On the back of clear recovery in transaction volumes



Net commission/fee income -6% to CHF 956m (vs H2'18: +8%)

- Significant y-o-y drop in client transaction volumes (but improvement vs H2)
- Modest fee pressure on discretionary mandates
- Lower contribution from Kairos (but improvement vs H2 on good levels of performance fees)

Net interest/dividend income -7% to CHF 515m

- Excl. dividend on trading portfolios¹: -10% to CHF 354m (vs H2'18: +2%)
- Benefit of increase from credit (on higher US rates) and treasury portfolio (higher volumes and rates) ...
- ... more than offset by higher cost of deposits (increase in USD non-current accounts, at higher rates)
- Improvement vs H2 due to lower interest paid on deposits with central banks

Net trading income -4% to CHF 197m

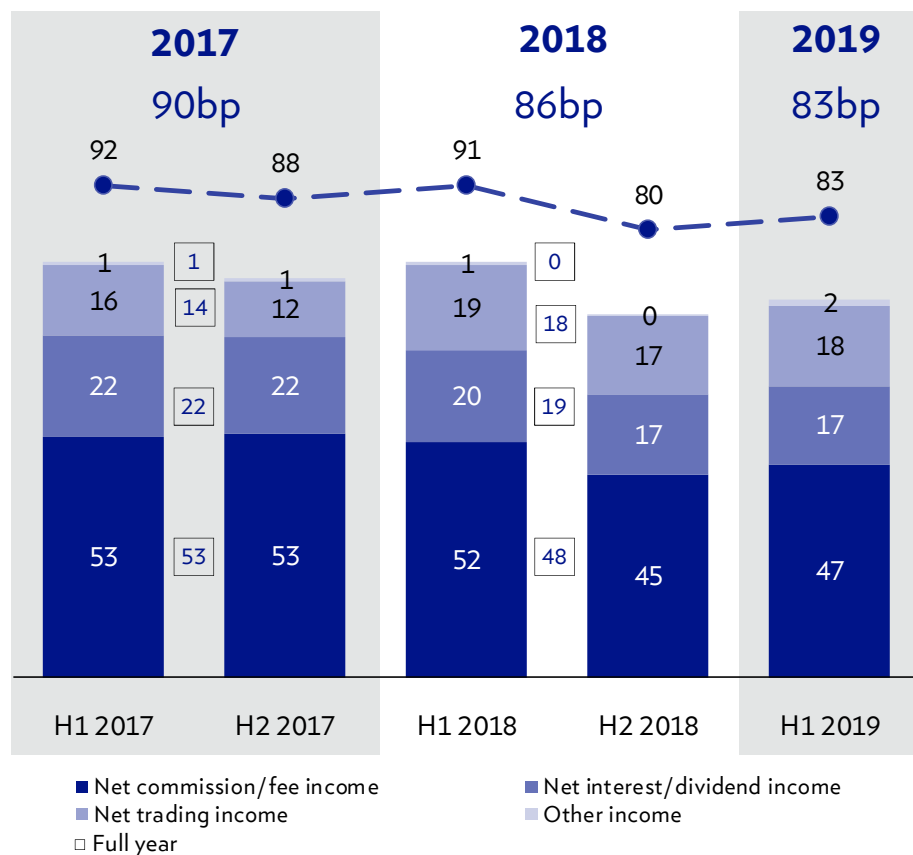
- Crediting back dividend on trading portfolios¹: -2% to CHF 359m (vs H2'18: +5%)
- FX volatility low in historical context
- Further internalisation of structured products issuance

¹ Dividend income on trading portfolios: H1 2019: CHF 162m (H1 2018: CHF 159m, H2 2018: CHF 19m)

² Includes net credit losses/recoveries on financial assets: H1 2019: CHF 3.1m (H1 2018: CHF 0.4m, H2 2018: CHF -3.4m)

GROSS MARGIN^{1,2}

Gross margin recovered close to 4bp from H2 2018



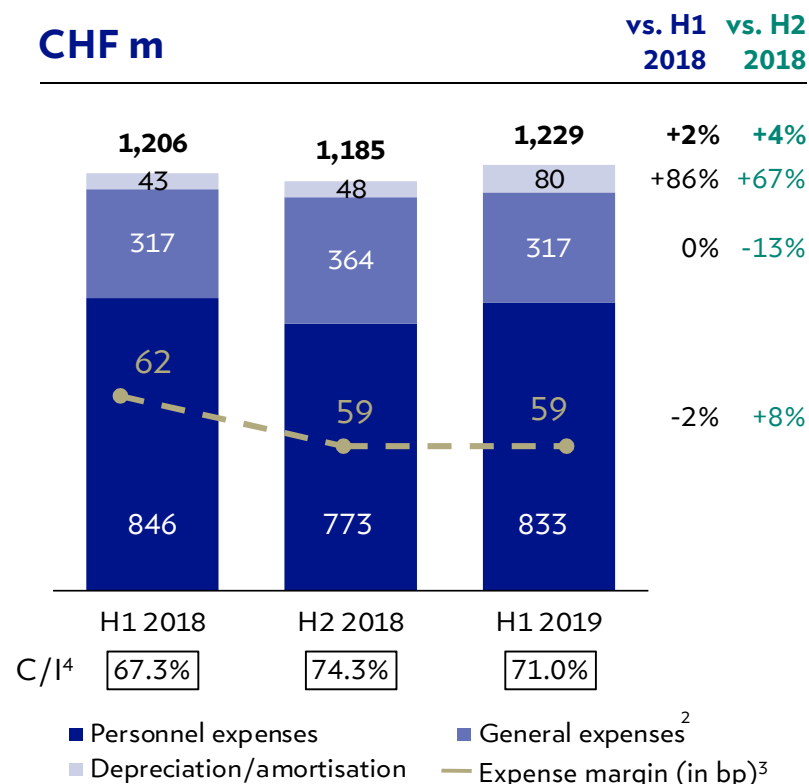
- Gross margin: 83bp
 - Down 8bp y-o-y, but **up 4bp from H2 2018, with momentum continuing to improve over the period**
- Net commissions & fees: 47bp
 - Down 5bp y-o-y, but **up 2bp from H2 2018**
- Net trading²: 18bp
 - Down 1bp y-o-y, **slightly higher vs H2 2018**
- Net interest²: 17bp
 - Down 3bp y-o-y, **essentially stable vs H2 2018**
- As explained in detail in FY 2018 results presentation: Significant portion of net trading income represents treasury swap income (swapping excess USD deposits into CHF – at no credit risk and with daily liquidity)
 - Close to interest income in nature, but accounted for as trading income
- In H1 2019 equivalent to ~5bp, essentially unchanged from H1 2018 and H2 2018 (and ~3bp in H1 2017 and H2 2017)³

¹ Operating income (annualised) divided by monthly average AuM, in basis points. Average AuM for H1 2019: CHF 408bn, +4% vs. H1 2018, +3% vs. H2 2018

² Net interest income adjusted to exclude dividends on trading portfolios, net trading income adjusted to include the same (H1 2017: CHF 181m, H2 2017: CHF 14m, H1 2018: CHF 159m, H2 2018: CHF 19m, H1 2019: CHF 162m) | ³ Based on management information

OPERATING EXPENSES¹ CHF 1.2bn, UP 2% YEAR ON YEAR

Cost/income ratio improved vs. H2 2018 to 71.0%



Personnel expenses -2% to CHF 833m (vs H2'18: +8%)

- Despite 5% increase in average FTE and CHF 17m of redundancy costs related to cost reduction programme...
- ... personnel expenses down 2% on lower performance-related remuneration
- Increase vs H2'18 on higher bonus and CHF 17m redundancy costs

General expenses² unchanged at CHF 317m (vs H2'18: -13%)

- IFRS 16-related shift of CHF 31m leasehold expenses to depreciation
- CHF 20m increase in provisions and losses
- Decrease vs H2'18 on IFRS 16 and cost reductions

Depreciation/amortisation +86% to CHF 80m (vs H2'18: +76%)

- Largely driven by IFRS 16-related shift of CHF 31m lease expenses from general expenses to depreciation ...
- ... and increase in software amortisation mainly related to the Temenos T24 implementation in Asia

Operating expenses¹ – approx. breakdown by currency

CHF	54%	SGD	10%	USD	6%	Other	5%
EUR	13%	HKD	7%	GBP	5%		

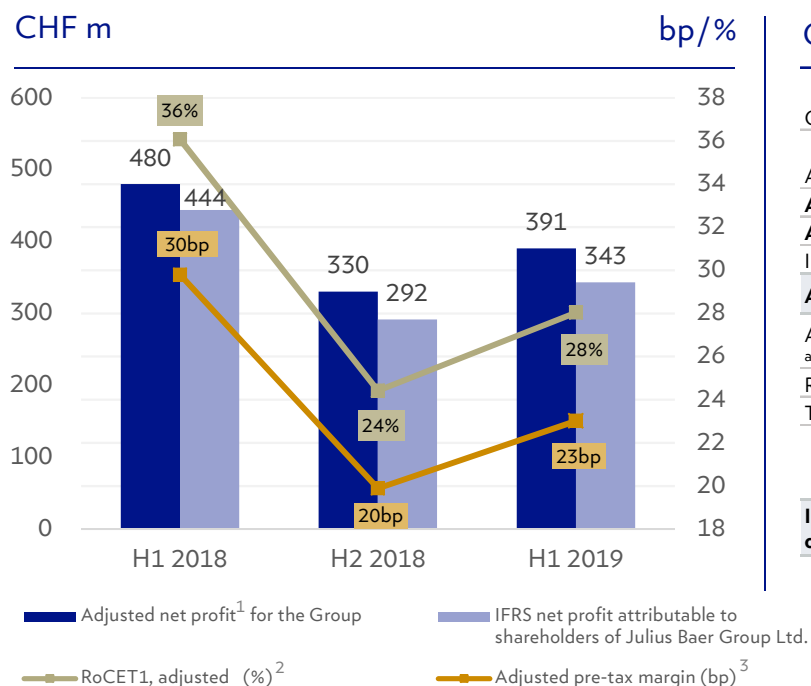
Cost/income ratio⁴ 71.0% (H1 2018: 67.3%, H2 2018: 74.3%)

Expense margin 59bp (H1 2018: 62bp, H2 2018: 59bp)

¹ Excluding integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments | ² Including provisions and losses | ³ (Annualised) operating expenses¹ excl. provisions and losses divided by monthly average AuM, in basis points | ⁴ Adjusted cost/income ratio not considering provisions and losses

ADJUSTED GROUP NET PROFIT¹ CHF 391m

Strong recovery of +18% after challenging H2 2018 | Down 19% from record-high H1 2018



CHF m	H1 2018	H2 2018	H1 2019	Change H1 19/H1 18	Change H1 19/H2 18
Operating income	1,789	1,579	1,699	-5%	+8%
Adjusted operating expenses	1,206	1,185	1,229	+2%	+4%
Adjusted profit before taxes	583	394	470	-19%	+19%
Adjusted pre-tax margin (bp)³	29.8	19.9	23.0	-6.8 bp	+3.1 bp
Income taxes	103	64	79	-23%	+23%
Adjusted net profit¹ for the Group	480	330	391	-19%	+18%
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	2.20	1.51	1.79	-18%	+18%
RoCET1, adjusted ² (%)	36%	24%	28%	-8 pt	+4 pt
Tax rate (%)	17.7%	16.3%	16.9%	-0.8 pt	+0.6 pt
IFRS net profit attributable to shareholders of Julius Baer Group Ltd.	444	292	343	-23%	+18%

Tax guidance

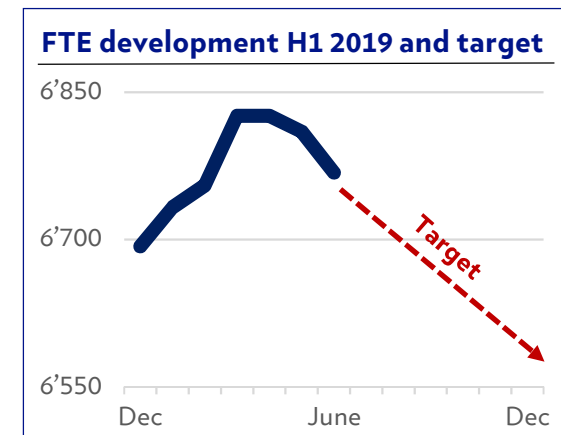
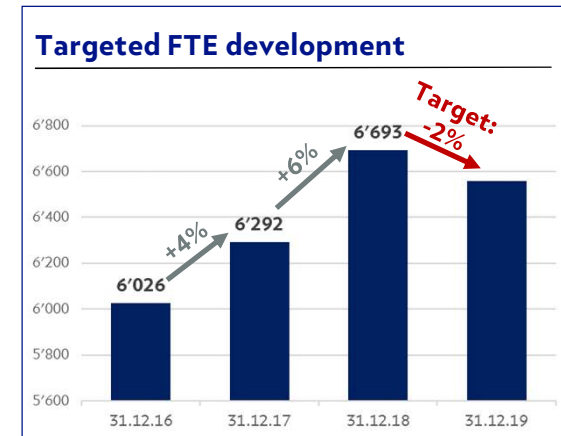
- Full-year adjusted tax rate (H1 2019: 16.9%) currently expected to be in 17-17.5% range in next few years

¹ Excluding integration and restructuring expenses and the amortisation of intangible assets related to acquisitions and divestments, as well as taxes on those respective items. See reconciliation in Appendix | ² Adjusted net profit attributable to shareholders divided by (half-yearly) average CET1 capital | ³ Adjusted profit before taxes (annualised) divided by monthly average AuM, in basis points

COST REDUCTION PROGRAMME ON TRACK

Targeting ~CHF 100m reduction | Full benefit in 2020

- Execution of 2019 cost reduction programme fully on track
- While continuing to invest in longer-term growth and strengthening the franchise, Group is targeting ~CHF 100m gross cost reduction
- Key measures:
 - Continued implementation of enhanced market focus (regional presence and resource allocation)
 - Leveraging ongoing investments in automation/digitalisation
 - Stricter performance management (front to back)
- These measures will result in **~2% net reduction in headcount¹** by end 2019
- I.e. after accounting for ongoing hiring to support growth and to strengthen franchise (incl. consolidation of NSC)
- After initial net FTE increase (partly on consolidation of NSC in March), headcount started to decrease in Q2.
- H1 2019 results did not yet meaningfully benefit (but will be impacted by CHF 17m redundancy costs related to programme)
- **Full benefits will be reflected in 2020 results, as planned**
- Expenses in 2020 will additionally benefit from non-recurrence of costs related to 2017-2019 client documentation project²



- **Aiming to reach <68% cost/income ratio medium-term target in 2020**
- **Assuming no meaningful deterioration relative to average 2018 market conditions**

¹ From end-2018 level (6,693 FTE) | ² 2017: ~CHF 13m, 2018: ~CHF 34m, H1 2019: ~CHF 20m, FY 2019: current estimate ~CHF 40m

SOLID BALANCE SHEET – LOW RISK PROFILE

Lombard lending up 4% following improved market environment

CHF bn	Assets	CHF 103.7bn (CHF 102.9bn)*	Liabilities & Equity
Due from banks	9.4 (9.2)		6.6 (6.9)
Loans	46.7 (45.3)	Loan-to-deposit ratio 66% (63%)	71.1 (71.5)
Lombard lending: 37.3 (35.9) Mortgage lending: 9.4 (9.4)		Liability driven	
Trading portfolios	10.0 (8.4)		
Financial assets (FVOCI)	15.1 (14.6)		
Cash ¹	12.7 (15.8)		14.0 (13.7)
Others	6.8 (6.6)		5.9 (4.8)
Goodwill & other intangible assets	3.0 (2.9)		6.1 (6.0)
			Total equity

RWA, capital, leverage exposure

Basel III / CHF m	31.12.2017	30.06.2018	31.12.2018	30.06.2019
Risk-weighted assets (RWA)	19,601	19,471	21,338	21,700
CET1 capital	2,643	2,677	2,731	2,837
Tier 1 capital	4,098	3,878	3,933	4,387
Total capital	4,164	3,935	3,991	4,496
Leverage exposure (LERA)	96,949	102,407	101,679	102,830

Balance sheet figures as at 30 June 2019, summarised and regrouped from Financial Statements

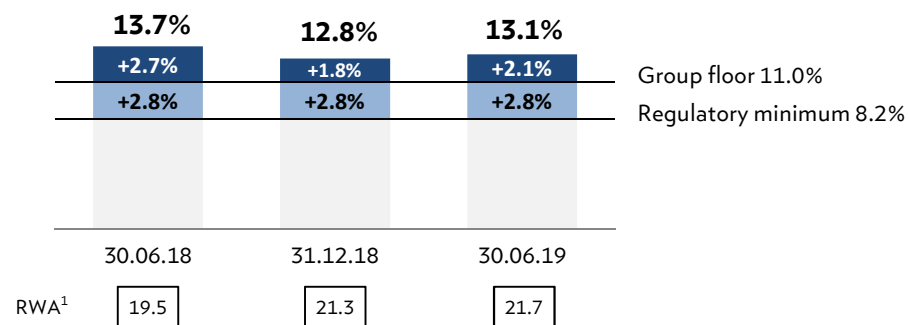
*In brackets: figures as at 31 December 2018

¹ Cash held mainly at Swiss National Bank as well as at Deutsche Bundesbank, Banque centrale du Luxembourg and Banque de France

CAPITAL AND LEVERAGE RATIOS WELL ABOVE FLOORS

CET1 ratio up ~30bp since start of year | Excluding NSC acquisition up ~60bp

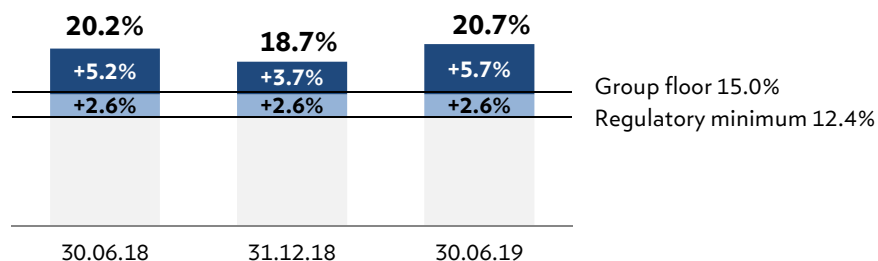
BIS CET1 capital ratio



CET1 ratio 13.1%, up ~30bp from end 2018 driven by:

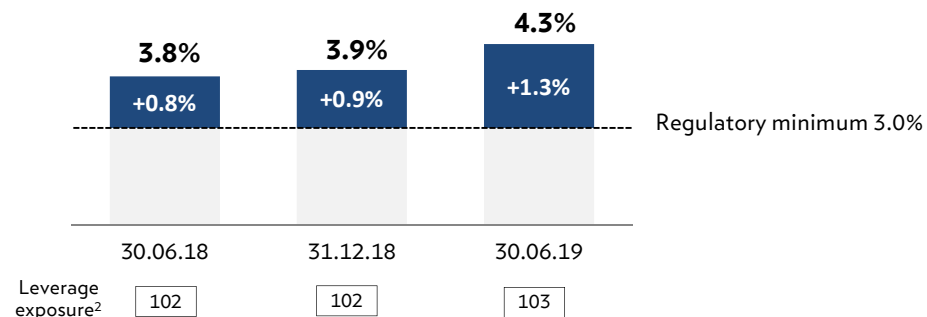
- CHF 0.1bn CET1 capital build, to CHF 2.8bn
- CHF 0.4bn RWA increase, to CHF 21.7bn
- ~30bp negative ratio impact from NSC (acquisition of additional 30% stake and first-time consolidation)
- ~40bp negative ratio impact from lower CHF interest rates on the Swiss pension fund liabilities

BIS total capital ratio



- Total capital ratio 20.7%, up ~200bp, to a large part following new issue of CHF 350m AT1 bond (June 2019)

Tier 1 leverage ratio



- Tier 1 leverage ratio 4.3%, well in excess of 3.0% minimum leverage ratio requirement
- Increase supported by AT1 bond issue
- Leverage exposure up 1% to CHF 103bn

