



Julius Bär

BUSINESS REVIEW 2021

JULIUS BAER GROUP

Pre-print as at 2 February 2022

ABOUT JULIUS BAER

Julius Baer is the leading Swiss wealth management group. We focus on providing personal advice to private clients around the world, powered by high-end services and expertise. As pioneers, we actively embrace change to remain at the forefront of our industry – as we have done since 1890. In all we do, we are inspired by our purpose: creating value beyond wealth.

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

Our strategy is driven by the desire to achieve unparalleled client satisfaction, to further strengthen the reputation and standing of our Group and to realise sustainable, profitable growth (see also page 23 f.).

We help our clients to achieve their financial aspirations through holistic solutions that take into account what truly matters to them – in their business and personal life, today and for future generations.

With over 6,700 employees, we stand for:

SOLID FOUNDATIONS

PURE WEALTH MANAGEMENT

PERSONAL CONNECTIONS

INTERNATIONAL NETWORK

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Cover picture:

Quality, craftsmanship, precision, ingenuity and reliability – these characteristics and values essentially define Switzerland's business landscape and the people behind it, like Belén Ferrier and Mohamed Khalia. They run AtelierB in Geneva with the mission to frame art. Beyond adding a mere enclosure to an artwork, their craft has become an art in itself, combining the most modern techniques and conservation materials with their personalised craftsmanship. Each frame, new or restored, is one of a kind. Switzerland is Julius Baer's home market. We have lived and breathed the country's business virtues for over 130 years and shaped its wealth management culture in the process. To reinforce our local roots, we have embarked on a new strategic journey designed to enhance the solutions and value we create for Swiss private banking clients (see page 14).
Picture credits: Jess Hoffman © Michelangelo Foundation, with their insightful platform www.homofaberguide.com

KEY FIGURES JULIUS BAER GROUP¹

	2021 CHF m	2020 CHF m	Change in %
Key operating data			
Operating income	3,857.8	3,583.1	7.7
Adjusted operating expenses	2,528.9	2,468.7	2.4
Adjusted profit before taxes	1,328.9	1,114.5	19.2
Adjusted net profit for the Group	1,143.9	956.6	19.6
IFRS net profit for the Group	1,082.7	698.6	55.0
Adjusted cost/income ratio	63.8%	66.4%	-
Adjusted pre-tax margin (basis points)	28.2	27.2	-
	31.12.2021	31.12.2020	Change in %
Assets under management (CHF bn)			
Assets under management	481.7	433.7	11.1
Net new money	19.6	15.1	-
Consolidated balance sheet (CHF m)			
Total assets	116,305.8	109,137.0	6.6
Total equity	6,743.3	6,434.1	4.8
BIS total capital ratio	24.0%	21.0%	-
BIS CET1 capital ratio	16.4%	14.9%	-
Return on tangible equity (RoTE), adjusted	29%	27%	-
Return on common equity Tier 1 capital (RoCET1), adjusted	34%	32%	-
Personnel (FTE)			
Number of employees	6,727	6,606	1.8
Number of relationship managers	1,274	1,376	-7.4
Capital structure			
Number of shares issued	221,224,448	223,809,448	-
Market capitalisation (CHF m)	13,535	11,414	18.6
Moody's rating Bank Julius Baer & Co. Ltd.			
Long-term deposit rating	Aa3	Aa3	
Short-term deposit rating	Prime-1	Prime-1	

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

FOREWORD

Dear Reader

2021 started with positive tailwinds, helping the world economy to impressively catch up lost ground. The second half of the year was dominated by inflation concerns and saw major central banks taking first steps to curb ultra-loose monetary policies. And with the new Omicron variant of the Corona virus, the COVID-19 pandemic looked likely to evolve into an endemic disease we all must adapt to. The uncertainty created by these developments as the year progressed spurred volatility, yet financial markets showed sustained resilience overall.

Against this demanding background, 2021 was a successful and gratifying year for Julius Baer. The *shift in strategic focus* from asset gathering to sustainable profit growth we initiated in 2020 led to improved financial performance. This shows that the *sharpening of our value proposition* is in tune with the evolving requirements of our clientele. Finally, our *accelerated investments in technology* have proven powerful enablers to reshape our internal processes as well as the experience of our clients. The digitalisation of important parts of our value chain particularly in Asia and Switzerland – such as account opening, secure chat communication with our clients, advisory support and the tailoring of structured products and mandates – earned us recognition as a digital innovator in 2021¹. The strong growth in revenues from a broader range of capabilities together with further improved cost efficiency resulted in the best annual result ever achieved in Julius Baer's over 130 years of history.

‘2021 was a gratifying and successful year for Julius Baer.’

The strong capital generation of our Group reflects this success. We completed the programme to buy back up to CHF 450 million of our own shares early, on 23 December 2021, after only ten months. Capital ratios were nevertheless well above our own floors and significantly in excess of regulatory minimums at the end of 2021: the BIS CET1 capital ratio stood at 16.4% and the BIS total capital ratio, additionally bolstered by an AT1 bond successfully issued in September 2021, at 24.0%. The Board of Directors therefore will propose to the Annual General Meeting on 12 April 2022 to increase the dividend to CHF 2.60 per share for the financial year 2