¹ Risk-weighted assets in CHF bn | ² Leverage exposure in CHF bn

BUSINESS UPDATE
BERNHARD HODLER, CEO

STRATEGY TO MEET CLIENT NEEDS AND ACHIEVE MEDIUM-TERM TARGETS

SMARTER MARKET COVERAGE

Smart allocation of
resources to markets
which make up
> 85% of AuM

HOLISTIC AND PERSONALISED ADVICE

Leading product and
service offering tailored
to clients' needs

TECHNOLOGY TRANSFORMATION

Increased use of
technology, innovation
and robotics



ENHANCE
CLIENT
EXPERIENCE

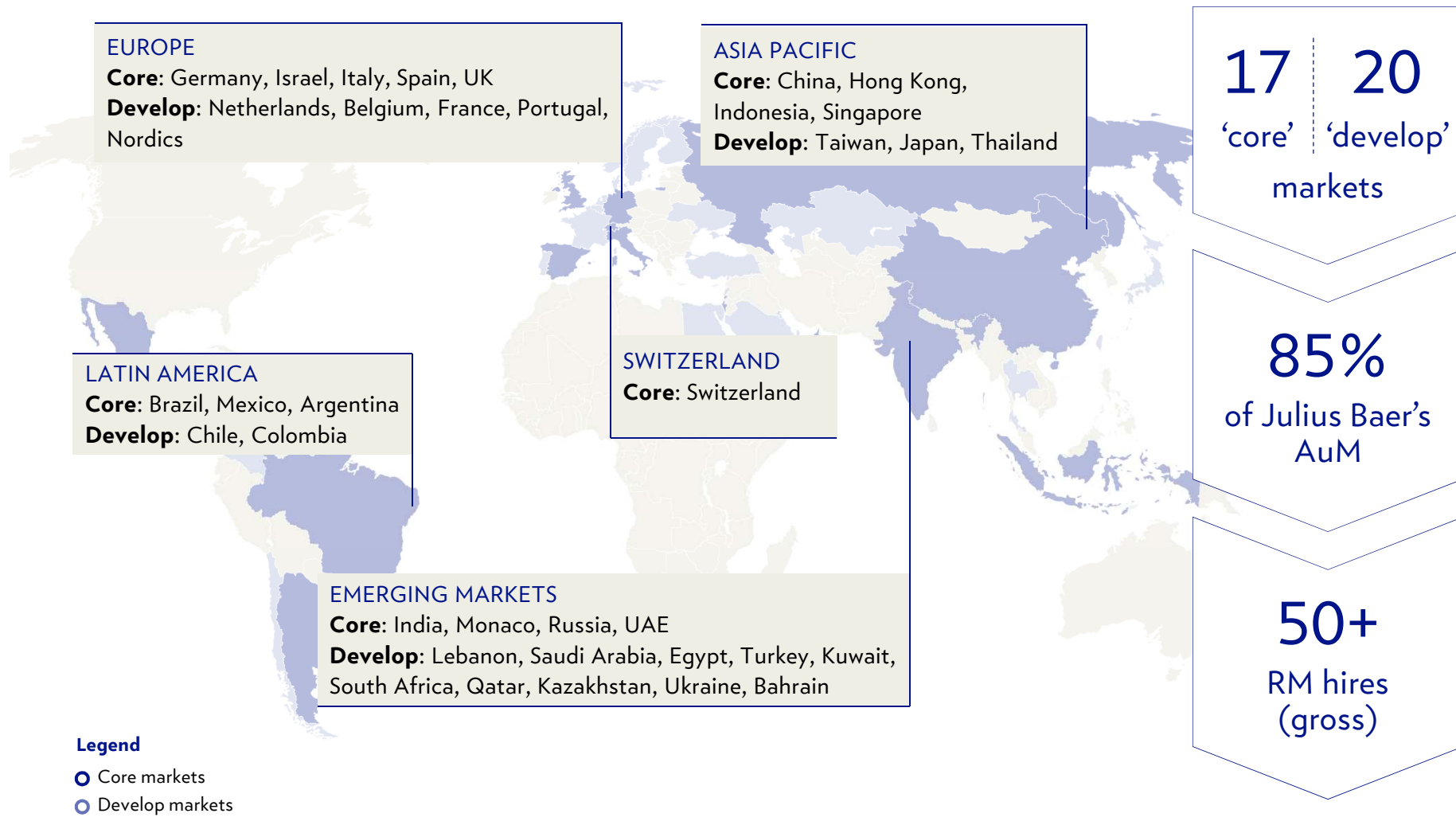


IMPROVE
EFFICIENCY

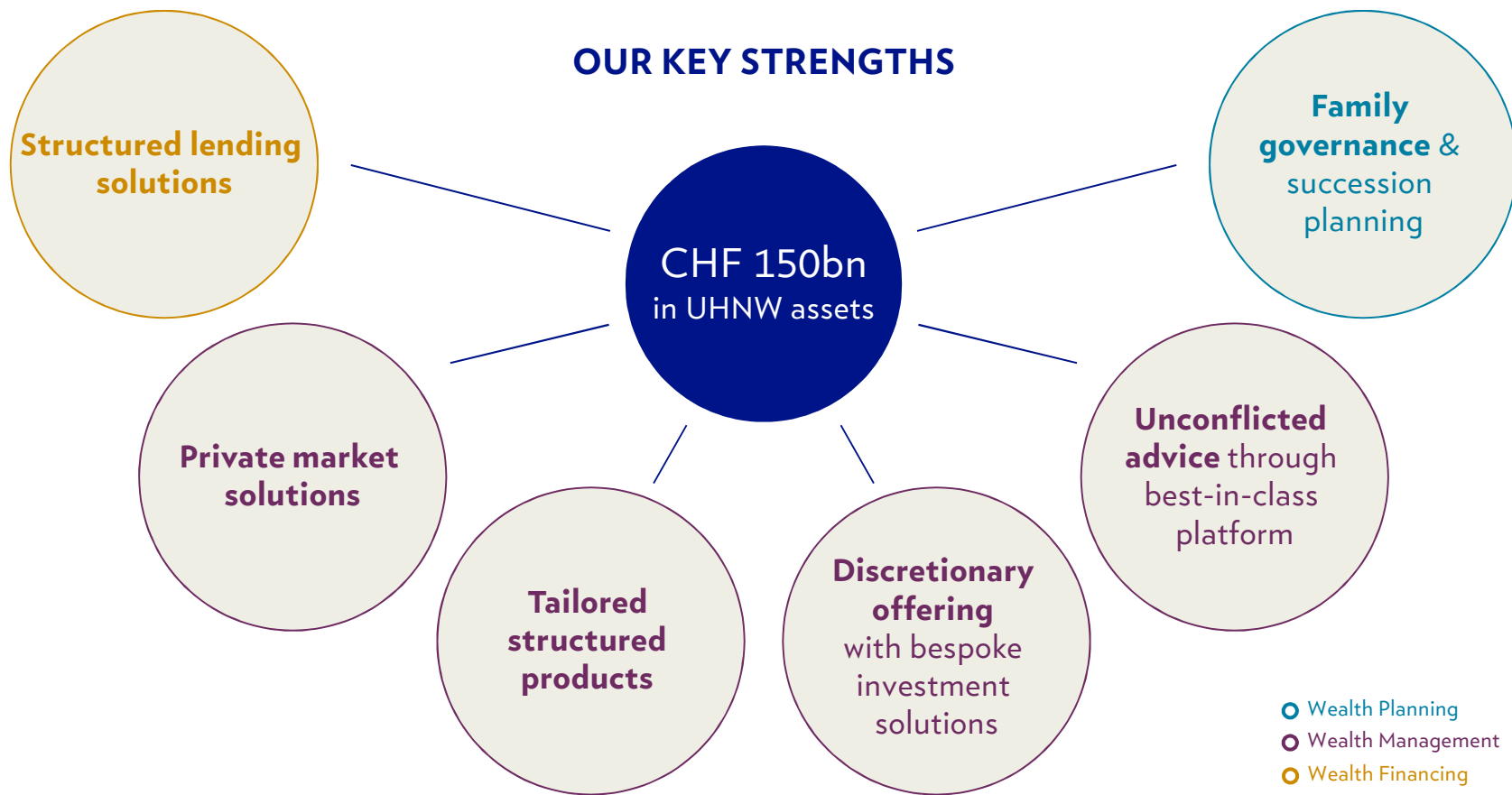


INCREASE
REVENUES

SMARTER MARKET COVERAGE WITH ONGOING INVESTMENTS INTO FOCUS MARKETS



HOLISTIC AND PERSONALISED ADVICE IN THE CONTEXT OF UHNW¹ CLIENTS



LOCAL PRESENCE AND GLOBAL REACH

¹ Clients with AuM > CHF 50m with Julius Bär

TECHNOLOGY TRANSFORMATION ENABLES HOLISTIC AND PERSONALISED ADVICE



INVESTMENT MANAGEMENT

- New integrated applications to make platform more scalable and efficient
 - Mandate Solution Designer (MSD) enabling guided tailoring
 - Investment Management Systems (IMS) upgrade



DIGITAL ADVISORY SUITE 'DIAS'

- End-to-end digital advisory process
 - Rolled-out in Europe and Switzerland
 - Ongoing in Middle East
 - Next year: Asia



DIGITAL CLIENT EXPERIENCE

- 'Idea to Trade' service
- Upgrade of mobile and e-banking solutions for Asian clients

MEDIUM-TERM TARGETS

	H2 2018 adjusted results ¹	H1 2019 adjusted results ¹	Medium-term targets ¹
Cost/income ratio ²	74.3%	71.0%	< 68%
Pre-tax margin	19.9bp	23.0bp	25-28bp
RoCET1	24%	28%	> 32%
Net new money	3.8%	3.2%	4-6%

¹ Excluding integration and restructuring expenses and the amortisation of intangible assets related to acquisitions and divestments, as well as taxes on those respective items

² Excluding provisions and losses

APPENDIX

SCOPE OF PRESENTATION OF FINANCIALS

FINANCIAL RESULTS ARE PRESENTED AS USUAL ON THE ADJUSTED BASIS

- *Excluding* integration and restructuring expenses and the amortisation of intangible assets related to acquisitions or divestments, as well as taxes on those respective items
- Reconciliation from the IFRS results to the adjusted results is outlined on the next page
- Please refer to the Julius Baer Group Ltd. Half-Year Report 2019¹ for the IFRS results

¹ Available from www.juliusbaer.com

RECONCILIATION CONSOLIDATED FINANCIAL STATEMENT¹

IFRS to adjusted net profit

CHF m	H1 2018	H2 2018	H1 2019	Change H1 19/H1 18	Change H1 19/H2 18
IFRS net profit attributable to shareholders of Julius Baer Group Ltd.	443.8	291.6	343.1	-23%	+18%
Non-controlling interests	-	-0.1	-0.2	-	+188%
Net profit for the Group per consolidated Financial Statements (IFRS)	443.8	291.6	342.9	-23%	+18%
M&A-related integration and restructuring expenses:					
Personnel expenses	1.1	1.5	2.0	+74%	+33%
General expenses	2.9	4.2	7.2	+149%	+72%
Total M&A-related integration and restructuring expenses	4.0	5.6	9.1	+128%	+62%
Amortisation of intangible assets related to previous acquisitions:					
ING	8.2	8.2	8.2 ³	-	-
IWM	18.2	18.2	23.0	+27%	+27%
GPS	2.1	1.9	2.0	-7%	+2%
Kairos	4.5	4.5	4.5	-1%	-1%
Commerzbank Luxemburg	0.8	0.8	0.8	-	-
Leumi and Fransad	1.0	1.0	1.0	-	-
Wergen	0.4	0.4	0.4	-	-
WMPartner	0.7	0.7	0.7	-	-
Reliance	0.3	1.7	1.7	+459%	-2%
NSC Asesores	-	-	1.0	-	-
Total amortisation of intangible assets related to previous acquisitions	36.2	37.4	43.2	+19%	+15%
Total adjustments to personnel expenses	1.1	1.5	2.0	+74%	+33%
Total adjustments to general expenses	2.9	4.2	7.2	+149%	+72%
Total adjustments to depreciation and amortisation	36.2	37.4	43.2	+19%	+15%
Total adjustments to operating expenses and profit before taxes	40.2	43.0	52.3	+30%	+22%
Impact of total adjustments on income taxes	-4.3	-4.6	-4.7	+9%	+3%
Adjustments to net profit	35.9	38.5	47.6	+33%	+24%
Adjusted net profit for the Group	479.6	330.0	390.5	-19%	+18%

Further details on transaction-related amortisation:

- | | | | |
|------------|--|---------------------------|---|
| • ING: | CHF 16.3m p.a. until December 2019 | • Kairos: | CHF 8.9m p.a. until March 2026 |
| • IWM: | approx. CHF 36m p.a. for most of the years ² until October 2024 | • Commerzbank Luxembourg: | CHF 1.7m p.a. until June 2025 |
| • GPS: | BRL 15.4m p.a. until March 2023 | • Wergen: | CHF 0.8m p.a. until January 2026 |
| • Leumi: | CHF 1.0m p.a. until February 2025 | • WMPartners: | CHF 1.4m p.a. until December 2022 |
| • Fransad: | CHF 0.9m p.a. until October 2024 | • Reliance: | CHF 2.0m in 2018; BRL 12.9m p.a. until May 2027 |
| | | • NSC Asesores: | CHF 3.0m p.a. until February 2028 |

¹ Please see detailed financial statements in the Half-Year Report 2019, available from www.juliusbaer.com | ² The acquisition of Bank of America Merrill Lynch's international wealth management business outside the US (IWM) took place in steps and is to a small extent subject to CHF translation | ³ One-off step-up following discontinuation of services in certain acquired locations

ADJUSTED* HALF-YEARLY PERFORMANCE

CHF m	H1 2018	H2 2018	H1 2019	Change H1 19/H1 18	Change H1 19/H2 18	H1 2019 in %
Net interest and dividend income ¹	554	366	515	-7%	+41%	30%
Net commission and fee income	1,015	887	956	-6%	+8%	56%
Net trading income ¹	206	324	197	-4%	-39%	12%
Other ordinary results	14	2	31	+127%	+1423%	2%
Operating income	1,789	1,579	1,699	-5%	+8%	100%
Personnel expenses	846	773	833	-2%	+8%	68%
General expenses ²	317	364	317	-0%	-13%	26%
Depreciation and amortisation	43	48	80	+86%	+67%	6%
Operating expenses	1,206	1,185	1,229	+2%	+4%	100%
Profit before taxes	583	394	470	-19%	+19%	
Pre-tax margin (bp) ⁴	29.8	19.9	23.0	-6.8 bp	+3.1 bp	
Income taxes	103	64	79	-23%	+23%	
Adjusted net profit for the Group ³	480	330	391	-19%	+18%	
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	2.20	1.51	1.79	-18%	+18%	
RoTE, adjusted (%) ⁶	33%	22%	25%	-8% pt	+3% pt	
RoCET1, adjusted (%) ⁷	36%	24%	28%	-8% pt	+4% pt	
Gross margin (bp) ⁴	91.5	79.6	83.2	-8.2 bp	+3.6 bp	
Cost/income ratio (%) ⁵	67.3	74.3	71.0	+3.7% pt	-3.3% pt	
Tax rate	17.7%	16.3%	16.9%	-0.8% pt	+0.6% pt	
Staff (FTE)	6,643	6,693	6,768	+2%	+1%	
Provisions and losses	2	12	22	+914%	+94%	
Net new money (CHF bn)	9.9	7.5	6.2	-38%	-18%	
Assets under management (CHF bn)	399.9	382.1	412.3	+3%	+8%	
Average assets under management (CHF bn)	391.1	396.6	408.3	+4%	+3%	

* Excluding integration and restructuring expenses and the amortisation of intangible assets related to acquisitions and divestments, as well as taxes on those items

¹ Net interest income contains dividend income (H1 2018: CHF 159m, H2 2018: CHF 19m, H1 2019: CHF 162m) on trading portfolios

² Including provisions and losses

³ Including non-controlling interests of CHF 0.1m for H1 2019 and CHF -0.1m for H2 2018; no non-controlling interests for H1 2018 since 100% of Reliance acquired from an accounting point of view

⁴ Based on average AuM

⁵ Not considering provisions and losses

⁶ (Annualised) adjusted net profit attributable to shareholders / (half-yearly) average shareholders' equity less goodwill and other intangible assets

⁷ (Annualised) adjusted net profit attributable to shareholders / (half-yearly) average CET1 capital

DETAILED RWA AND CAPITAL RATIO DEVELOPMENT

BIS approach / CHF m	30.06.2018 <i>Basel III</i>	31.12.2018 <i>Basel III</i>	30.06.2019 <i>Basel III</i>
Risk-weighted positions			
Credit risk	13,541	14,528	15,207
Non-counterparty-related risk	354	353	612
Market risk	451	1'245	540
Operational risk	5,125	5,213	5,341
Total risk-weighted positions	19,471	21,338	21,700
CET1 capital	2,677	2,731	2,837
Tier 1 capital	3,878	3,933	4,387
- of which tier 1 capital 'fully eligible Basel III instruments'	1,202	1,202	1,550
Total capital	3,935	3,991	4,496
CET1 capital ratio	13.7%	12.8%	13.1%
Tier 1 capital ratio	19.9%	18.4%	20.2%
Total capital ratio	20.2%	18.7%	20.7%
Leverage ratio (LERA, tier 1 divided by total exposure)	3.8%	3.9%	4.3%
Liquidity coverage ratio (LCR)	188.9%	196.9%	196.3%
Net stable funding ratio (NSFR)	126.2%	129.2%	122.3%
Leverage exposure	102,407	101,679	102,830

CAPITAL DEVELOPMENT

CHF m	30.06.2018 <i>Basel III</i>	31.12.2018 <i>Basel III</i>	30.06.2019 <i>Basel III</i>	Change
Equity at the beginning of the period	5,854	5,854	6,042	+3%
Julius Baer Group Ltd. dividend	-313	-313	-336	
Net profit (IFRS)	444	735	343	
Effect of adoption of IFRS 9	4	4	-	
Change in treasury shares	-24	-33	-33	
Treasury shares and own equity derivative activity	-21	-1	-5	
Remeasurement of defined benefit obligation	48	8	-83	
Other components of equity	-90	-106	151	
<i>Financial assets measured at fair value through other comprehensive income</i>	-60	-45	171	
<i>FX translation differences</i>	-30	-61	-20	
Others	-114	-108	7	
Equity at the end of the period	5,789	6,042	6,087	+1%
- Goodwill & intangible assets (as per capital adequacy rules)	-2,904	-2,902	-2,948	
- Other deductions	-208	-409	-302	
CET1 capital	2,677	2,731	2,837	+4%
+ Tier 1 capital instruments	1,202	1,202	1,550	
= BIS tier 1 capital	3,878	3,933	4,387	+12%
+ Tier 2 capital	57	58	109	
= BIS total capital	3,935	3,991	4,496	+13%

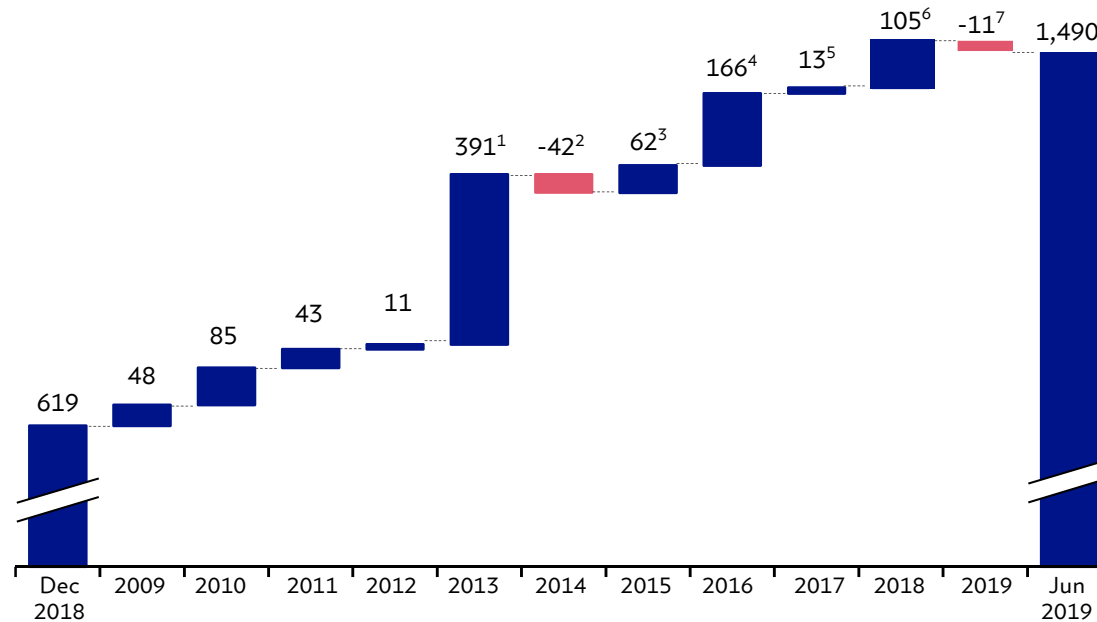
BALANCE SHEET – FINANCIAL ASSETS (FVOCI)

CHF m	30.06.2018	31.12.2018	30.06.2019	in %	Change vs. 31.12.2018
Debt instruments	12,901	14,442	14,887	98%	+3%
Government and agency bonds	3,111	3,291	3,627	24%	+10%
Financial institution bonds	6,287	7,113	7,051	47%	-1%
Corporate bonds	3,497	4,038	4,209	28%	+4%
Other bonds	6	-	-	0%	-
Equity instruments	144	145	233	2%	+61%
Total financial assets measured at fair value through other comprehensive income (FVOCI)	13,044	14,588	15,121	100%	+4%
Cash with central banks	13,149	15,811	12,695		-20%

Debt instruments by credit rating classes		Moody's	30.06.2018	31.12.2018	30.06.2019	in %	Change vs. 31.12.2018
1-2	AAA – AA-	Aaa – Aa3	8,540	8,775	8,397	56%	-4%
3	A+ – A-	A1 – A3	3,984	4,718	5,757	39%	+22%
4	BBB+ – BBB-	Baa1 – Baa3	346	933	703	5%	-25%
5	BB+ – BB-	Ba1 – Ba3	17	17	17	0%	+2%
Unrated ¹			13	-	14	0%	-
Total			12,901	14,442	14,887	100%	+3%

¹ New issues or unrated bonds from top-rated issuers

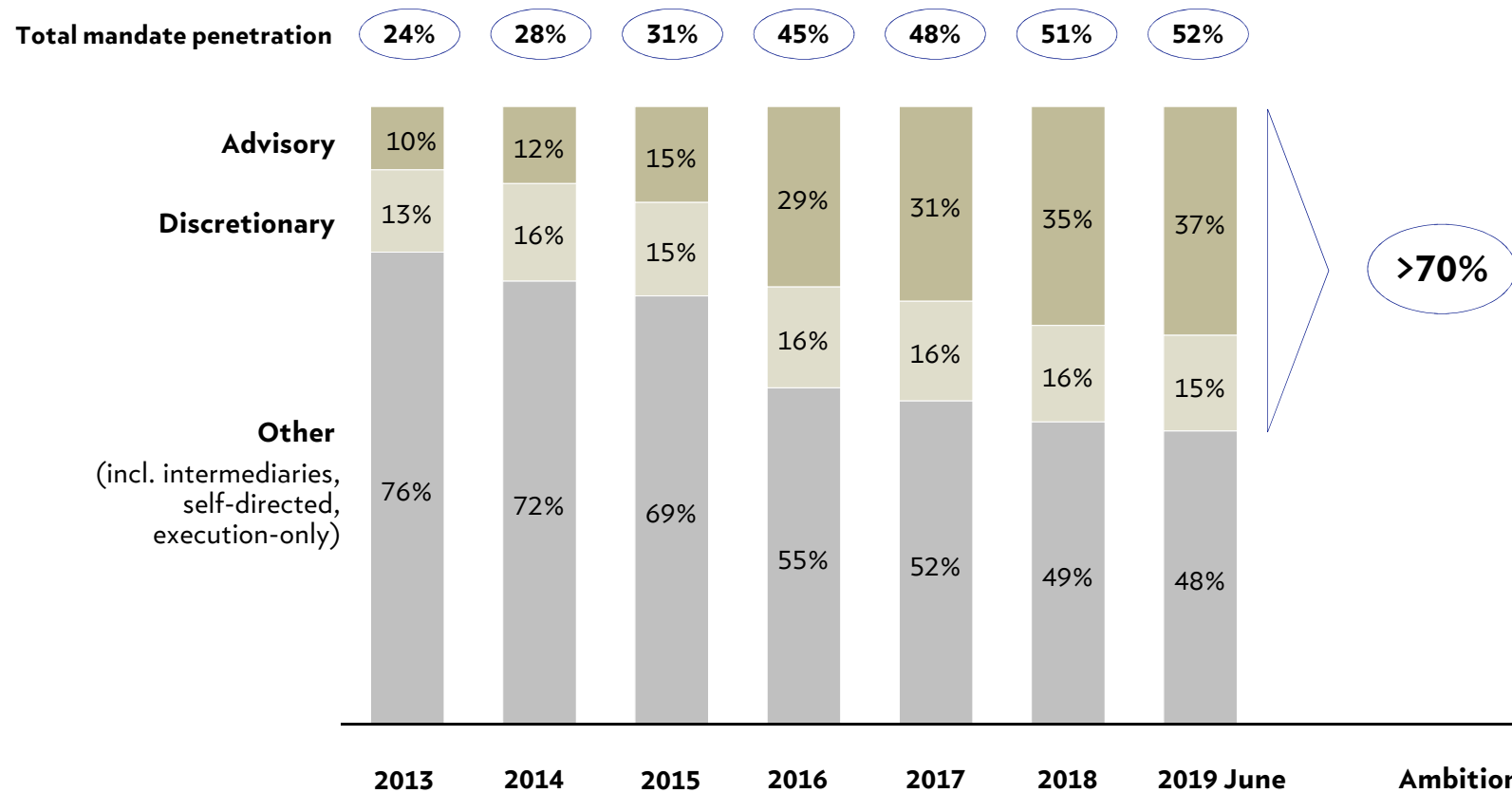
LONG TERM RM DEVELOPMENT



- 2019: net decrease of -11 RMs
 - Includes +20 RMs from NSC Asesores
 - Continued successful hiring of senior teams with promising pipelines
 - Net decrease following stricter performance management in context of cost reduction programme

¹ +391, mostly from RMs transferring in from Bank of America's International Wealth Management business (IWM) outside the US | ² -42, driven by IWM transaction-related synergy realisations | ³ +62, of which net +40 from hiring, remainder from acquisitions | ⁴ Incl. +50 RMs transferring following the consolidation of Kairos and Commerzbank International S.A. Luxembourg | ⁵ +13, of which +41 net from hiring, -28 following internal transfers | ⁶ Incl. +13 RMs from the acquisition of Reliance Group | ⁷ Incl. +20 RMs from the acquisition of NSC Asesores

MANDATE PENETRATION



AUM BREAKDOWN BY ASSET MIX AND CURRENCY MIX

Asset mix	30.06.2018	31.12.2018	30.06.2019
Equities	28%	26%	27%
Bonds (including Convertible Bonds)	19%	20%	20%
Investment Funds ¹	26%	25%	26%
Money Market Instruments	3%	4%	4%
Client Deposits	18%	19%	17%
Structured Products	6%	5%	5%
Other, including alternative investment assets	0%	1%	1%
Total	100%	100%	100%

Currency mix	30.06.2018	31.12.2018	30.06.2019
USD	46%	46%	47%
EUR	23%	22%	21%
CHF	10%	10%	10%
GBP	4%	4%	4%
HKD	4%	3%	3%
INR	3%	3%	3%
SGD	1%	2%	2%
BRL	2%	2%	2%
JPY	1%	1%	1%
AUD	1%	1%	1%
CNY	1%	1%	1%
CAD	1%	1%	1%
Other	3%	4%	5%
Total	100%	100%	100%

¹ Includes, amongst other asset classes, further exposure to equities and bonds

JULIUS BAER: PURE-PLAY WEALTH MANAGEMENT GROUP

Well positioned for further growth



- World's largest pure wealth management Group, with premium brand
- Client-centric approach
- Balanced exposure to traditional and growth markets
- Present in more than 60 locations
- More than 6,700 highly dedicated staff, incl. almost 1,500 RMs¹
- AuM CHF 412bn¹
- Strongly capitalised:
 - BIS total capital ratio 20.7%¹
 - BIS CET1 capital ratio 13.1%¹
- Moody's long-term deposit rating Bank Julius Baer & Co. Ltd: Aa2 / stable outlook
- Market capitalisation: CHF 10bn²

¹ At 30 June 2019 | ² At market close on 19 July 2019 | ³ Additional advisory locations in Bangalore, Chennai, Kolkata and New Delhi

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

General

This presentation by Julius Baer Group Ltd. (“the Company”) does not constitute an invitation or offer to acquire, purchase or subscribe for securities nor is it designed to invite any such offer or invitation.

Cautionary Statement Regarding Forward-looking Statements

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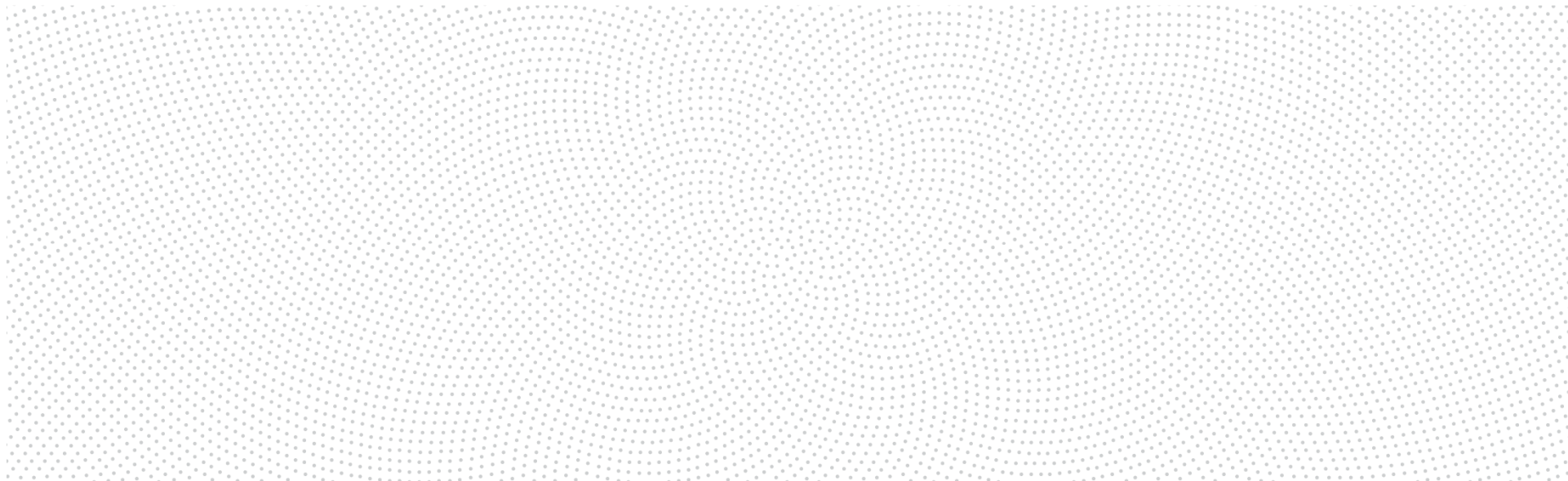
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Julius Bär



The background of the cover is a photograph of a body of water, likely a lake or sea, with sunlight reflecting off the surface, creating a shimmering effect. In the bottom left corner, there is a white, geometric, triangular shape that resembles a modern architectural structure or a paved area.

Julius Bär

BUSINESS REVIEW FIRST HALF 2019

JULIUS BAER GROUP

Pre-print as at 22 July 2019

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 for nearly 130 years.

We manage our company for the long term and with an exclusive strategic focus on wealth management.

Our strategy is built on three principles: delivering a best-in-class experience to our clients, being the most admired and respected firm in our sector and pursuing sustainable profitability (see also page 21 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 almost 6,800 employees, we stand for:

SOLID FOUNDATIONS

PURE WEALTH MANAGEMENT

PERSONAL CONNECTIONS

INTERNATIONAL NETWORK

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KEY FIGURES JULIUS BAER GROUP¹

	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m	Change to H1 2018 in %
Consolidated income statement				
Operating income	1,699.0	1,788.8	1,579.0	-5.0
Adjusted operating expenses	1,229.2	1,206.1	1,184.7	1.9
Profit before taxes	469.8	582.7	394.4	-19.4
Adjusted net profit for the Group	390.5	479.6	330.0	-18.6
IFRS net profit for the Group ²	342.9	443.8	291.6	-22.7
Cost/income ratio ³	71.0%	67.3%	74.3%	-
Pre-tax margin (basis points)	23.0	29.8	19.9	-
	30.06.2019	30.06.2018	31.12.2018	Change to 31.12.2018 in %
Assets under management (CHF bn)				
Assets under management	412.3	399.9	382.1	7.9
Net new money (in period)	6.2	9.9	7.5	-
Consolidated balance sheet (CHF m)				
Total assets	103,654.9	103,540.2	102,898.3	0.7
Total equity	6,086.7	5,788.7	6,041.9	0.7
BIS total capital ratio	20.7%	20.2%	18.7%	-
BIS CET1 capital ratio	13.1%	13.7%	12.8%	-
Return on tangible equity (RoTE) annualised ⁴	25%	33%	22%	-
Return on common equity Tier 1 capital (RoCET1) ⁵	28%	36%	24%	-
Personnel (FTE)				
Number of employees	6,768	6,643	6,693	1.1
Number of relationship managers	1,490	1,475	1,501	-0.7
Capital structure				
Number of shares	223,809,448	223,809,448	223,809,448	-
Market capitalisation (CHF m)	9,727	13,044	7,836	24.1
Moody's rating Bank Julius Baer & Co. Ltd.				
Long-term deposit rating	Aa2	Aa2	Aa2	-
Short-term deposit rating	Prime-1	Prime-1	Prime-1	-

¹ Adjusted results derived by excluding from the reviewed IFRS financial statements the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments and the taxes on those respective items.

² Reconciliation with adjusted net profit for the Group is detailed in the table on page 8.

³ Calculated using adjusted operating expenses, excluding provisions and losses.

⁴ Adjusted net profit attributable to shareholders/(half-yearly) average shareholders' equity less goodwill and other intangible assets.

⁵ Adjusted net profit attributable to shareholders/(half-yearly) average CET1 capital.

FOREWORD

Dear Reader

After a very weak second half of 2018, financial markets saw a strong rebound in the first six months of the year, backed by solid economic fundamentals and accommodative monetary policies. This upswing was also fuelled by hope of an impending renewal of the US-China trade negotiations. Failure on this front remains a low-probability but high-impact scenario, which clouds market sentiment. The ongoing stalemate in the negotiations, and its mounting negative impact on global trade, continue to temper risk appetite, equity valuations, macroeconomic expectations and client activity.

Against the backdrop of more favourable market conditions, Julius Baer's results for the first half of 2019 improved substantially compared to the last six months of 2018. Julius Baer continues to benefit from its positioning as a pure wealth manager in our chosen strategic markets. Nevertheless, we have taken structural cost measures to safeguard the Group's profitability in view of further financial market volatility and potential future downturns.

Our continued investments in Julius Baer's focused business model and longer-term growth are backed by a solid capital position. At the end of June 2019, the BIS CET1 capital ratio was 13.1%, and the BIS total capital ratio stood at 20.7%. At these levels, the capital ratios remain comfortably above the Group's floors of 11% and 15%, respectively, and significantly above the regulatory floors of 8.2% and 12.4%, respectively.

‘Our results have improved substantially compared to the last six months of 2018.’

In order to fully capture the attractive long-term growth potential in our industry, we have defined three strategic action items for the years to come, which will drive the evolution and ensure the future-proofing of our business. *Smarter market coverage* ensures that we grow in or develop those markets which yield the best returns for our company. *Holistic and personalised advice* differentiates Julius Baer in offering wealthy clients relevant and valuable solutions in an increasingly commoditised world. And *technology and digital transformation* forms the core of our drive to pioneer innovation in wealth management, in order to fulfil client requirements and to further improve our efficient operation today and tomorrow.

During the first half of 2019, we made considerable progress in implementing this strategy of focus, investment and growth. In particular, we further strengthened our footprint in our defined 17 core markets globally, by opening new offices in the UK and Spain and by increasing our stake in NSC Asesores in Mexico. We are also progressively adding to our offering in all our core markets to match the highest local standards. In Thailand – a market we are developing – we have formally launched the operation of SBC Julius Baer Securities, our joint venture with The Siam Commercial Bank, the leading local bank.

On the management front, the Board of Directors appointed Philipp Rickenbacher at the beginning of July 2019 as next CEO as part of its long-term succession planning. Currently heading our intermediaries and global custody business, Philipp Rickenbacher has a compelling leadership and industry track record and is deeply familiar with Julius Baer's culture and business. In addition, he is prepared to actively address the challenges of the future. He will take over as CEO on 1 September 2019.

Jointly with the new CEO, the Board will build on Julius Baer's heritage of almost 130 years. We will refine our growth story by preserving our areas of strength and, at the same time, we will challenge the status quo in light of the fundamental shifts in our industry.

We are grateful for our stakeholders' trust in us. It serves as both validation of our efforts and an incentive to continue to develop Julius Baer on its proven path of long-term sustainable and profitable growth.



Romeo Lacher
Chairman

A stylized, handwritten signature of Romeo Lacher in black ink.



Bernhard Hodler
Chief Executive Officer

A stylized, handwritten signature of Bernhard Hodler in black ink.

FINANCIAL PERFORMANCE IN FIRST HALF 2019

While adjusted¹ net profit could not match the record result achieved in the first half of last year, profitability recovered considerably from the challenging second half of 2018, driven by a strong sequential increase in asset valuations and gross margin². The Group's capital position remained solid.



Dieter A. Enkelmann, Chief Financial Officer

in Asia, Europe and the Middle East. However, these net inflows were partly offset by net outflows from Kairos funds (following a decline in fund performance in 2018; in H1 2019, the performance improved again). The Group's net new money was also negatively impacted to some extent by a limited number of client exits in the context of the ongoing client risk review project (which is nearing completion), as well as by modest outflows following a wider application of negative interest rates to large cash holdings in affected currencies, mainly Swiss francs and euros. Including assets under custody³ of CHF 67 billion, total client assets³ grew by 8% from year-end 2018 to CHF 479 billion.

*Assets under management*³ (AuM) ended the first six months of 2019 at CHF 412 billion, an increase of CHF 30 billion, or 8%, since the end of 2018. The growth in AuM was helped by a strong recovery in global stock markets, as well as net new money³ of CHF 6.2 billion and the first-time consolidation of NSC Asesores in Mexico, which added CHF 3 billion. The strengthening Swiss franc had a slightly negative impact on AuM.

While the annualised net new money growth rate⁴ of 3.2% was below the Group's medium-term target range (4–6%), it moved closer to the target in the last quarter. Excluding Kairos, net inflows developed at a satisfactory level inside the targeted range, driven by solid inflows from clients domiciled

Operating income was CHF 1,699 million, a decrease of 5% versus H1 2018. Compared to the second half of 2018, operating income grew by 8%. As monthly average AuM increased to CHF 408 billion (up 4% year on year and 3% versus H2 2018), the gross margin came to 83.2 basis points (bp), a decline versus H1 2018 (91.5 bp), but an improvement from H2 2018 (79.6 bp).

Net commission and fee income decreased by 6% year on year to CHF 956 million. This decline was driven mainly by lower client transaction activity compared to the first half of 2018, and to a lesser extent by modest fee pressure on discretionary mandates and a lower contribution from Kairos.

¹ Cf. footnote 1 to the table on the next page

² Annualised total operating income divided by monthly average assets under management.

³ For the definition of assets under management, net new money and client assets, please refer to the Annual Report 2018, pp. 197 and 198. Assets under custody are those client assets that are not assets under management.

⁴ Annualised net new money as a percentage of assets under management at the end of the previous year.

CONSOLIDATED INCOME STATEMENT¹

	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m	Change to H1 2018 in %
Net interest and dividend income	515.2	553.5	365.7	-6.9
Net commission and fee income	955.9	1,015.5	887.4	-5.9
Net trading income	197.1	206.3	323.9	-4.4
Net credit losses/(recoveries) on financial assets	-3.1	-0.4	3.4	-
Other ordinary results	27.6	13.2	5.4	109.8
Operating income	1,699.0	1,788.8	1,579.0	-5.0
Personnel expenses	832.8	845.9	772.9	-1.5
General expenses ²	316.7	317.4	364.0	-0.2
Depreciation and amortisation	79.6	42.8	47.8	86.1
Adjusted operating expenses	1,229.2	1,206.1	1,184.7	1.9
Profit before taxes	469.8	582.7	394.4	-19.4
Income taxes	79.3	103.1	64.4	-23.1
Adjusted net profit for the Group	390.5	479.6	330.0	-18.6
IFRS net profit for the Group³	342.9	443.8	291.6	-22.7
Attributable to:				
Shareholders of Julius Baer Group Ltd.	390.4	479.6	330.1	-18.6
Non-controlling interests	0.1	-	-0.1	
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	1.79	2.20	1.51	-18.5
Key performance ratios				
Cost/income ratio ⁴	71.0%	67.3%	74.3%	-
Gross margin (basis points)	83.2	91.5	79.6	-
Pre-tax margin (basis points)	23.0	29.8	19.9	-
Tax rate	16.9%	17.7%	16.3%	-

¹ Adjusted results derived by excluding from the reviewed IFRS financial statements the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments and the taxes on those respective items.

² Including provisions and losses.

³ Reconciliation with adjusted net profit for the Group is detailed in the table on page 8.

⁴ Calculated using adjusted operating expenses, excluding provisions and losses.

Net interest and dividend income declined by 7% year on year to CHF 515 million. It included CHF 162 million of dividend income on trading portfolios, up 2% year on year. Excluding this item, underlying net interest and dividend income decreased by 10% to CHF 354 million. Underlying net interest income benefitted from an increase in interest income on loans (driven by higher US interest rates) and interest income on debt instruments at FVOCI⁵ (following an increase in investments of excess deposits into the Group's treasury portfolio, at higher rates). However, this benefit was more than offset by an increase in interest expense on deposits from customers.

Net trading income decreased by 4% year on year to CHF 197 million. Including the dividend income related to trading portfolios, underlying net trading income declined by 2% to CHF 359 million.

Other ordinary results (which among other items includes income from associates, rental income and net gains/losses from the disposal of investments from the financial assets portfolio) grew by CHF 14 million year on year to CHF 28 million.

Net credit recoveries on financial assets improved from close to zero in H1 2018 to CHF 3 million.

Operating expenses according to IFRS rose by 3% year on year to CHF 1,281 million. This was driven by a 1% decrease in *personnel expenses* to CHF 835 million (despite the inclusion of CHF 17 million of one-off redundancy costs related to the cost-reduction programme), a 1% increase in *general expenses* to CHF 324 million, a 22% increase in amortisation to CHF 74 million and a 163% increase

in *depreciation* to CHF 49 million. The first-time application of IFRS 16 (Leases) resulted effectively in a shift of CHF 31 million from general expenses to depreciation. Compared to the second half of 2018, IFRS operating expenses grew by 4%.

As in previous years in the analysis and discussion of the results in the Business Review, *adjusted operating expenses* exclude acquisition-related integration and restructuring expenses (CHF 9 million, H1 2018: CHF 4 million, H2 2018: CHF 6 million) as well as the acquisition-related amortisation of intangible assets (CHF 43 million, H1 2018: CHF 36 million, H2 2018: CHF 37 million).

Compared to the first half of 2018, adjusted operating expenses increased by 2% to CHF 1,229 million, as the 2% decrease year on year in adjusted personnel expenses, to CHF 833 million, and the unchanged adjusted general expenses of CHF 317 million, were more than offset by a 163% increase in adjusted depreciation to CHF 49 million, and a 27% increase in adjusted amortisation to CHF 31 million. Compared to the second half of 2018, adjusted operating expenses increased by 4%.

At 6,768 full-time equivalents (FTEs), personnel has risen by 2%, or 125 FTEs, in the twelve months since 30 June 2018, and by 1%, or 75 FTEs, in the six months since the end of 2018. This included 55 FTEs following the first-time consolidation of NSC Asesores in March 2019. Compared to the first half of 2018, the monthly average number of employees grew by 5% to 6,780. At the end of June 2019, the Group employed 1,490 relationship managers (RMs), including 20 at NSC Asesores. This represents an increase of 15 RMs since 30 June 2018 and a decrease of 11 RMs since the end of 2018.

Despite the 5% rise year on year in average staff levels and the inclusion of CHF 17 million of one-off severance costs related to the cost-reduction programme, *adjusted personnel expenses* declined by 2% year on year to CHF 833 million, following a decrease in performance-related remuneration.

Adjusted general expenses were unchanged year on year at CHF 317 million, despite a CHF 20 million increase in provisions and losses (to CHF 22 million) but helped by the first-time application of IFRS 16 (Leases).

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY CURRENCY

	30.06.2019	30.06.2018	31.12.2018
USD	47%	46%	46%
EUR	21%	23%	22%
CHF	10%	10%	10%
GBP	4%	4%	4%
HKD	3%	4%	3%
SGD	2%	1%	2%
RUB	1%	1%	1%
CAD	1%	1%	1%
Other	11%	10%	11%

⁵ Fair value through other comprehensive income.

ASSETS UNDER MANAGEMENT

	30.06.2019 CHF bn	30.06.2018 CHF bn	31.12.2018 CHF bn	Change to 31.12.2018 in %
Assets under management	412.3	399.9	382.1	7.9
<i>Change through net new money</i>	6.2	9.9	7.5	-
<i>Change through market and currency impacts</i>	25.6	-2.8	-23.9	-
<i>Change through acquisition</i>	3.0	4.5	-	-
<i>Change through divestment</i>	-1.7 ¹	-0.0 ¹	-1.3 ¹	-
<i>Change through other effects</i>	-2.8 ²	-0.0 ²	-0.1 ²	-
Average assets under management (in period)	408.3	391.1	396.6	2.9

¹ Assets under management were affected by the Group's decision to discontinue its offering to clients from a number of selected countries.

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

Depreciation grew by 163% year on year to CHF 49 million, mainly as a consequence of IFRS 16 (Leases), and *adjusted amortisation* rose by 27% to CHF 31 million. The growth in adjusted amortisation mainly reflects the rise in IT-related investments in recent years, including the completion in 2018 of the new core banking system in Singapore and Hong Kong.

As a result, the Group achieved an adjusted cost/income ratio⁶ of 71.0% (H1 2018: 67.3%, H2 2018: 74.3%).

As announced last February, while continuing its strategic growth investments, Julius Baer has put in place a CHF 100 million gross cost-reduction programme which encompasses a number of structural measures, including a decrease in the Group's headcount by a net 2% between the end of 2018 and the end of 2019. The execution of this programme is on track, and the results from

these structural cost reductions are expected to start materialising partly in the second half of 2019 and fully in the 2020 financial results, with the reconfirmed aim to reduce the adjusted cost/income ratio below 68% in 2020 – assuming no meaningful deterioration relative to the 2018 average market conditions.

IFRS *profit before taxes* declined by 23% year on year to CHF 418 million. As income taxes were 24% lower at CHF 75 million, *net profit for the Group* as well as net profit attributable to shareholders of Julius Baer Group Ltd. decreased by 23% to CHF 343 million, and EPS also by 23% to CHF 1.58. Compared to the second half of 2018, IFRS profit before taxes grew by 19%, and net profit and EPS by 18%.

Adjusted profit before taxes of CHF 470 million represented a drop of 19% year on year (but an increase of 19% compared to H2 2018), resulting in an adjusted pre-tax margin⁷ of 23.0 bp (H1 2018: 29.8 bp, H2 2018: 19.9 bp). The related income taxes were CHF 79 million, corresponding to a tax rate of 16.9% (H1 2018: 17.7%, H2 2018: 16.3%).

BREAKDOWN OF ASSETS UNDER MANAGEMENT
BY ASSET MIX

	30.06.2019	30.06.2018	31.12.2018
Equities	27%	28%	26%
Investment funds	26%	26%	25%
Bonds/convertibles	20%	19%	20%
Client deposits	17%	18%	19%
Structured products	5%	6%	5%
Money market instruments	4%	3%	4%
Other	1%	0%	1%

⁶ Total operating expenses divided by total operating income; calculated using adjusted operating expenses (as defined in footnote 1), excluding provisions and losses.

⁷ Annualised adjusted profit before taxes (using adjusted operating expenses as defined in footnote 1), divided by monthly average assets under management.

Adjusted net profit for the Group⁸ came to CHF 391 million, a decrease of 19% year on year (but an improvement of 18% compared to H2 2018). Adjusted EPS attributable to shareholders was CHF 1.79, a decline of 18% from H1 2018 (but an increase of 18% compared to H2 2018).

The adjusted return on CET1 capital⁹ was 28% (H1 2018: 36%, H2 2018: 24%).

BALANCE SHEET AND CAPITAL DEVELOPMENT

Since the end of 2018, *total assets* increased by 1% to CHF 104 billion. *Loans* grew by 3% to CHF 47 billion – comprising over CHF 37 billion of Lombard loans (+4%) and over CHF 9 billion of mortgages (-1%). As the *deposits from customers* position declined by 1% to CHF 71 billion, the loan-to-deposit ratio¹⁰ went up to 66% (end of 2018: 63%). *Equity attributable to shareholders of Julius Baer Group Ltd.* grew by 1% to CHF 6.1 billion.

Since the end of 2018, BIS CET1 capital increased by 4% to CHF 2.8 billion. In June 2019, the Group placed CHF 350 million of perpetual Additional Tier 1 (AT1) subordinated bonds with a coupon of 2.375%. As a result of the increase in BIS CET1 capital and the AT1 bond issue, BIS tier 1 capital grew by 12% to CHF 4.4 billion and BIS total capital by 13% to CHF 4.5 billion.

As risk-weighted assets went up by 2% to CHF 21.7 billion, the *BIS CET1 capital ratio* rose to 13.1% (compared to 12.8% at the end of 2018) and the *BIS total capital ratio* to 20.7% (up from 18.7% at the end of 2018). The leverage exposure grew by 1% to CHF 103 billion, resulting in the Tier 1 leverage ratio rising to 4.3% (compared to 3.9% at the end of 2018).

At these levels, the Group continues to be solidly capitalised: the CET1 and total capital ratios remain well above the Group's own floors of 11% and 15% and significantly in excess of the regulatory minimums of 8.2% and 12.4%, respectively, while the Tier 1 leverage ratio is comfortably above the 3.0% regulatory minimum.

⁸ Cf. footnote 1 to the table on page 5

⁹ Annualised adjusted net profit attributable to shareholders of Julius Baer Group Ltd., divided by the average of CET1 capital at the start of the period and at the end of the period.

¹⁰ The loans to customers position divided by the deposits from customers position.

RECONCILIATION CONSOLIDATED FINANCIAL STATEMENT¹ IFRS TO ADJUSTED NET PROFIT

	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m	Change to H1 2018 in %
IFRS net profit attributable to shareholders of Julius Baer Group Ltd.	343.1	443.8	291.6	-22.7
Non-controlling interests	-0.2	-	-0.1	
IFRS net profit for the Group	342.9	443.8	291.6	-22.7
Amortisation of intangible assets related to previous acquisitions or divestments²	43.2	36.2	37.4	19.3
Total adjustment to personnel expenses	2.0	1.1	1.5	73.7
Total adjustment to general expenses	7.2	2.9	4.2	148.8
Integration and restructuring expenses	9.1	4.0	5.6	127.8
Adjustments to operating expenses and profit before taxes	52.3	40.2	43.0	30.1
Tax impact	-4.7	-4.3	-4.6	9.1
Adjustments to net profit	47.6	35.9	38.5	32.7
Adjusted net profit for the Group	390.5	479.6	330.0	-18.6

¹ Detailed financial statements are available in the Half-Year Report 2019.

² Further details on transaction-related amortisation can be found in the presentation to investors, analysts and media.

CONSOLIDATED BALANCE SHEET

	30.06.2019 CHF m	30.06.2018 CHF m	31.12.2018 CHF m	Change to 31.12.2018 in %
Assets				
Due from banks	9,405.7	11,863.8	9,228.8	1.9
Loans to customers ¹	46,665.2	46,661.6	45,323.2	3.0
Trading assets	9,971.2	9,411.0	8,415.6	18.5
Financial assets measured at fair value through other comprehensive income	15,120.6	13,044.1	14,587.6	3.7
Goodwill and other intangible assets	2,978.2	2,935.5	2,932.2	1.6
Other assets	19,513.9	19,624.1	22,411.1	-12.9
Total assets	103,654.9	103,540.2	102,898.3	0.7
Liabilities and equity				
Due to banks	6,589.7	8,219.5	6,892.2	-4.4
Deposits from customers	71,084.5	70,236.7	71,506.4	-0.6
Financial liabilities designated at fair value	14,009.7	13,824.8	13,703.6	2.2
Other liabilities	5,884.2	5,470.5	4,754.2	23.8
Total liabilities	97,568.1	97,751.5	96,856.4	0.7
Equity attributable to shareholders of Julius Baer Group Ltd.	6,077.5	5,788.7	6,039.9	0.6
Non-controlling interests	9.3	-	1.9	379.1
Total equity	6,086.7	5,788.7	6,041.9	0.7
Total liabilities and equity	103,654.9	103,540.2	102,898.3	0.7
Key performance ratios				
Loan-to-deposit ratio	66%	66%	63%	-
Book value per share outstanding (CHF) ²	28.7	27.2	28.4	1.1
Return on tangible equity (RoTE) annualised ³	25%	33%	22%	-
Return on common equity Tier 1 capital (RoCET1) ⁴	28%	36%	24%	-
BIS statistics				
Risk-weighted assets	21,699.8	19,471.0	21,338.4	1.7
BIS total capital	4,495.7	3,934.9	3,991.2	12.6
BIS CET1 capital	2,836.8	2,676.6	2,731.2	3.9
BIS total capital ratio	20.7%	20.2%	18.7%	-
BIS CET1 capital ratio	13.1%	13.7%	12.8%	-

¹ Mostly Lombard lending and mortgages to clients.

² Based on shareholders' equity.

³ Adjusted net profit attributable to shareholders/(half-yearly) average shareholders' equity less goodwill and other intangible assets.

⁴ Adjusted net profit attributable to shareholders/(half-yearly) average CET1 capital.

DEVELOPMENTS IN FIRST HALF 2019

We made considerable progress in implementing our strategy of focus, investment and growth, further strengthening our Group's presence along our market priorities. At the same time, we continued to complement our holistic offering in line with client preferences, thus ensuring its relevance and accessibility in an increasingly digital world.

EVOLVING STRATEGIC PRIORITIES

Our Group's strategy is built around three principles: delivering a best-in-class wealth management experience to our clients, being the most admired and respected firm in our sector and pursuing sustainable profitability. These principles are designed to ensure industry leadership in the world of tomorrow.

In order to fully capture the attractive long-term growth potential in our industry, we have defined three strategic action items for the years to come, which will drive the evolution and ensure the future-proofing of our business. *Smarter market coverage* ensures that we grow in or develop those markets which yield the best returns for our company. *Holistic and personalised advice* differentiates Julius Baer in offering wealthy clients relevant and valuable solutions in an increasingly commoditised world. And *technology and digital transformation* forms the core of our drive to pioneer innovation in wealth management, in order to fulfil client requirements and to further improve our efficient operation today and in the future.

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 evolving local requirements and client-specific preferences as well as flexible interfaces to third-party FinTech solutions.

In all three hubs, digitalisation continues to be the focus of various initiatives towards new and further improved tools and channels. The overarching aim is to continuously improve the client and user experience throughout all stages of the client journey. Leveraging the high and growing e-/mobile banking usage rate among clients booked in Switzerland and Guernsey, similar upgraded applications will gradually be introduced to our clients in Asia in summer this year. In parallel, significant investments have been made in digital services that enable clients to interact with the Bank in a more convenient way.

Through our partnership with Switzerland's *F10 FinTech Incubator & Accelerator* association, we remain close to the rapidly evolving local FinTech ecosystem. This allows us to evaluate novel approaches and solutions in a growing number of application areas for possible integration into our business. Internal initiatives in the areas of client management and operational efficiency have resulted in a growing number of robotics solutions across the Group.

At the end of February, Julius Baer announced it will enter into a partnership with *SEBA Crypto AG* of Zug, Switzerland, to take advantage of their innovative platform and capabilities in order to meet the growing demand of Julius Baer clients for leading-edge solutions in the area of digital assets. Through this partnership, which will come into effect upon the granting of the FINMA banking and securities dealer licence to SEBA, Julius Baer plans to extend its service range providing storage, transaction and investment solutions for digital assets.

Upon completion last year of the MIFID II implementation in the Group's European locations, the regulatory focus has now shifted towards Swiss consumer protection legislation FinfraG (infrastructure) and FIDLEG (services), which are expected to enter into force on 1 January 2020. As FIDLEG has a similar aim as MIFID II, the gap analysis was completed in H1 2019 and the functionality and scope of our *Digital Advisory Suite* (see page 15) has been updated accordingly.

Risk management remains an area of focus. At the end of 2019, the ongoing three-year client risk review project will be completed. This will enable us to control risk even more effectively, in line with the highest quality standards of our industry. At the same time, it will pave the way for data-driven, more targeted service and advice for clients.

In parallel, the Group's compliance framework has been further strengthened in both scope and effectiveness. Apart from the increasing use of automated monitoring and sophisticated analytics tools, compliance awareness and knowledge among employees remains key. Related compliance training efforts have been rolled out to the entire Group – relationship managers (RMs) and other client-facing staff in particular – including mandatory certification programmes and corresponding refresher courses.

SWITZERLAND

Switzerland is Julius Baer's home market and the Group's main booking centre. As the leading Swiss wealth management group, we serve a significant number of domestic clients and resident clients with an international background. The country's location in the heart of Europe makes it easily accessible from all over the world and attracts a diverse population of wealthy individuals. Its notable cultural and linguistic diversity is matched by our network of 14 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 and for our comprehensive offering encompassing wealth management, wealth planning and wealth financing. Our clients value the holistic quality of our structured advisory approach *Julius Baer – Your Wealth*. Adaptive by design, it serves our clients through all stages of their lives and ensures optimal wealth structures today and over generations.

Your Wealth also enables us to fully harness the Group's broad range of expertise for the benefit of our clients. In order to sensitise existing as well as new clients to key interdependencies in managing personal wealth and the resulting long-term implications, we launched a year-long comprehensive information campaign for clients. Topics we cover comprise home market bias, responsible and *Next Generation* investments as well as real estate, including all associated aspects from taxation and succession planning to household diversification.

In the first six months of the year, asset gathering remained challenging. Clients' relatively cautious stance weighed on both transaction-related and asset-based income. However, with our focused approach and stringent market positioning in the areas described above, we were able to counter these developments.

GLOBAL PRESENCE

EUROPE



SWITZERLAND



OUR LOCATIONS IN OTHER PARTS OF THE WORLD



- Location
- Booking centre
- GPS, a fully owned subsidiary
- Reliance Group, majority participation of 95% and fully consolidated subsidiary
- NSC Asesores, strategic majority participation of 70%
- Strategic partnerships: In Bangkok, Thailand, with The Siam Commercial Bank and in Tokyo, Japan, with Nomura Holdings Inc.
- Kairos Investment Management S.p.A., a fully owned subsidiary
Julius Baer is present in Milan with Julius Baer Fiduciaria S.p.A.

¹ Additional advisory locations in Bangalore, Chennai, Kolkata and New Delhi

Fully aligned with our *Next Generation* investment philosophy, Julius Baer again opened a window to the future at the second *Julius Baer Swiss E-Prix*, which took place in the country's capital of Berne on 22 June 2019. As part of our global partnership with *ABB FIA Formula E*, it gave us the opportunity to share with a larger audience our ambition to help shape, and benefit from, the sustainable structural changes of tomorrow. Beyond the obvious topic of mobility, our campaign centred on the motto *How we invest today is how we live tomorrow* and touched on topics such as energy transition, future cities and digital disruption.

EUROPE

Europe is an important 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 across the continent. While our private client business in Germany is booked locally, our booking centre in Luxembourg serves as the hub for our other European business. It supports our European operating model by providing unified booking centre capabilities for private clients and intermediaries. In our effort to streamline our European operations further, the Monaco booking centre will be consolidated into our European hub in Luxembourg in the course of the year.

The first six months of 2019 saw a stable continuation of net new money inflows from European clients, albeit a bit below the levels of H1 2018. Last year's introduction of MIFID II continued to impact client behaviour, which is particularly evident in the increased share of mandate-based solutions. Higher assets under management contributed to overall stable revenues.

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. The strong reputation of the Julius Baer brand underlines the competitive market standing we have achieved through the successful expansion of our franchise in recent years.

Client proximity and local focus are differentiating factors, essential for retaining existing clients and winning new ones. Following last year's opening of new locations in Hanover and Berlin, our local network now comprises ten offices across the country.

Frankfurt-based *Bank Julius Bär Deutschland AG's* locally booked private client business showed robust momentum in H1 2019. Backed by a rising RM base, we achieved gratifying net new money inflows, albeit at a somewhat slower pace than a year ago. Higher assets under management and increased mandate penetration contributed to overall stable revenues.

In **Spain**, the seeming dominance of a few large universal banks obscures the true business potential for clients seeking pure wealth management services. Capitalising on Julius Baer's growing reputation in the Spanish market, we complemented our local presence with a new office in Barcelona at the beginning of April 2019. The greater number of RMs, also in our Madrid office, resulted in continued positive net new money inflows, contributing to higher asset levels.

We continued to outpace the overall market growth in **Monaco** in H1 2019, thus confirming our position as the leading wealth manager in the principality. The planned consolidation of our locally booked private clients into the Group's European hub in Luxembourg will help us leverage the wealth management capabilities of this important location even further. 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.

Italy is served from various Swiss locations. Local activities 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 largest European markets in terms of savings, with significant potential for risk diversification as well as geographic diversification of the local asset base. However, persistent political uncertainty dampened business momentum and net new money development in the first six months of the year.

The investment products of our Italian asset management subsidiary *Kairos* performed very well in H1 2019. However, following last year's decline in performance, Kairos suffered net outflows in the first six months of the year. As announced in May 2019, Julius Baer is currently reviewing strategic options for *Kairos*, in line with its strengthened focus on pure wealth management.

Our local business activities in the **United Kingdom** showed attractive growth rates in the first six months of the year. We continued to strengthen our RM base, particularly in our offices in Manchester, Leeds and Edinburgh. This regional presence was complemented by a new office in Belfast, which became operational in the second quarter of 2019.

The regions outside of London and the south east account for two thirds of the UK's wealth. Its growth is mainly driven by an innovative, privately owned corporate sector, which so far has largely defied Brexit-related uncertainties. This client segment of entrepreneurs, business owners and wealthy individuals shows a comparatively high propensity for wealth planning and discretionary solutions. This favours our compelling and growing offering in these areas, contributing to our distinct standing in the marketplace. On the back of rapidly increasing mandate penetration, the share of asset-based income further increased, contributing to the quality of revenues and stable margins.

Our business in the smaller yet dynamic wealth management market of **Ireland** is served from Dublin. Net new money inflows were strong in H1 2019, contributing to higher asset levels and rising revenues.

RUSSIA, CENTRAL & EASTERN EUROPE

This geographic area continues to be a key region for our growth investments. Given persistent geopolitical, regulatory and economic uncertainties, however, the business environment was challenging in H1 2019. Continued deleveraging in clients' portfolios and the negative interest rate environment affected net new money inflows, which nevertheless were positive. Assets under management remained well supported, contributing to stable revenues.

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. Our local presence in **Russia** has been significantly strengthened by the upgrade of our Moscow office with a new advisory licence. This will allow us to increase our client proximity and service offering in what is our biggest target market in the region. In Central and Eastern Europe, we focus on serving clients in the Czech Republic, Hungary and Poland. In addition to our office in Moscow, clients from this attractive region are also served from various Group locations in Europe, the Middle East and Asia.

ASIA

Asia features many of the world's fastest growing countries for wealth creation. As a result, the region by now not only harbours the largest number of ultra-high net worth individuals (UHNWIs) and high net worth individuals (HNWIs) worldwide but also continues to outpace all other regions in the growth of these client segments' wealth.

Julius Baer is one of the region's largest and most focused wealth management providers, and therefore we call Asia the Group's second home market. As the region's base of investable assets rises, so does the degree of sophistication of existing and new clients. Their rising propensity for holistic wealth services and customised solutions makes us the first address for private clients in search of a trusted advisor.

Julius Baer serves this diverse region from a number of locations, including Singapore, Hong Kong and India, and via joint ventures from Bangkok and Tokyo. We are currently focusing on five key markets: mainland China, Hong Kong, Indonesia, Singapore and India. Other promising markets in the region we aim to develop include Thailand, the Philippines as well as Japan.

The core banking platforms of our local booking centres of **Singapore** and **Hong Kong**, introduced in March last year, continued to be enhanced with new functionalities. One key area is the introduction of tools to further automate and grow our discretionary mandate solutions. Locally booked clients account for about a quarter of the Group's total assets under management.

To complement our organic growth in the region, we seek strategic opportunities via partnerships and other inorganic initiatives. After having received the necessary approvals and licences, our joint venture with The Siam Commercial Bank (SCB) in **Thailand**, *SCB Julius Baer*, became operational in April. It combines SCB's strong reputation and deep domestic knowledge with Julius Baer's pure wealth management expertise, resulting in a competitive offering of international wealth management capabilities for Thai clients in Asia. The Thai wealth management landscape and the market for luxury goods was analysed in a dedicated *SCB Julius Baer Wealth Report: Thailand* launched in June 2019.

Our strategic partnership with Nomura in **Japan** rapidly gained traction. *Julius Baer Nomura Wealth Management Ltd.*'s aim is to introduce our bespoke discretionary mandate services to Nomura's local high net worth client base. At the end of May 2019, the two partners held a joint client event to launch the fifth annual *Julius Baer Wealth Report: Japan* at the Swiss embassy in Tokyo.

Client confidence improved as the year progressed, reversing the trend of deleveraging in their portfolios. The demand for value-adding services continued to increase mandate penetration. Net new money inflows markedly improved year on year, contributing to higher assets under management and rising revenues.

In recognition of our long-standing dedication to the **Philippines** and the unwavering trust from clients, Julius Baer was named *Best Private Bank – Philippines International* for the second consecutive time by *Asian Private Banker* at its *Awards for Distinction 2018* ceremony.

Julius Baer is one of the largest and best-established foreign wealth managers in **India**. The domestic Indian market is covered from the five major cities of Mumbai, New Delhi, Kolkata, Chennai and Bangalore. 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 and a significant source of further growth. Business momentum continued to be very strong in H1 2019 and we successfully broadened our RM base.

MORE TIME FOR CLIENT RELATIONSHIPS: THE DIGITAL ADVISORY SUITE

Julius Baer's client relationships are built on mutual trust and expert advice, and deeply rooted in personal connections. Automatisation in this context seems contradictory – except when digital tools help to make the client experience even more personal. That is where our Digital Advisory Suite, in short DiAS, comes into play.

DiAS is a proprietary platform that generates investment recommendations that are individually tailored for each client, comply with the latest regulatory requirements and incorporate the current market situation. It supports our relationship managers through the entire advisory process and automatically handles all administrative tasks: the products in question are transparently described, are provided to the client via the preferred channel and are automatically documented internally. Taking out virtually all manual steps results in substantial time saving.

No wonder our clients welcome this innovative way of advisory service. It gives them the solid comfort that their investment decisions are well founded, matches their individual situation and is suitable both in a portfolio and regulatory context. Needless to say, DiAS also takes care of executing the transaction and all post-trade documentation. By then, however, the discussion between client and relationship manager has already moved on to the next important topic. That is what productive time saving is all about.

Julius Baer India excelled in several categories at the *Euromoney Awards 2019*, including number one rankings in *Technology*, *International Clients* and *Social Impact Investing*. In the categories *High Net Worth Clients* and *Best Private Banking Services Overall*, Julius Baer ranked second and third, respectively.

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 Cairo, as well as from a growing number of Group locations in Europe and Asia. At the beginning of April, we further strengthened our presence in **South Africa** by complementing our existing representative office in Johannesburg with a fully licensed advisory office.

We successfully broadened our base of experienced RMs in several teams in H1 2019, which contributed to attractive net new money inflows and higher asset levels.

Julius Baer ranks among the top foreign wealth managers in **Israel**. We serve this appealing but 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. On the back of an expanding domestic economy and particularly tech-oriented sectors, net new money inflows remained promising in H1 2019, contributing to higher asset levels and rising revenues.

LATIN AMERICA

Latin America is a demographically young region with a well-educated middle class and rapidly growing population of entrepreneurs. The region's considerable economic progress, however, is more often than not clouded by numerous obstacles. Notwithstanding its significant diversity and challenges, we firmly believe in the business potential the region has to offer.

We are serving Latin American private clients both locally and increasingly from other key Group locations. This combination of local proximity with our international investment expertise differentiates us from most local providers. As 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 continued to align our business strategy with the aim to reduce complexity and risk. This again limited the overall business potential in the first six months of the year, but paves the way for exploring new growth possibilities in certain key markets. The performance we achieved in our core markets was very satisfactory.

In **Brazil**, Julius Baer is the largest local independent wealth manager and operates under the *GPS* and *Reliance* brands. The collaboration between the two fully owned subsidiaries continued to strengthen both operationally and in terms of client offering. Clients' growing interest in diversifying their assets geographically and by asset classes favoured our comprehensive discretionary mandate solutions. In addition, we broadened our offering of selected alternative investments. With the emerging segment of younger, tech-savvy investors in mind, at the beginning of May 2019 we joined forces with the leading local digital investment advisor Magnetis, in which we plan to take a minority stake. The aim is to create the best digital experience for a broad range of investors.

Our activities in **Mexico** continued to develop very favourably. On the back of our growing RM base and brand recognition, business with Mexican clients yielded substantial net new money inflows. Our cooperation with *NSC Asesores*, one of the largest independent wealth management companies in Mexico, reached a new level at the beginning of March 2019. By acquiring an additional 30% stake, Julius Baer became majority shareholder with a 70% participation. This step will significantly increase the level of cooperation for the benefit of Mexican clients of both companies.

INTERMEDIARIES BUSINESS

In order to further strengthen our collaboration with intermediaries, i.e. external asset managers (EAMs) and external financial advisors (EFAs), the Bank created the new front unit Intermediaries & Global Custody, effective 1 January 2019. 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 the intermediaries and their clients.

During H1 2019, we were able to further grow the Intermediaries & Global Custody franchise. Particularly strong net new money inflows originated from strategic growth markets in the Asia Pacific region and from Europe. In close collaboration with the Bank's private client business, we were able to expand our activities in Asia, the emerging markets and Europe as well as selectively in Switzerland.

Technology is a significant component of our service offering to intermediaries. Julius Baer provides a comprehensive digital platform while simultaneously expanding technological capabilities across the Group's different booking centres. A particular emphasis is placed on connectivity services, which allow intermediaries to connect their systems more efficiently with ours for automated end-to-end processing.

JULIUS BAER'S HOLISTIC SERVICE EXPERIENCE AND PRODUCT OFFERING

Julius Baer's activities are centred on the deep understanding of clients' needs in respect to wealth accumulation, wealth preservation and wealth transfer to next generations. *Julius Baer – Your Wealth* is our holistic client advisory approach to systematically derive the appropriate financial solutions for each client based on their unique situation, encompassing *wealth planning*, *wealth management* and *wealth financing*.

The result is a service experience that holistically matches the individual preferences of our clients – taking into account their financial, business and personal goals. To achieve this, we draw from a wealth of dedicated resources provided by our specialised units Investment Management (IM), Advisory Solutions (AS) and Markets, complemented by Credit and Global Custody.

INVESTMENT MANAGEMENT

IM is an important contributor of discretionary mandate and related investment solutions within *Julius Baer – Your Wealth*. Our product and investment experts around the globe have decades of experience in managing wealth for our high net worth private clients on a discretionary basis.

Our investment decisions are backed by a revolving, multilayer asset allocation process under the lead of the Chief Investment Officer (CIO). By consistently implementing our investment expertise, we aim to deliver consistent risk-adjusted investment returns for our clients.

We are taking firm steps to ensure that IM remains a resourceful partner for our clients, by

- complementing our proven traditional multi- and single-asset-class solutions through value-adding alternative investments such as private equity and hedge funds;
- strengthening our offering of outsourced CIO services, giving third-party providers access to professional support in managing their portfolios in an increasingly complex investment environment;

- digitalising our investment processes further, which provides us greater efficiency and scalability in matching our solutions with client preferences.

ADVISORY SOLUTIONS

A key element of AS's mandate is to support our front units in delivering *Julius Baer – Your Wealth* in a concerted manner across functions. This support is built on three elements: *Holistic Advice*, the related *Advisory Mandates* and the underlying *Digital Advisory Platform*.

In order to assess our clients' needs for financial solutions, we adopt our structured *Holistic Advice* approach. Our RMs are supported in this service by Julius Baer experts in the areas of *wealth planning*, *wealth management* and *wealth financing*. So far, we have rolled out our *Holistic Advice* approach in Switzerland and the UK.

An important part of *Julius Baer – Your Wealth* is the expert investment advice we provide clients via our suite of *Advisory Mandates*. They encompass services from portfolio monitoring and personalised investment ideas to tailor-made strategies. For instance, our Advice Advanced and Advice Premium advisory mandates are designed to offer clients financial advice from experienced and dedicated experts. Within a staggered approach, the rollout of the new advisory mandates for the Middle East offices was launched this year.

Our client advisory approach is supported by our proprietary *Digital Advisory Platform*, which enables us to share opportunities and address risks with our clients, in tune with financial market development. A key element is our *Digital Advisory Suite* (DiAS, see also page 15). DiAS has been successfully implemented in European locations with clients booked in Luxembourg, and recently in Switzerland.

Our comprehensive *Wealth Planning* services are supported by a growing network of internal and external specialists. In recent months, we have further strengthened our local footprint in the UK,



INVESTMENT RESEARCH: FIRST HALF 2019 IN REVIEW

In unusual consensus, market's verdict on the first half of 2019 seems clear: it was all about trade relations, in particular those between the world's two largest economic players today – the US and China. Despite reaching an impasse in talks last year, the signals were constructive from both sides at the outset of 2019. Accordingly, risk assets experienced one of the strongest quarters ever. A trade deal seemed in the making and the world was in for a splendid summer 2019.

MUSICAL CHAIRS

Then suddenly the music stopped. Or rather it 'was tweeted off' when the US declared the agreed deal not renegotiable, and markets tanked severely in May. However, in the run-up to the G20 summit in June, further supported by conciliatory gestures there, the situation calmed down and risky assets recovered.

THE UNDERLYING STORIES: GRIDLOCK, TECH WAR AND TIGHT MONEY

But then again, maybe the world is not as simple as the trade tension narrative suggests. In order to understand the financial world on the verge of the 2020s, one has to acknowledge that there have been deeper tensions in the economy – which are likely to persist:

- 1 Gridlock: Political decision-making has been hampered by the stalemate in many countries – most prominently in the US, where the Republican president faces a divided Congress. This leaves little room to manoeuvre in the traditional policy framework. Trade policy is one of the few areas left to achieve a domestic impact.
- 2 Tech war: The race for technological supremacy is far-reaching and cannot simply be resolved by a trade deal. This pertains to issues of intellectual property and market access between the US and China.
- 3 Tight money: This has been the biggest stumbling block for financial markets in the past months. While the risks to sentiment and growth increased overall, global central banks mused about tightening money supply – in particular the Federal Reserve.

Hence, when assessing the roller coaster ride in the markets since the fourth quarter of 2018, the trade tensions have been rather a headline risk. There have been far more profound topics weighing on financial markets than this. While political gridlock and competition in technology may not go away soon, most hopes are currently centred on more benign monetary conditions. After Asian and European central banks had signalled their inclination for more accommodative policies, US monetary authorities followed in June. This should ease some of the fears that have haunted markets in the past months.

Germany and Brazil. This enables us to provide increasingly multifaceted advice relevant both locally and across borders. Furthermore, our ability to offer multidimensional wealth structuring solutions, for example insurance products across numerous markets, is underpinned by our detailed market analyses and ongoing investments in digital technologies.

In our *Next Generation Research* franchise, our experts identify, analyse and follow up on the long-term structural changes that shape the world we live in. Such a thematic research and investing approach goes beyond the noise of daily headlines. In H1 2019, the most featured topics covered *Blockchain*, *Digital Content*, *Extended Longevity*, *Globesity* (i.e. global obesity) and *Healthy China*.

Our dedicated Advisory Solutions team in Asia serves our clients in line with local needs and consistent with our global approach. Assets under management for both wealth planning and advisory mandates again recorded strong growth year on year. We continue to seek out opportunities to provide our clients with access to first-rate private investments and deals. We presented and showcased our high conviction ideas at our Market Outlook events and connected clients to the best-in-class fund managers at our Alpha Conferences. In conjunction with our strategic joint venture with The Siam Commercial Bank, we launched the special edition *SCB Julius Baer Wealth Report: Thailand* on 12 June 2019.

MARKETS

The Markets unit delivers trade execution, product structuring and advisory services across all asset classes. Our efficient transaction and risk management infrastructure, combined with comprehensive market access via a large counterparty network, ensures the high-quality level of our execution and trading activities. Between the centres in Zurich and Singapore, we offer 24-hour availability. Access to our experts for RMs and in certain instances for clients ensures comprehensive support in all execution, trading and structuring-related matters.

The Markets unit plays an important role as manufacturer of structured products issued from Julius Baer Group's balance sheet. The continued development of our structured products offering across all asset classes is addressing the diverse needs of our global customer base. The *Markets Toolbox*, a real-time platform for structured products, currencies and precious metals, is a key enabler in achieving a high level of service experience and efficiency for private clients and intermediaries. In cooperation with a F10 start-up, we built a platform for the integral management of Julius Baer-issued Actively Managed Certificates.

CREDIT

As part of our holistic *wealth 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. Our loan book is prudently managed using a sophisticated credit risk framework.

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. With its 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 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.

The execution of this pure wealth management strategy has been marked ever since by realising profitable growth – through organic development, capital market transactions and cooperation agreements. The Group's international footprint and regional strength, combined with its client-centric service model, form the basis for its aim to create long-term sustainable value for clients and investors.

APPLYING A CLIENT-CENTRIC BUSINESS MODEL

In its pure wealth management business model, Julius Baer targets wealthy private clients, family offices and external asset managers. The Group's position of strength as the leading Swiss wealth management group with international reach is derived from its unmatched focus on providing clients with holistic advice tailored to their needs, fully compliant with local rules and regulations. Personal interaction is a key element, ensured through a dedicated relationship manager for each client. The front organisation is closely supported by Julius Baer's wealth management, wealth planning and wealth financing specialists and is powered by an open product platform, proprietary research and state-of-the-art digital execution capabilities. Combined, this results in comprehensive solutions aligned with clients' aspirations, mirroring what truly matters to them – in their business and personal life, today and for future generations.

GENERATING SUSTAINABLE GROWTH

Julius Baer's strategy is aimed at delivering profitable growth organically as well as inorganically through acquisitions and cooperation agreements.

Organic growth is achieved by generating steady net new money inflows across the economic cycle: by attracting new clients, increasing the share of wallet with existing clients as well as targeted hiring of experienced relationship managers with an impeccable professional record. In this process, the Group's pure wealth management focus and offering, its distinctive corporate culture, its strong brand name, its conservatively managed balance sheet and its steady strategy execution contribute equally to Julius Baer's appeal as a highly attractive employer for top relationship managers and as a first-rate wealth management bank for clients.

Inorganic growth is a complementary element in support of the Group's overall growth strategy. It leverages the Group's key strengths to gain or reinforce domestic presence in promising markets, with a particular focus on growth markets. It comprises selective acquisitions as well as pioneering cooperation agreements with strong commercial partners that offer a valuable strategic and cultural fit.

Julius Baer's international footprint equips the Group to perform sustainably across economic cycles. In its allocation of resources to foster growth, the Group has always aimed to strike a balance between mature markets such as Switzerland and Europe and growth markets around the world – Asia, Latin America, the Middle East, Africa, as well as

Central and Eastern Europe. As a result, the Group's assets under management by client domicile are about evenly spread between mature and growth markets.

In the long-term development of Julius Baer, the Group constantly works towards a fair balance between growing its asset base and fostering profitability. The main driver in this respect is the strong focus on what matters most to clients. The resulting high-end client solutions substantially drive its revenue development: via competitive pricing reflective of the value added to the client and via elevated levels of client satisfaction, which in turn support client retention and spur a growing share of wallet. Active cost management acts as an important complementary element, with a particular focus on fostering productivity. The latter is a constant process encompassing the deployment of technology-based tools and related organisational optimisation, which result in increased process efficiency and improved cost synergies over time.

CALIBRATING THE STRATEGY IN A CHANGING ENVIRONMENT

While factors such as client needs, market conditions, regulatory requirements and competitive landscape will be in permanent flux, the Group believes that the core elements of its long-term strategy continue to offer the potential for sustainable and profitable growth well into the future.

Over the coming years, in order to remain among the most profitable businesses in the sector, the Group's strategy will focus particularly on delivering a best-in-class wealth management experience for clients, strengthening the Group's position as a first-rate wealth management bank in its chosen markets and as a highly attractive employer for top wealth management professionals. This is to be achieved by concentrating on the following elements:

- Further enhancing the Group's market orientation. Investments are therefore channelled into focus markets or complementing growth opportunities. This includes the recent decisions to expand Julius Baer's local presence in Brazil, Mexico, Germany, the UK and Spain, and to enter into strategic cooperation agreements in Thailand and Japan. At the same time, the footprint is recalibrated by scaling back investments in other markets – such as last year's decisions to close the offices in Peru and Panama and to sell the local business in the Netherlands (Amsterdam).
- Further strengthening the Group's organisational structure and processes. This includes refining the well-established management structure of front-office teams, further deepening the Group's knowledge and understanding of its clients and asserting the efficacy of the Group's risk framework. Within an effective segmentation framework, the

Julius Baer Group Ltd.

Board of Directors

Romeo Lacher, Chairman

Chief Executive Officer

Bernhard Hodler¹

Chief Financial Officer	Chief Operating Officer	Chief Risk Officer	Chief Communications Officer	General Counsel
Dieter A. Enkelmann	Nic Dreckmann	Oliver Bartholet	Larissa Alghisi Rubner	Christoph Hiestand

Executive Board

¹ On 8 July 2019, Julius Baer announced the appointment of Philipp Rickenbacher as new CEO effective 1 September 2019.

overarching aim is to ensure clients are served in a most individual, comprehensive and fully compliant fashion.

- Enhancing Julius Baer's holistic *Your Wealth* offering. This will be achieved through the further and wider roll-out of Julius Baer's advisory models and the strengthening of Julius Baer's investment management capabilities. The objective is to further grow the share of assets under management held in discretionary or advisory mandates, which amounted to 52.5% at the end of June 2019, after 51.0% at the end of 2018.
- Increasing productivity, scalability and efficiency. This will be achieved through segmented offerings, process innovation and by focusing on target clients. In that respect, technology has become an increasingly important strategic enabler, encompassing systems automation, smart digital tools and robotics solutions.
- Further establishing Julius Baer as the global leader in pure wealth management and building on the Group's attractive employee value proposition.

CREATING SHAREHOLDER VALUE

The ambition of Julius Baer's strategy, with its disciplined execution, is to deliver controlled and profitable growth. This is reflected in the Group's medium-term financial targets:

- Growth: Julius Baer's focus on organic growth is reflected in the Group's medium-term target to realise between 4% and 6% net new money expansion per annum.
- Profitable growth: Julius Baer's focus on achieving profitable growth is echoed by its dual targets of realising an adjusted¹ cost/income ratio² of lower than 68% and an adjusted pre-tax margin³ of between 25 and 28 basis points in the medium term.

- Return on capital: To more clearly link profitability, capital efficiency and capital return ambitions, the Group aims to achieve a return on common equity Tier 1 (RoCET1)⁴ of higher than 32%.
- Strong balance sheet and lower-risk business profile compared to universal banks: The focus on maintaining these two key competitive advantages partly manifests itself in Julius Baer's aim to maintain its BIS total capital ratio above 15% and its BIS core equity tier 1 ratio above 11%, approximately three percentage points above the regulatory required minimum levels. In setting its floors at these levels, the Group believes it achieves an appropriate balance between preserving a solid capital buffer, maintaining sufficient leeway to steer and develop the business, and continuing to generate attractive returns for its shareholders.
- Shareholder value: The continued successful execution of the long-term strategy is expected to result in a total return to shareholders above the average of the European banking sector, as represented by the STOXX Europe 600 Banks Index (gross return), across the economic cycle. This aim is further supported by the Group's intent to maintain its dividend payout ratio at approximately 40% of adjusted net profit and to return excess capital to shareholders if not required by the Group.
- Pay for performance: 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.

¹ Adjusted results derived by excluding from the Group's IFRS financial statements the integration and restructuring expenses as well as the amortisation of intangible assets related to previous acquisitions or divestments and the taxes on those respective items.

² Calculated using adjusted operating expenses, excluding provisions and losses.

³ Adjusted profit before taxes/average assets under management in basis points.

⁴ Adjusted net profit attributable to shareholders/(half-yearly) average CET1 capital.

CORPORATE SUSTAINABILITY

At Julius Baer, we pursue long-term value creation for our clients, employees, shareholders and society. We do this by managing our organisation and our client offering responsibly, in line with our own and our clients' values. We have embedded environmental, social and governance (ESG) factors into our corporate governance, advisory and investment management functions in response to social and economic change.

We operate in a complex environment and recognise several important social, economic and environmental trends currently affecting us:

- *Social expectations:* There is a mounting focus on companies' role in society. The private sector – particularly the financial sector – is increasingly expected to mobilise resources needed to tackle issues such as climate change and global wealth inequality.
- *Investing for impact:* In addition to sound financial returns, a growing number of investors also want to achieve positive social and environmental impact with their investments. More than 50% of our clients, surveyed in 2018, say they already use or are interested in sustainable investing. For clients aged 34 or younger, this increases to over 60%.
- *New wealth and changing demographics:* In many countries, people live longer – and spend more of their lifetime in retirement. Even so, baby boomers have considerable unspent assets. Over the next twenty years, there will be a significant wealth transfer to younger generations, generally estimated at around USD 30 trillion. At the same time, we see the emergence of new wealth in some of our markets – in Asia, for example, as a result of economic growth.
- *Regulation:* In recent years, significant additional regulation in financial services has been adopted. Much of this regulation is a legacy of the 2007-2008 financial crisis, and as a result is aimed at increasing transparency and strengthening consumer protection. Current regulatory issues include EU market access, new capital rules for banks under Basel IV and an increased need for sustainable finance definitions and guidelines.
- *New digital technologies:* With technology, clients demand quick, seamless service. For banks to continue to attract and retain clients, they will have to offer a more individual, customised and reimagined experience.

OUR CORPORATE SUSTAINABILITY STRATEGY

Our corporate sustainability strategy helps us to respond to trends as well as to changes in clients' and society's expectations. It also ensures the incorporation of sustainable business practices into our daily investment and operational decisions.

The Corporate Sustainability department is responsible for the development and implementation of this strategy. The department is part of the CEO Office. On matters of strategy, the department reports to the Sustainability Board, an Executive Board-level committee created in 2018, as a steering body for corporate sustainability and responsible investment.

Our corporate sustainability strategy has been adopted across all business units and regions. The following sections summarise our sustainability efforts. More details and results can be found in the latest comprehensive annual *Corporate Sustainability Report*, which is published in March every year.

In May 2019, Julius Baer endorsed the United Nations Principles for Responsible Banking, which represent a single framework for the banking industry that aims to embed sustainability across all business areas.

BUSINESS CONDUCT AND INTEGRITY

The highest professional standards are built into our decision-making. These are contained in our Code of Business Conduct (the Code), which covers topics such as tax, conflicts of interest, combating financial crime, confidentiality, human rights, diversity and environmental protection. Via our Integrity Platform, employees can confidentially report suspected Code violations.

Alongside the Code, we have policies to combat financial crime, including a client acceptance policy, a know-your-client (KYC) policy, an anti-money laundering policy, an anti-corruption and anti-bribery policy, and a sanctions and embargoes policy. These policies apply to all Julius Baer employees worldwide. Staff are regularly trained on the content and application of these policies. Some of the policies, including the Code, are also extended to business partners covered by our purchasing policy.

Extensive screening is carried out to make sure our policies are adhered to. The Bank operates a payments filter to ensure compliance with international sanctions and embargoes – as well as a rigorous tax compliance framework. This includes the implementation of international Automatic Exchange of Information standards (such as the OECD Common Reporting Standards or FATCA). As a matter of policy, we will not accept clients who do not fulfil their tax obligations.

Our aim is to assess policy and regulatory proposals at an early stage. This allows us to engage and to shape policymaking in a way that benefits the Bank, our industry and society. Recently, in addition to our existing strong efforts in Switzerland, we have stepped up our engagement with EU policymakers and international industry organisations.

Taken together, these measures ensure full compliance with industry regulations, awareness of potential threats and risks to our business, and application of the highest possible standards of business conduct.

CLIENT EXPERIENCE

Given the personal nature of our business, it is important that we offer clients an outstanding service experience. To do so, Julius Baer needs to respond quickly to changing client expectations as well as new demographic and technological trends.

When advising clients, Julius Baer takes a personal and holistic approach, tailoring advice to clients' needs at every stage of their life across wealth planning, wealth management and wealth financing. With this approach, we map out 'client journeys' and recommend products and services best suited to our clients' requirements. Getting to know our clients' situation and personal values also gives us an opportunity to introduce responsible investment options.

At the same time, we are expanding our online banking platform to build on the development of new digital technologies.

With rising cyber threats, there is increased risk of fraud, identity theft and system downtimes. To oversee and combat this, we have a formal security roadmap overseen by the Group's dedicated Security Committee. In 2018, we continued to invest in state-of-the-art data defence measures and successfully implemented workflow and tools to comply with the EU's General Data Protection Regulation (GDPR).

RESPONSIBLE INVESTMENT

As part of its approach to responsible investment (RI), Julius Baer includes financial material ESG risks in its overall investment process. This ensures that both financial and ESG risks are captured and it continues to create long-term value for our clients. We work to enrich our RI offering and raise awareness among both our clients and client-facing staff. In our approach, the aim is not to exclude specific investments, but to ensure we provide more effective investment advice to our clients, based on knowledge of possible risks. RI is one of the key topics overseen by the Sustainability Board.

Beyond ESG integration, RI offers many other investment opportunities. This is where Julius Baer best supports the UN's Sustainable Development Goals (SDGs) in working with clients to create a more sustainable approach to investment. Our RI offering currently covers four main areas:

- *Sustainability Mandate*: Launched in 2006, it offers clients the possibility of investing in forward-thinking, responsible and innovative companies around the world. Themes addressed include energy efficiency, education, mobility, biodiversity and water.

- *Recommended third-party impact investment offering*: Impact investment funds deliver social and/or environmental benefits as well as financial returns. At Julius Baer, our offering currently includes green bond funds (that finance sustainable projects) and microfinance funds (that provide small-scale support most often to companies in developing countries).
- *Recommended third-party sustainable investment offering*: These funds take a thematic and/or a best-in-class sustainability approach and may also apply exclusion screens.
- *Next Generation investment approach*: A thematic approach where the objective is to deliver superior investment returns by focusing on companies that have a competitive advantage within structurally growing markets. This approach taps into key global trends: Arising Asia, Digital Disruption, Energy Transition, Feeding the World, and Shifting Lifestyles.

In 2018, a portfolio management team was created to manage Julius Baer's new Next Generation Fund.

KEY RESPONSIBLE INVESTMENT INDICATORS

	2018	2017	Change in %
Assets with ESG integration (CHF m) ¹	43,537	45,881	-5.1
As percentage of total assets under management (%)	11.4	11.8	-
Discretionary sustainability mandates (CHF m) ²	973	736	32.2
Recommended sustainable and impact investment funds (CHF m) ³	435	215	102.3

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.



JULIUS BAER FOUNDATION: SIGNIFICANT QUANTITATIVE AND QUALITATIVE PROGRESS

What are the success factors of non-profit grant foundations like the Julius Baer Foundation? The obvious measure is the amount granted. On that score, the Julius Baer Foundation excelled last year and was able to nearly double the donations to its project partners, to almost CHF 2.5 million. This enabled the Foundation to support existing projects and initiate a number of new ones (see next section) in the core areas of *Vocational Training*, *Recycling PLUS* and *Wealth Inequality*.

This financial success is the result of the reinvigorated efforts to promote the Foundation within the Bank and among its clients. The growing support the Foundation finds among Julius Baer employees as compassionate and engaged donors is evidence of that.

More information about the Julius Baer Foundation, including the Annual Report 2018, is available at juliusbaer.com/foundation

EXAMPLE OF A JULIUS BAER FOUNDATION PROJECT: FIGHT AGAINST YOUTH UNEMPLOYMENT IN GERMANY

The Julius Baer Foundation has supported the *JOBLINGE* programme in Hamburg since 2018. As a collaboration of the private, public and volunteer sectors, *JOBLINGE* helps disadvantaged, unemployed young people enter the job market via solid vocational training. Through apprenticeships, real job opportunities and promoting personal responsibility, *JOBLINGE* creates tangible perspectives for young people. Independence and fostering self-help are at the heart of the concept.

The programme encourages participants, creates perspectives for them and integrates them into society. With a particular focus on young refugees, the separate *JOBLINGE Kompass* programme targets young people between 18 and 25 years of age with low to medium qualifications and a high likelihood of being granted a visa.

Pictured above: Participants of *JOBLINGE Kompass* at the of programme's inauguration ceremony. The play they wrote, directed and staged themselves earned the six participants from Syria, Iran, Iraq and Eritrea a standing ovation lasting several minutes.

OUR EMPLOYEES

At Julius Baer, our goal is to be the employer of choice in wealth management by attracting, developing and retaining highly qualified and engaged professionals.

To ensure access to both technical and soft skills, we invest in training and development. The Julius Baer Academy takes the lead in the creation of training programmes, including classroom sessions and e-learning. To meet individual needs, our training covers leadership competencies, professional skills and dedicated programmes for young talent.

A more diverse and inclusive workforce leads to better decision-making, fosters innovation and increases employee engagement. Consequently, we have made diversity an integral part of our efforts to become an employer of choice in wealth management. A number of programmes were tested in pilot schemes in 2018, including reverse mentoring, unconscious-bias workshops and a career management tool that allows employees to design their own development roadmap. Aiming at gender equality at all levels, we agreed to work towards a target of at least 30% women in senior management positions by 2021.

KEY HUMAN CAPITAL INDICATORS

	2018	2017	Change in %
Our people			
Total headcount (total workforce excl. externals) ¹	6,985	6,586	6.1
<i>Of which regular staff</i>	6,738	6,394	5.4
Number of employees (FTE) (total workforce excl. externals) ¹	6,692.5	6,291.8	6.4
<i>Of whom in Switzerland (%)</i>	52.8	54.4	-
<i>Of whom in rest of Europe (%)</i>	17.4	16.8	-
<i>Of whom in Asia-Pacific (%)</i>	21.4	21.4	-
<i>Of whom in Latin America (%)</i>	5.5	4.7	-
<i>Of whom in Middle East and Africa (%)</i>	2.8	2.7	-
Total net employee turnover (%) ²	8.8	8.9	-
People and diversity			
Ratio of women (% of total regular staff headcount)	41.9	41.2	-
Women in senior management (% of total senior management headcount) ³	27.1	26.3	-

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.

CORPORATE CITIZENSHIP

We act as a responsible corporate citizen. This means supporting the communities we work in through engagement, donations or sponsorships.

The *Julius Baer Foundation* was established in 1965. Last year, the Foundation made grants of CHF 2.4 million. Most of this money went to projects in the Foundation's core areas: Vocational Training, Recycling PLUS and Wealth Inequality.

Alongside the Foundation, *Julius Baer Cares*, an employee-driven community, organises philanthropic activities such as fundraising and volunteering. We build programmes to support our company volunteering guidelines, which grant Julius Baer employees two days a year to work on local charity projects. Our goal by 2021 is to have a global volunteering programme, with customisable offerings through a centralised platform.

Julius Baer has supported Swiss contemporary art for more than 35 years, displaying many of the collection's more than 5,000 pieces in the Bank's offices for the benefit of clients and employees.

ENVIRONMENTAL MANAGEMENT

As a financial institution, Julius Baer does not have a large carbon footprint compared to many companies in other industries. We believe it is important, however, to manage our environmental impact responsibly. We have set clear targets for 2020: to reduce our energy consumption by 10% and to switch to renewable energy where possible. Also by then, water use will be reduced by 5%. We have also offset all our CO₂ emissions since 2015, making us carbon neutral. So far, we are on course to meet our environmental targets.

KEY ENVIRONMENTAL INDICATORS^{1,2}

	2018	2017	Change in %
Greenhouse gas emissions (tCO ₂ e) ³	18,397	18,153	1.3
Of which business travel (tCO ₂ e) ⁴	12,917	12,418	4.0
Water consumption (m ³)	120,323	122,994	-2.2

¹ 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 Berne in Switzerland, as well as our locations in Germany, the United Kingdom, Guernsey, Hong Kong, Singapore, India and Uruguay. These locations cover approximately 80% of our total employees.

² 2017 data was restated to include additional business locations and updated emission factors.

³ Greenhouse gas emissions were calculated according to the WRI/WBCSD Greenhouse Gas Protocol. This figure includes scopes 1, 2 and 3 emissions.

⁴ 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.

IMPORTANT DATES

Publication of Interim Management Statement: 19 November 2019

Publication of 2019 annual results: 3 February 2020

Publication of Annual Report 2019: 23 March 2020

Annual General Meeting: 16 April 2020

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

The Half-Year Report 2019 of Julius Baer Group Ltd. is available at www.juliusbaer.com.



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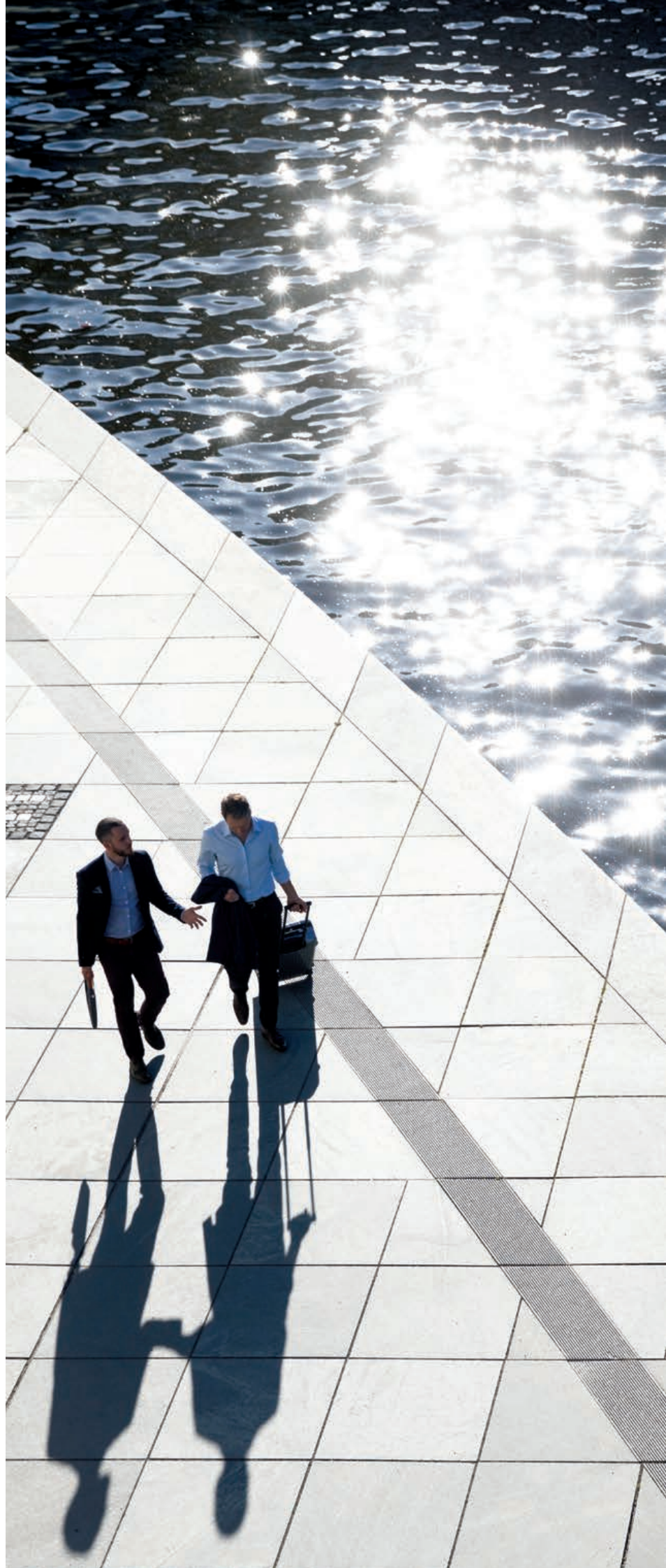
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The Julius Baer Group
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Julius Bär

2019

HALF-YEAR
REPORT

Julius Baer Group Ltd.

HALF-YEAR REPORT 2019 JULIUS BAER GROUP LTD.

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This Half-Year Report also appears in German. The English version is prevailing.

CONSOLIDATED INCOME STATEMENT

	Note	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m	Change to H1 2018 in %
Interest income on financial instruments measured at amortised cost and fair value through other comprehensive income		678.3	566.4	641.0	19.8
Interest and dividend income on financial instruments measured at fair value		189.7	173.2	43.8	9.6
Interest expense on financial instruments measured at amortised cost		352.8	186.1	319.1	89.6
Net interest and dividend income	1	515.2	553.5	365.7	-6.9
Commission and fee income		1,058.6	1,140.0	991.4	-7.1
Commission expense		102.7	124.5	103.9	-17.6
Net commission and fee income	2	955.9	1,015.5	887.4	-5.9
Net trading income	3	197.1	206.3	323.9	-4.4
Net credit losses/(recoveries) on financial assets		-3.1	-0.4	3.4	-
Other ordinary results		27.6	13.2	5.4	109.8
Operating income		1,699.0	1,788.8	1,579.0	-5.0
Personnel expenses	4	834.8	847.0	774.4	-1.4
General expenses	5	323.9	320.3	368.2	1.1
Depreciation of property and equipment		48.9¹	18.6	19.9	163.3
Amortisation of customer relationships		43.2	36.4	37.4	18.5
Amortisation and impairment of other intangible assets		30.7	23.9	27.8	28.3
Operating expenses		1,281.5	1,246.2	1,227.7	2.8
Profit before taxes		417.5	542.6	351.4	-23.0
Income taxes		74.6	98.8	59.8	-24.5
Net profit		342.9	443.8	291.6	-22.7
Attributable to:					
Shareholders of Julius Baer Group Ltd.		343.1	443.8	291.6	-22.7
Non-controlling interests		-0.2	-	-0.1	
		342.9	443.8	291.6	-22.7
		H1 2019 CHF	H1 2018 CHF	H2 2018 CHF	Change to H1 2018 in %
Share information					
Basic earnings per share (EPS)		1.58	2.04	1.34	-22.5
Diluted earnings per share (EPS)		1.57	2.03	1.35	-22.8

¹ Due to the adoption of IFRS 16 Leases, the majority of expenses previously reported as occupancy expense are now reported as part of depreciation of property and equipment.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m
Net profit recognised in the income statement	342.9	443.8	291.6
Other comprehensive income (net of taxes):			
Items that may be reclassified to the income statement			
Net unrealised gains/(losses) on debt instruments measured at FVOCI	98.9	-67.8	6.5
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	-0.6	2.6	9.6
Net credit losses on debt instruments measured at FVOCI	-0.1	0.1	0.3
Translation differences	-19.2	-29.9	-31.0
Realised (gains)/losses on translation differences reclassified to the income statement	-0.3	-	-
Items that will not be reclassified to the income statement			
Net unrealised gains/(losses) on equity instruments designated at FVOCI	72.5	5.6	-1.9
Net realised (gains)/losses on equity instruments designated at FVOCI reclassified to retained earnings	-	-	-0.3
Remeasurement of defined benefit obligation	-82.9	48.3	-40.2
Other comprehensive income	68.2	-41.1	-56.6
Total comprehensive income	411.1	402.7	235.0
Attributable to:			
Shareholders of Julius Baer Group Ltd.	411.3	403.2	235.0
Non-controlling interests	-0.2	-0.5	-0.1
	411.1	402.7	235.0

CONSOLIDATED BALANCE SHEET

	Note	30.06.2019 CHF m	31.12.2018 CHF m	30.06.2018 CHF m
Assets				
Cash		12,722.7	15,835.5	13,175.4
Due from banks		9,405.7	9,228.8	11,863.8
Loans		46,665.2	45,323.2	46,661.6
Trading assets		9,971.2	8,415.6	9,411.0
Derivative financial instruments		1,559.9	2,128.5	2,143.6
Financial assets designated at fair value		308.4	298.8	290.8
Financial assets measured at fair value through other comprehensive income (FVOCI)	6	15,120.6	14,587.6	13,044.1
Investments in associates		19.6	48.1	28.7
Property and equipment		611.7	352.8	353.5
Goodwill and other intangible assets		2,978.2	2,932.2	2,935.5
Accrued income and prepaid expenses		420.4	392.4	387.3
Deferred tax assets		13.9	15.9	17.6
Other assets		3,857.3	3,339.0	3,227.1
Total assets		103,654.9	102,898.3	103,540.2

	Note	30.06.2019 CHF m	31.12.2018 CHF m	30.06.2018 CHF m
Liabilities and equity				
Due to banks		6,589.7	6,892.2	8,219.5
Due to customers		71,084.5	71,506.4	70,236.7
Trading liabilities		440.1	132.5	920.5
Derivative financial instruments		1,987.7	1,719.3	1,917.5
Financial liabilities designated at fair value		14,009.7	13,703.6	13,824.8
Debt issued	9	1,875.8	1,503.3	1,508.6
Accrued expenses and deferred income		567.6	767.4	574.3
Current tax liabilities		171.0	201.1	139.8
Deferred tax liabilities		76.9	74.9	72.3
Provisions	10	28.2	24.6	29.0
Other liabilities		736.7	331.2	308.5
Total liabilities		97,568.1	96,856.4	97,751.5
Share capital		4.5	4.5	4.5
Retained earnings		6,393.8	6,474.7	6,197.8
Other components of equity		20.8	-130.3	-113.7
Treasury shares		-341.7	-308.9	-299.9
Equity attributable to shareholders of Julius Baer Group Ltd.		6,077.5	6,039.9	5,788.7
Non-controlling interests		9.3	1.9	-
Total equity		6,086.7	6,041.9	5,788.7
Total liabilities and equity		103,654.9	102,898.3	103,540.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital CHF m	Retained earnings ¹ CHF m	OCI related to equity instruments at FVOCI CHF m
At 1 January 2018, before the adoption of IFRS 9	4.5	6,106.3	60.3
Effect of adoption of IFRS 9	-	19.1 ²	1.5 ²
At 1 January 2018, after the adoption of IFRS 9	4.5	6,125.3	61.9
Net profit	-	443.8	-
Items that may be reclassified to the income statement	-	-	-
Items that will not be reclassified to the income statement	-	48.3	5.6
Total other comprehensive income	-	48.3	5.6
Total comprehensive income	-	492.1	5.6
Changes in non-controlling interests	-	-85.6	-
Dividends	-	-313.3 ³	-
Dividend income on own shares	-	6.7	-
Share-based payments expensed	-	45.1	-
Share-based payments vested	-	-75.9	-
Changes in derivatives on own shares	-	-4.8	-
Acquisitions of own shares	-	-	-
Disposals of own shares	-	8.0	-
At 30 June 2018	4.5	6,197.8	67.5
At 1 July 2018	4.5	6,197.8	67.5
Net profit	-	291.6	-
Items that may be reclassified to the income statement	-	-	-
Items that will not be reclassified to the income statement	-	-40.0	-2.1
Total other comprehensive income	-	-40.0	-2.1
Total comprehensive income	-	251.7	-2.1
Changes in non-controlling interests	-	5.0	-
Share-based payments expensed	-	33.3	-
Share-based payments vested	-	-1.9	-
Changes in derivatives on own shares	-	-7.6	-
Acquisitions of own shares	-	-	-
Disposals of own shares	-	-3.4	-
At 31 December 2018	4.5	6,474.7	65.3
At 1 January 2019	4.5	6,474.7	65.3
Net profit	-	343.1	-
Items that may be reclassified to the income statement	-	-	-
Items that will not be reclassified to the income statement	-	-82.9	72.5
Total other comprehensive income	-	-82.9	72.5
Total comprehensive income	-	260.1	72.5
Changes in non-controlling interests	-	-	-
Dividends	-	-335.7 ³	-
Dividend income on own shares	-	8.0	-
Share-based payments expensed	-	41.4	-
Share-based payments vested	-	-58.5	-
Changes in derivatives on own shares	-	6.6	-
Acquisitions of own shares	-	-	-
Disposals of own shares	-	-2.8	-
At 30 June 2019	4.5	6,393.8	137.9

¹ Retained earnings include the capital reserves of Bank Julius Baer & Co. Ltd. and the statutory capital reserve/retained earnings reserves of Julius Baer Group Ltd. Previous year's numbers have been adjusted due to the reclassification of the previous remeasurement of defined benefit obligation to retained earnings.

² Includes effects from a) reduction in loss allowance (net of tax), and b) reclass from equity instruments from available-for-sale to fair value through profit or loss (FVTPL)

³ Dividend payment per share CHF 1.40 (2018) / Dividend payment per share CHF 1.50 (2019)

Other components of equity (net of taxes)						
OCI related to debt instruments at FVOCI CHF m	OCI related to ECL changes on debt instruments at FVOCI CHF m	Translation differences CHF m	Treasury shares CHF m	Equity attributable to shareholders of Julius Baer Group Ltd. CHF m	Non-controlling interests CHF m	Total equity CHF m
-	-	-70.4	-276.1	5,824.5	29.5	5,854.0
-17.9	1.7	-	-	4.4	-	4.4
-17.9	1.7	-70.4	-276.1	5,828.9	29.5	5,858.4
-	-	-	-	443.8	-	443.8
-65.3	0.1	-29.4	-	-94.5	-0.5	-95.0
-	-	-	-	54.0	-0.0	53.9
-65.3	0.1	-29.4	-	-40.6	-0.5	-41.1
-65.3	0.1	-29.4	-	403.2	-0.5	402.7
-	-	-	-	-85.6	-29.0	-114.6
-	-	-	-	-313.3	-	-313.3
-	-	-	-	6.7	-	6.7
-	-	-	-	45.1	-	45.1
-	-	-	75.9	-	-	-
-	-	-	-22.9	-27.7	-	-27.7
-	-	-	-256.3	-256.3	-	-256.3
-	-	-	179.6	187.7	-	187.7
-83.2	1.8	-99.8	-299.9	5,788.7	0.0	5,788.7
-83.2	1.8	-99.8	-299.9	5,788.7	0.0	5,788.7
-	-	-	-	291.6	-0.1	291.6
16.1	0.3	-31.0	-	-14.5	-	-14.5
-	-	-	-	-42.1	-	-42.1
16.1	0.3	-31.0	-	-56.6	-	-56.6
16.1	0.3	-31.0	-	235.0	-0.1	235.0
-	-	-	-	5.0	2.0	7.0
-	-	-	-	33.3	-	33.3
-	-	-	1.9	-	-	-
-	-	-	-64.9	-72.5	-	-72.5
-	-	-	-164.3	-164.3	-	-164.3
-	-	-	218.2	214.8	-	214.8
-67.0	2.1	-130.8	-308.9	6,039.9	1.9	6,041.9
-67.0	2.1	-130.8	-308.9	6,039.9	1.9	6,041.9
-	-	-	-	343.1	-0.2	342.9
98.3	-0.1	-19.5	-	78.7	-0.0	78.7
-	-	-	-	-10.4	-	-10.4
98.3	-0.1	-19.5	-	68.2	-0.0	68.2
98.3	-0.1	-19.5	-	411.3	-0.2	411.1
-	-	-	-	-	7.5	7.5
-	-	-	-	-335.7	-	-335.7
-	-	-	-	8.0	-	8.0
-	-	-	-	41.4	-	41.4
-	-	-	58.5	-	-	-
-	-	-	41.5	48.1	-	48.1
-	-	-	-280.2	-280.2	-	-280.2
-	-	-	147.5	144.7	-	144.7
31.3	2.0	-150.3	-341.7	6,077.5	9.3	6,086.7

CONSOLIDATED STATEMENT OF CASH FLOWS

	H1 2019 CHF m	H1 2018 CHF m
Net profit	342.9	443.8
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	48.9	18.6
– Amortisation and impairment of other intangible assets	73.9	60.4
– Change in loss allowance	-3.1	-0.1
– Income from investment in associates	-0.7	-0.5
– Deferred tax expense/(benefit)	-12.7	16.9
– Net loss/(gain) from investing activities	17.7	34.5
– Other non-cash income and expenses	40.2	45.1
Net increase/decrease in operating assets and liabilities:		
– Net due from/to banks	-389.2	942.5
– Net trading and derivative financial instruments	-411.0	2,112.2
– Net loans/due to customers	-1,759.3	1,974.7
– Issuance and repayment of financial liabilities designated at fair value	296.5	2,583.1
– Accrued income, prepaid expenses and other assets	-542.4	-325.8
– Accrued expenses, deferred income, other liabilities and provisions	-181.9	-188.4
Adjustment for income tax expenses	87.3	81.9
Income taxes paid	-116.5	-158.2
Cash flow from operating activities	-2,509.4	7,640.7
Dividend from associates	0.7	0.5
Purchase of property and equipment and intangible assets	-66.5	-89.2
Disposal of property and equipment and intangible assets	0.1	0.2
Net (investment in)/divestment of financial assets measured at fair value through other comprehensive income	-17.0	-567.6
Acquisition of subsidiaries and businesses, net of cash and cash equivalents acquired	-11.1	-31.7
Deferred payment of acquisition of subsidiaries and associates	-17.5	-14.8
Cash flow from investing activities	-111.4	-702.6
Net money market instruments issued/(repaid)	19.1	-13.4
Net movements in treasury shares and own equity derivative activity	-79.4	-89.6
Dividend payments	-335.7	-313.3
Issuance of perpetual tier 1 subordinated bond	347.9	-
Repayment of perpetual tier 1 subordinated bond	-	-250.0
Changes in non-controlling interests	-	-114.6
Cash flow from financing activities	-48.1	-780.9
Net (decrease)/increase in cash and cash equivalents	-2,668.9	6,157.1

	30.06.2019 CHF m	30.06.2018 CHF m
Cash and cash equivalents at the beginning of the period	25,628.8	19,619.9
Cash flow from operating activities	-2,509.4	7,640.7
Cash flow from investing activities	-111.4	-702.6
Cash flow from financing activities	-48.1	-780.9
Effects of exchange rate changes on cash and cash equivalents	84.2	-103.7
Cash and cash equivalents at the end of the period	23,044.1	25,673.4

	30.06.2019 CHF m	30.06.2018 CHF m
Cash and cash equivalents are structured as follows:		
Cash	12,722.7	13,175.4
Debt instruments measured at fair value through other comprehensive income (original maturity of less than three months)	1,423.2	877.8
Due from banks (original maturity of less than three months)	8,898.2	11,620.1
Total	23,044.1	25,673.4

	H1 2019 CHF m	H1 2018 CHF m
Additional information		
Interest received	673.1	567.9
Interest paid	385.8	-176.1
Dividends on equities received (including associates)	175.6	166.4

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 Group as at, and for the six months ended, 30 June 2019 comprise of Julius Baer Group Ltd. and its subsidiaries. They were prepared on the basis of the accounting policies and valuation principles of the consolidated financial statements of Julius Baer Group Ltd. as at 31 December 2018, with the exception of the following new standards which have been applied as of 1 January 2019:

IFRS 16 – LEASES

The Group has adopted IFRS 16 Leases as of 1 January 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the respective lease payments during the lease term. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability in the income statement.

The vast majority of lease contracts where the Group is the lessee relates to office leases, with a limited number of vehicle and other items leases. The Group does not apply the new standard to software or other intangible assets. Generally, non-lease components in the lease contract are excluded from the accounting under this standard.

As the implicit rate in leases is generally not available, the Group as a lessee applies its

incremental borrowing rate. This rate is determined based on the Group's actual funding rate (by currency and term) provided by external sources to the Group on a regular basis.

On transition to the new standard, the Group applied the modified retrospective approach, meaning that the comparative information is not restated and a possible cumulative effect of the initial application is recognised in equity. The right-of-use assets were determined at an amount equal to the lease liability. Lease contracts expiring in the transitional year 2019 have been included in the calculation of the lease liability and the right-of-use asset as per 1 January 2019. Most lease contracts previously reported as operating leases have been recognised on the Group's balance sheet, with the exception of short-term leases (up to 12 months) and some low-value leases.

Upon adoption of the new standard, assets (reported in property and equipment) and liabilities (reported in other liabilities) in the amount of CHF 302.5 million have been recognised. The expenses in the first half of 2019 for both the depreciation of the right-of-use asset (part of depreciation of property and equipment) in the amount of CHF 30.9 million and the interest expense (part of interest expense) on the lease liability in the amount of CHF 3.2 million are not materially different to the previously recognised operating lease expenses. The difference between the lease liability under IFRS 16 and the previously reported operating lease commitments is mainly based on the fact that the operating lease commitments are not discounted to their present value. There was no effect on equity due to the adoption of the new standard. The weighted average incremental borrowing rate of the Group applied at the date of transition was 3.15%.

The Group is lessor in a very limited number of lease contracts only, with all the leases qualifying as operating leases. The accounting for these contracts does not change under the new standard.

IFRIC 23 – UNCERTAINTY OVER INCOME TAX TREATMENTS

The Group has adopted the new interpretation on 1 January 2019. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatment. An entity has to consider whether it is probable that the relevant tax authority will accept each tax treatment. If the entity concludes that it is

not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (or tax losses), tax bases, unused loss carryforwards and tax rates.

The adoption of the new interpretation had no material impact on the Group's financial statements, as the Group has already applied the respective accounting treatment in prior reporting periods.

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 19 July 2019. There were no significant events to report until this date.

The following exchange rates are used for the major currencies:

	Exchange rates as at			Average exchange rates		
	30.06.2019	30.06.2018	31.12.2018	H1 2019	H1 2018	2018
USD/CHF	0.9752	0.9930	0.9857	0.9970	0.9660	0.9770
EUR/CHF	1.1105	1.1594	1.1269	1.1270	1.1650	1.1505
GBP/CHF	1.2411	1.3110	1.2555	1.2940	1.3250	1.2995

INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

1 NET INTEREST AND DIVIDEND INCOME

	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m	Change to H1 2018 in %
Interest income on amounts due from banks	40.6	25.5	40.6	59.5
Interest income on loans	492.9	433.9	475.1	13.6
Interest income on debt instruments at FVOCI	144.8	107.0	125.2	35.3
Interest income on financial instruments measured at amortised cost and fair value through other comprehensive income	678.3	566.4	641.0	19.8
Interest income on trading portfolios	28.1	14.3	24.7	97.2
Dividend income on trading portfolios	161.6	158.9	19.2	1.7
Total interest and dividend income	868.1	739.6	684.8	17.4
Interest expense on amounts due to banks	16.3	12.9	14.6	26.3
Interest expense on amounts due to customers	284.0	123.3	239.6	130.4
Interest expense on leasing liabilities	3.2	-	-	-
Interest expense on debt issued	32.9	34.6	32.4	-4.9
Interest expense on financial assets ¹	16.4	15.3	32.4	7.3
Interest expense on financial instruments measured at amortised cost	352.8	186.1	319.1	89.6
Total	515.2	553.5	365.7	-6.9

¹ Interest expense on financial assets is related to negative effective interests on the respective financial instruments.

2 NET COMMISSION AND FEE INCOME

	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m	Change to H1 2018 in %
Advisory and asset management fees	713.4	736.2	684.5	-3.1
Brokerage commissions and income from securities underwriting	306.0	358.1	264.8	-14.6
Commission income from credit-related activities	3.9	3.5	4.1	10.3
Commission and fee income on other services	35.4	42.1	38.0	-16.0
Total commission and fee income	1,058.6	1,140.0	991.4	-7.1
Commission expense	102.7	124.5	103.9	-17.6
Total	955.9	1,015.5	887.4	-5.9

3 NET TRADING INCOME

	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m	Change to H1 2018 in %
Debt instruments	-39.5	22.4	-26.0	-
Equity instruments	-67.7	-53.3	53.1	27.0
Foreign exchange	304.3	237.1	296.8	28.3
Total	197.1	206.3	323.9	-4.4

4 PERSONNEL EXPENSES

	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m	Change to H1 2018 in %
Salaries and bonuses	655.8	655.2	616.1	0.1
Contributions to staff pension plans (defined benefits)	39.5	39.7	38.5	-0.6
Contributions to staff pension plans (defined contributions)	23.1	22.1	13.0	4.7
Other social security contributions	54.8	60.6	46.4	-9.6
Share-based payments	41.4	45.1	33.3	-8.3
Other personnel expenses	20.2	24.3	27.1	-17.0
Total	834.8	847.0	774.4	-1.4

5 GENERAL EXPENSES

	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m	Change to H1 2018 in %
Occupancy expense	15.8 ¹	47.6	49.1	-66.9
IT and other equipment expense	43.0	37.4	39.5	14.8
Information, communication and advertising expense	93.8	101.6	94.9	-7.7
Service expense, fees and taxes	139.8	127.4	167.3	9.7
Provisions and losses	22.3	2.2	13.5	-
Other general expenses	9.3	4.0	3.8	134.1
Total	323.9	320.3	368.2	1.1

¹ Due to the adoption of IFRS 16 Leases, the majority of expenses previously reported as occupancy expense are now reported as part of depreciation of property and equipment.

INFORMATION ON THE CONSOLIDATED BALANCE SHEET

6 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	30.06.2019 <i>CHF m</i>	30.06.2018 <i>CHF m</i>	31.12.2018 <i>CHF m</i>
Government and agency bonds	3,627.2	3,111.3	3,291.0
Financial institution bonds	7,051.3	6,286.6	7,113.0
Corporate bonds	4,208.6	3,496.9	4,038.3
Other bonds	-	5.9	-
Debt instruments at FVOCI	14,887.2	12,900.6	14,442.2
<i>of which quoted</i>	10,364.5	9,535.4	10,394.6
<i>of which unquoted</i>	4,522.6	3,365.2	4,047.6
Equity instruments at FVOCI	233.4	143.5	145.3
<i>of which quoted</i>	-	5.6	-
<i>of which unquoted</i>	233.4	137.9	145.3
Total	15,120.6	13,044.1	14,587.6

7 CREDIT QUALITY ANALYSIS

The following tables provide an analysis of the Group's exposure to credit risk by credit quality and expected credit loss stage; they are based on the Group's internal credit systems¹. For the half-year 2019 reporting, no material changes to year-end 2018 have been applied to the input factors used for the calculation of the ECL.

					30.06.2019
	Moody's rating	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
Due from banks, at amortised cost					
R1-R4: Low to medium risk		8,779.1	-	-	8,779.1
R5-R6: Increased risk		626.9	-	-	626.9
R7-R10: Impaired		-	-	-	-
Total		9,406.0	-	-	9,406.0
Loss allowance		-0.3	-	-	-0.3
Carrying amount		9,405.7	-	-	9,405.7
Lombard loans, at amortised cost					
R1-R4: Low to medium risk		35,602.1	19.0	-	35,621.2
R5-R6: Increased risk		1,306.9	252.5	-	1,559.4
R7-R10: Impaired		-	-	133.7	133.7
Total		36,909.0	271.6	133.7	37,314.3
Loss allowance		-4.8	-0.8	-15.3	-20.9
Carrying amount		36,904.2	270.8	118.4	37,293.4
Mortgages, at amortised cost					
R1-R4: Low to medium risk		8,678.8	450.2	-	9,128.9
R5-R6: Increased risk		137.8	78.5	-	216.3
R7-R10: Impaired		-	-	36.3	36.3
Total		8,816.6	528.6	36.3	9,381.5
Loss allowance		-3.0	-1.3	-5.5	-9.7
Carrying amount		8,813.6	527.4	30.9	9,371.8
Debt instruments, at FVOCI					
R1-R4: Low to medium risk	Aaa – Baa3	14,870.2	-	-	14,870.2
R5-R6: Increased risk	Ba1 – B3	-	17.0	-	17.0
R7-R10: Impaired	Caa1 – C	-	-	-	-
Carrying amount		14,870.2	17.0	-	14,887.2
Loss allowance		-1.9	-0.1	-	-2.0

¹ For the measurement of the loss allowance, loan commitments are included in the EAD of the loan balances.

31.12.2018

	Moody's rating	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
Due from banks, at amortised cost					
R1–R4: Low to medium risk		8,879.5	-	-	8,879.5
R5–R6: Increased risk		349.5	-	-	349.5
R7–R10: Impaired		-	-	-	-
Total		9,229.0	-	-	9,229.0
Loss allowance		-0.3	-	-	-0.3
Carrying amount		9,228.8	-	-	9,228.8
Lombard loans, at amortised cost					
R1–R4: Low to medium risk		33,185.0	813.7	-	33,998.7
R5–R6: Increased risk		1,788.0	73.5	-	1,861.5
R7–R10: Impaired		-	-	61.5	61.5
Total		34,973.0	887.2	61.5	35,921.7
Loss allowance		-5.9	-0.2	-13.2	-19.3
Carrying amount		34,967.2	887.0	48.3	35,902.4
Mortgages, at amortised cost					
R1–R4: Low to medium risk		8,708.3	514.6	-	9,222.9
R5–R6: Increased risk		144.2	34.0	-	178.2
R7–R10: Impaired		-	-	31.7	31.7
Total		8,852.5	548.6	31.7	9,432.8
Loss allowance		-3.3	-1.6	-7.1	-12.1
Carrying amount		8,849.2	547.0	24.6	9,420.8
Debt instruments, at FVOCI					
R1–R4: Low to medium risk	Aaa – Baa3	14,425.6	-	-	14,425.6
R5–R6: Increased risk	Ba1 – B3	-	16.7	-	16.7
R7–R10: Impaired	Caa1 – C	-	-	-	-
Carrying amount		14,425.6	16.7	-	14,442.2
Loss allowance		-2.0	-0.2	-	-2.1

¹ For the measurement of the loss allowance, loan commitments are included in the EAD of the loan balances.

8 FAIR VALUE

Level 1

For trading assets as well as for certain financial assets measured at fair value through other comprehensive income and exchange-traded derivatives whose prices are quoted in an active market, the fair value is determined directly from the quoted market prices.

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, 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.

Trading assets at FVTPL and financial assets at FVOCI: The Group holds a limited number of shares in companies in adjacent business areas, which are measured at fair value through profit or loss. Additionally, the Group holds shares in service providers such as SIX Swiss Exchange, Euroclear and SWIFT, which are required for the operation of the Group and are reported as financial assets measured at fair value through other comprehensive income, 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 which may have an influence on the valuation (adjusted net asset method). In 2019, dividends related to these investments in the amount of CHF 13.3 million (2018: CHF 7.0 million) have been recognised in the income statement.

Financial instruments designated at fair value: The Group issues to its private clients certain 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 as 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 Group'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 Group's income statement or shareholders' equity.

To measure the fair values of the private equity investments, the Group generally relies on the valuations as 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 carried at fair value is determined as follows:

	30.06.2019			
	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	2,283.9	142.2	48.8	2,474.9
Trading – equity instruments FVTPL	5,347.7	2,127.9	20.8	7,496.4
Total trading assets	7,631.6	2,270.1	69.6	9,971.2
Foreign exchange derivatives	4.9	713.2	-	718.1
Interest rate derivatives	3.8	146.0	-	149.8
Precious metal derivatives	2.4	178.2	-	180.5
Equity/indices derivatives	12.1	491.4	-	503.6
Credit derivatives	-	1.9	-	1.9
Other derivatives	6.0	-	-	6.0
Total derivative financial instruments	29.2	1,530.7	-	1,559.9
Financial assets designated at fair value	16.1	76.8	215.5	308.4
Debt instruments at FVOCI	10,374.1	4,513.0	-	14,887.2
Equity instruments at FVOCI	-	-	233.4	233.4
Financial assets measured at FVOCI	10,374.1	4,513.0	233.4	15,120.6
Total assets	18,051.0	8,390.6	518.5	26,960.2
Short positions – debt instruments	64.0	3.0	-	67.1
Short positions – equity instruments	349.3	23.8	-	373.1
Total trading liabilities	413.4	26.8	-	440.1
Foreign exchange derivatives	5.1	828.0	-	833.1
Interest rate derivatives	0.3	182.2	-	182.5
Precious metal derivatives	0.1	157.2	-	157.4
Equity/indices derivatives	5.0	790.1	-	795.1
Credit derivatives	-	16.5	-	16.5
Other derivatives	3.2	-	-	3.2
Total derivative financial instruments	13.7	1,974.0	-	1,987.7
Financial liabilities designated at fair value	-	13,713.7	296.0	14,009.7
Deferred payments	-	-	52.9	52.9
Total liabilities	427.1	15,714.5	348.9	16,490.5

31.12.2018

	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	1,964.3	114.3	-	2,078.6
Trading – equity instruments FVTPL	5,240.1	1,082.6	14.3	6,337.0
Total trading assets	7,204.4	1,196.8	14.3	8,415.6
Foreign exchange derivatives	2.7	945.3	-	948.0
Interest rate derivatives	5.4	112.6	-	118.0
Precious metal derivatives	0.1	185.9	-	186.0
Equity/indices derivatives	17.8	831.9	-	849.7
Credit derivatives	-	3.6	-	3.6
Other derivatives	23.2	-	-	23.2
Total derivative financial instruments	49.3	2,079.2	-	2,128.5
Financial assets designated at fair value	19.4	81.5	197.9	298.8
Debt instruments at FVOCI	10,665.6	3,776.6	-	14,442.2
Equity instruments at FVOCI	-	-	145.3	145.3
Financial assets measured at FVOCI	10,665.6	3,776.6	145.3	14,587.6
Total assets	17,938.7	7,134.2	357.5	25,430.4
Short positions – debt instruments	10.2	-	-	10.2
Short positions – equity instruments	108.1	14.2	-	122.3
Total trading liabilities	118.2	14.2	-	132.5
Foreign exchange derivatives	3.0	777.9	-	781.0
Interest rate derivatives	0.5	134.9	-	135.4
Precious metal derivatives	2.0	86.3	-	88.3
Equity/indices derivatives	13.9	693.1	-	707.0
Credit derivatives	-	6.7	-	6.7
Other derivatives	0.9	-	-	0.9
Total derivative financial instruments	20.4	1,698.9	-	1,719.3
Financial liabilities designated at fair value	-	13,413.0	290.6	13,703.6
Deferred payments	-	-	54.0	54.0
Total liabilities	138.6	15,126.1	344.6	15,609.4

FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

	30.06.2019		31.12.2018	
	Carrying value CHF m	Fair value CHF m	Carrying value CHF m	Fair value CHF m
Financial assets measured at amortised cost				
Cash	12,722.7	12,722.7	15,835.5	15,835.5
Due from banks	9,405.7	9,417.2	9,228.8	9,236.7
Loans	46,665.2	47,285.3	45,323.2	45,799.4
Accrued income/other assets	415.8	415.8	380.5	380.5
Total	69,209.5	69,841.0	70,767.9	71,252.1
Financial assets measured at FVTPL				
Trading assets	9,971.2	9,971.2	8,415.6	8,415.6
Derivative financial instruments	1,559.9	1,559.9	2,128.5	2,128.5
Financial assets designated at fair value	308.4	308.4	298.8	298.8
Total	11,839.6	11,839.6	10,842.9	10,842.9
Financial assets measured at FVOCI				
Financial assets measured at fair value through other comprehensive income (FVOCI)	15,120.6	15,120.6	14,587.6	14,587.6
Total	15,120.6	15,120.6	14,587.6	14,587.6
Total financial assets	96,169.6	96,801.2	96,198.3	96,682.5

Financial liabilities

	30.06.2019		31.12.2018	
	Carrying value CHF m	Fair value CHF m	Carrying value CHF m	Fair value CHF m
Financial liabilities at amortised costs				
Due to banks	6,589.7	6,611.2	6,892.2	6,904.3
Due to customers	71,084.5	71,152.9	71,506.4	71,554.4
Debt issued	1,875.8	1,891.6	1,503.3	1,475.9
Accrued expenses	204.7	204.7	240.6	240.6
Other liabilities	48.8	48.8	28.3	28.3
Total	79,754.7	79,860.4	80,170.8	80,203.5
Financial liabilities measured at FVTPL				
Trading liabilities	440.1	440.1	132.5	132.5
Derivative financial instruments	1,987.7	1,987.7	1,719.3	1,719.3
Financial liabilities designated at fair value	14,009.7	14,009.7	13,703.6	13,703.6
Deferred payments	52.9 ¹	52.9	54.0 ²	54.0
Total	16,490.5	16,490.5	15,609.4	15,609.4
Total financial liabilities	96,245.2	96,350.8	95,780.2	95,812.8

¹ Relates to the deferred purchase price of NSC Asesores, Reliance Group and Wergen & Partner Vermögensverwaltungs Ltd.

² Relates to the deferred purchase price of GPS Investimentos Financeiros e Participações S.A., Reliance Group and Wergen & Partner Vermögensverwaltungs Ltd.

9 DEBT ISSUED

	30.06.2019 CHF m	31.12.2018 CHF m
Money market instruments	120.1	101.0
Bonds	1,755.7	1,402.4
Total	1,875.8	1,503.3

Bonds

					30.06.2019	31.12.2018
Issuer/Year of issue	Stated interest rate %		Currency	Notional amount m	Carrying value ¹ CHF m	Carrying value ¹ CHF m
Julius Baer Group Ltd.						
2014 ²	4.25	Perpetual tier 1 subordinated bond	CHF	350.0	345.5	345.5
Julius Baer Group Ltd.						
2015 ³	5.90	Perpetual tier 1 subordinated bond	SGD	450.0	327.3	328.7
Julius Baer Group Ltd.						
2016 ⁴	5.75	Perpetual tier 1 subordinated bond	SGD	325.0	234.8	234.2
Julius Baer Group Ltd.						
2017 ⁵	4.75	Perpetual tier 1 subordinated bond	USD	300.0	296.2	293.4
Julius Baer Group Ltd.						
2017 ⁶	0.375	Domestic senior unsecured bond	CHF	200.0	205.4	200.6
Julius Baer Group Ltd.						
2019 ⁷	2.375	Perpetual tier 1 subordinated bond	CHF	350.0	346.6	
Total					1,755.7	1,402.4

¹ The Group applies fair value hedge accounting for certain bonds based on specific interest rate swaps. The changes in the fair value that are attributable to the hedged risk are reflected in an adjustment to the carrying value of the bond.

² Own bonds of CHF 3.7 million are offset with bonds outstanding (2018: CHF 3.2 million).
The effective interest rate amounts to 4.41%.

³ No own bonds are offset with bonds outstanding (2018: none).
The effective interest rate amounts to 6.128%.

⁴ No own bonds are offset with bonds outstanding (2018: none).
The effective interest rate amounts to 5.951%.

⁵ No own bonds are offset with bonds outstanding (2018: none).
The effective interest rate amounts to 4.91%.

⁶ No own bonds are offset with bonds outstanding (2018: none).
The effective interest rate amounts to 0.32361%.

⁷ Own bonds of CHF 1.7 million are offset with bonds outstanding.
The effective interest rate amounts to 2.487%.

10 PROVISIONS

Introduction

The Group 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 Group and its employees. Possible sanctions could include the revocation of licences to operate certain businesses, the suspension or expulsion from a particular jurisdiction or market of any of the Group's business organisations or their key personnel and the imposition of fines, the disgorgement of profit and censures on companies and employees. In certain markets, authorities, such as regulatory authorities, may determine that industry practices, e.g. regarding the provision of services, are or have become inconsistent with their interpretations of existing local laws and regulations. Also, from time to time, the Group 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 with respect to certain topics. As a matter of principle, the Group cooperates with the competent authorities within the confines of applicable laws to clarify the situation while protecting its own interests.

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

Legal proceedings/contingent liabilities

The Group 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 Group – depending on the status of related proceedings – is difficult to assess.

The Group establishes provisions for pending and threatened legal proceedings if the 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 acknowledgment of any liability on the part of the Group and if the amount of such obligation or loss can already be reasonably estimated.

In rare cases in which the amount cannot be estimated reliably 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 disclosed as a contingent liability as of 30 June 2019. The contingent liabilities might have a material effect on the Group or for other reasons might be of interest for investors and other stakeholders.

In 2010 and 2011, litigation was commenced against Bank Julius Baer & Co. Ltd. (the 'Bank') and numerous other financial institutions by the liquidators of the Fairfield funds (the 'Fairfield Liquidators'), the latter having 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 has 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 against the Bank and its beneficial owners. 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 83 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 Bank and other defendants are currently seeking a review of the decision of the Court of Appeal by the Supreme Court. In the proceedings initiated by the Liquidators, the Bankruptcy Court in New York has decided on certain aspects in December 2018, which have been appealed by the Liquidators.

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 to reclaim such fees. Bank Julius Baer & Co. Ltd. has assessed this decision by the Swiss Federal Supreme Court, other relevant court decisions in this context, 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 having been introduced some years ago, and has implemented appropriate measures to address the matter.

Bank Julius Baer & Co. Ltd. is confronted with a claim by the liquidator of a foreign corporation arguing that the Bank did not prevent two of its clients from embezzling assets of the foreign 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 corporation in liquidation in the amount of EUR 306 million. The court proceeding against the Bank was initiated in the plaintiff's country of domicile in the European Union. The verdict dated 25 September 2017 of the court of first instance rejecting its jurisdiction was reversed by a verdict dated 1 March 2018 of the court of second instance confirming jurisdiction of the first instance court. The Bank appealed such decision of the second instance to the court of last instance, which confirmed the verdict of the court of first instance on 19 October 2018 in favour of the Bank and hence definitively rejected local jurisdiction, thereby terminating the local litigation against the Bank. On 1 July 2019, the Bank was served with a conciliation request from the liquidator representing the assets of the foreign corporation in liquidation filed with the first instance court in Geneva, related to a claim of EUR 335 million plus accrued interest since 2011.

In September 2014, the Bundesanstalt für vereinigungsbedingte Sonderaufgaben ('BvS') initiated legal proceedings in Zurich against Bank Julius Baer & Co. Ltd., claiming approximately CHF 97 million plus accrued interests since 1994. BvS claims to be the German authority responsible for managing the assets of the former German

Democratic Republic ('GDR'). BvS claims that the former Bank Cantrade Ltd., which the Bank acquired through its acquisition of Bank Ehinger & Armand von Ernst AG from UBS AG in 2005, allowed unauthorised withdrawals between 1990 and 1992 from the account of a foreign GDR trade company. The Zurich District Court has dismissed the claim on 9 December 2016. The Zurich Court of Appeal has confirmed such verdict on 23 April 2018. BvS has appealed such verdict to the Swiss Federal Supreme Court, which, on 17 January 2019, partially approved the appeal and rejected the case back to the Zurich Court of Appeal for reassessment. In addition, the claim has been notified by the Bank vis-à-vis the seller under the 2005 transaction agreement with regard to representations and warranties granted in respect of the acquired entities.

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 has been initiated against Bank Julius Baer & Co. Ltd. in June 2014 and been 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 maximal fine possible 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 has been initiated against the Bank potentially being brought to the court by the prosecutor. The Bank is cooperating with the French authorities within the confines of applicable laws to clarify the situation and to protect its interests.

In April 2015, Bank Julius Baer & Co. Ltd. was served with 62 claims in Geneva totalling approximately CHF 20 million plus accrued interest. The claimants, being part of a larger group of former clients of an external asset manager claiming damages in a total amount of approximately CHF 40 million, argue lack of due diligence on the part of the Bank in the context of the late external asset manager allegedly having used his personal account and company account with the Bank for flow-through

client transactions and pooling of client funds. On 16 October 2015, such claims have been formalised by 51 out of the 62 claimants, claiming a total amount of CHF 11.7 million plus accrued interest. In October 2016, the Bank was served with another claim by additional 15 claimants, claiming a total amount of CHF 4.5 million plus accrued interest. The Bank is contesting the claim and has taken appropriate measures to defend its interests.

Bank Julius Baer & Co. Ltd. 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 approximately CHF 91.3 million (plus accrued interest). In December 2017, the Bank has received again a payment order in various currencies in the total amount of approximately CHF 153 million (plus accrued interest), which has been renewed yearly thereafter. The Bank is contesting the claim whilst taking appropriate measures to defend its interests.

In November 2014, Bank Julius Baer & Co. Ltd. was served in Geneva with a claim by an investment fund, acting on its behalf and on behalf of three other funds, that were former clients of Bank of China (Suisse) SA having been acquired by Bank Julius Baer & Co. Ltd., in the total amount of USD 29 million (plus accrued interests). Additionally, in October 2015, the claimant filed an amendment of claim in court, by which additionally USD 39 million was claimed. In March 2017, the claimant reduced the totally 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 consequently to the liquidation of almost the entire portfolio of their assets in May 2010, arguing 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 are subject to acquisition-related representations and warranties.

Bank Julius Baer & Co. Ltd. has received inquiries from authorities investigating corruption and bribery allegations surrounding Fédération Internationale de Football Association (FIFA) and Petróleos de Venezuela S.A. (PDVSA) in Switzerland and the USA. These requests in particular focus on persons named in the so-called 'FIFA Indictment' of 20 May 2015 (Indictment filed in United States v. Webb [E.D.N.Y. 15 CR 0252 (RJD)(RML)]) and in the respective superseding indictment of 25 November 2015 and 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, 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. The Bank is supporting the inquiries and cooperating with the authorities in the investigations on this matter.

The UK Financial Conduct Authority ('FCA') is investigating Julius Baer International Ltd., UK ('JBINT') in respect of compliance with certain of its principles for businesses and with underlying regulatory rules in the context of a legacy case. JBINT is fully cooperating with the FCA in its investigative work.

CAPITAL RATIOS

	30.06.2019 <i>Basel III fully-applied CHF m</i>	30.06.2018 <i>Basel III fully-applied CHF m</i>	31.12.2018 <i>Basel III fully-applied CHF m</i>
Risk-weighted positions			
Credit risk	15,207.5	13,540.9	14,527.7
Non-counterparty-related risk	611.7	353.5	352.8
Market risk	539.8	451.1	1,245.1
Operational risk	5,340.9	5,125.4	5,212.8
Total	21,699.8	19,471.0	21,338.4
Eligible capital			
CET1 capital	2,836.8	2,676.6	2,731.2
Tier 1 capital	4,387.1	3,878.2	3,933.0
<i>of which hybrid tier 1 capital instruments¹</i>	1,550.3	1,201.6	1,201.8
Tier 2 capital	108.6	56.7	58.2
Total capital	4,495.7	3,934.9	3,991.2
CET1 capital ratio	13.1%	13.7%	12.8%
Tier 1 capital ratio	20.2%	19.9%	18.4%
Total capital ratio	20.7%	20.2%	18.7%

¹ The hybrid tier 1 instruments are tier 1 bonds issued by Julius Baer Group Ltd. in 2014, 2015, 2016, 2017 and 2019 (issued in June 2019).

Further details regarding tier 1 capital instruments can be found in the Regulatory Disclosures section of www.juliusbaer.com. Also refer to Note 9 Debt issued.

A separate Basel III pillar 3 report, which shows a full reconciliation between all components of the Group's eligible regulatory capital and its reported IFRS balance sheet as at 30 June 2019, will be

available from the end of August 2019 in the Regulatory Disclosures section of www.juliusbaer.com. The disclosure in the Basel III pillar 3 report is in accordance with the FINMA regulations governing the disclosure obligations regarding capital adequacy and liquidity.

ASSETS UNDER MANAGEMENT

	30.06.2019 CHF m	30.06.2018 CHF m	31.12.2018 CHF m
Assets with discretionary mandate	63,828	64,368	59,579
Other assets under management	343,525	328,612	316,648
Assets in collective investment schemes managed by the Group ¹	4,907	6,911	5,847
Total assets under management (including double counting)	412,260	399,891	382,074
<i>of which double counting</i>	10,706	10,600	9,283
	H1 2019 CHF m	H1 2018 CHF m	H2 2018 CHF m
Change through net new money	6,176	9,896	7,517
Change through market and currency impacts	25,558	-2,833	-23,929
Change through acquisition	3,015 ²	4,502 ³	-
Change through divestment	-1,730 ⁴	-47 ⁴	-1,333 ⁴
Change through other effects	-2,833 ⁵	-49 ⁵	-72 ⁵
Client assets	479,079	467,438	443,860

¹ Collective investment schemes are related to GPS Investimentos Financeiros e Participações S.A., São Paulo, and to Kairos Investment Management S.p.A., Milan.

² In March 2019, the Group acquired NSC Asesores, Mexico.

³ In June 2018, the Group acquired Reliance Capital Participações (Reliance Group), São Paulo.

⁴ Assets under management were affected by the Group's decision to discontinue its offering to clients from a number of selected countries.

⁵ Includes assets which have been reclassified following the completed roll-out of the new client advisory models in Switzerland and continental Europe.

METHOD OF CALCULATION

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

ACQUISITIONS

NSC Asesores (2019/2015)

On 6 November 2015, the Group acquired 40% of the Mexico City-based NSC Asesores, S.C., Asesor en Inversiones Independiente, which is specialised in discretionary portfolio management and advisory services for high net worth individuals. The Group paid half of the consideration in the amount of CHF 14.5 million in cash for this interest, which was fully funded by existing excess capital of the Group. The Group agreed on two additional payments of CHF 7.1 million each on 6 November 2016 and 2017, respectively, for the outstanding purchase price, which were both performed as agreed. The Group also received two options to acquire additional interests of 30% per option in NSC Asesores at a predetermined relative price. The first option was executed in March 2019, the second option will be exercisable in 2021.

With the exercise of the first option, the Group has increased its overall participation to 70% and therefore consolidates NSC Asesores as of 1 March

2019. 80% of the first half of the purchase price of CHF 11.1 million has been paid in cash and the remaining 20% in listed shares of the Group at their fair value as of the date of the transaction. The second half of the purchase price will be paid in cash in two equal tranches at the first and the second anniversary of the transaction date. As part of the transaction, the Group realised a net gain in the amount of CHF 0.6 million (net of negative FX impact of CHF -0.6 million) on the revaluation to fair value (derived from the purchase price of the additional 30% interest) of the 40% interest previously held as an investment in associates, including foreign exchange translation losses, which was recognised in other ordinary results in 2019.

Since its acquisition on 1 March 2019, NSC Asesores has contributed CHF 4.0 million operating income and CHF 1.1 million net profit to the Group's results.

The assets and liabilities of NSC Asesores have been provisionally recorded as follows:

	Fair value CHF m
Purchase price	
in cash and Julius Baer Group Ltd. shares	11.1
contribution of the previously held 30% interest (at fair value)	29.6
contingent deferred purchase price (liabilities)	11.1
Total	51.9
Due from banks	1.5
All other assets	2.4
Assets acquired	3.9
Deferred tax liabilities	2.1
All other liabilities	3.5
Liabilities assumed	5.6
Goodwill and other intangible assets	
Goodwill	34.2
Customer relationships	26.8
Non-controlling interests	7.5
Total	53.5

Reliance Capital Participações (Reliance Group), São Paulo (2018)

On 4 June 2018, the Group acquired 95% of the São Paulo-based Reliance Group (Reliance). Reliance is one of the largest independent wealth managers in Brazil, with client assets mainly in advisory mandates. This acquisition significantly strengthens Julius Baer's strategic position in Brazil, where the Group is already present with the wholly owned GPS Investimentos (GPS), the country's largest independent wealth manager.

The purchase price of total CHF 71.4 million has been and will be paid in cash in several tranches over a maximum of three years since the acquisition date, the timing of the payments being dependent on certain conditions and the tranches being contingent

on the future growth rate of the business. The purchase price is and will be fully funded by existing excess capital of the Group.

As part of the purchase agreement, the Group received the right (but not the obligation) to purchase the remaining 5% of Reliance through a call option at a contractually agreed fixed amount. In case the Group does not exercise the call option until a specific date, the sellers have the right (but not the obligation) to sell the remaining 5% to the Group at the same contractually agreed fixed amount. Therefore, for accounting purposes, the Group acquired already 100% of Reliance; hence, the above-mentioned purchase price of CHF 71.4 million includes the exercise price (the fixed amount) of the option.

The assets and liabilities of Reliance have been recorded as follows (unchanged since 2018):

	Fair value CHF m
Purchase price	
in cash	33.8
contingent deferred purchase price (liabilities)	37.6
Total	71.4
Due from banks	2.1
Loans ¹	3.1
All other assets	0.4
Assets acquired	5.6
Deferred tax liabilities	4.7
All other liabilities	2.1
Liabilities assumed	6.9
Goodwill and other intangible assets	
Goodwill	42.0
Customer relationships	30.6
Total	72.7

¹ At the acquisition date, the gross contractual amount of loans acquired was CHF 3.1 million.

SCB-Julius Baer Securities Co., Ltd. (2018)

In March 2018, the Group signed a strategic agreement with Siam Commercial Bank (SCB) that establishes a jointly formed entity focusing on bringing the most relevant and impactful advice and solutions to the growing Thai wealth management market and its increasingly sophisticated clients. The entity seamlessly combines SCB's strong brand credibility and wealth management expertise with Julius Baer's full suite of international wealth management capabilities and advisory services. The cooperation complements SCB's existing wealth management capabilities whilst opening access for the Group to the fast-growing Thai wealth management market.

The entity operates via domestic and international companies in Thailand and Singapore, respectively, and provides a unique and holistic global wealth management proposition tailored to the needs of its Thai client base. The Group holds 40% in the entity and therefore treats it as an associate; its equity share of CHF 19.7 million has been contributed in 2018 in cash. The Group holds an option to increase its share to 49% step-by-step over time, with the option being exercisable at the equity value of the entity at the times of exercise.

The entity has taken up its full operations after the necessary approvals and licences to operate in Thailand have been received end of April 2019.

Kairos (2018/2016)

On 8 January 2018, the Group announced the purchase of the outstanding 20% shares in the Milan-based company Kairos Investment Management S.p.A., following its initial purchase of 19.9% in 2013 and the additional 60.1% interest in 2016.

Kairos is specialised in wealth and asset management, including investment solutions and advice and fits into the Group's growth strategy. Kairos continues to operate under its brand.

The difference between the amount of the former non-controlling interest (NCI) recognised on the balance sheet and the fair value of the consideration paid is recognised directly in equity (retained earnings). In addition, no changes in the carrying amount of assets, including goodwill, or liabilities are recognised.

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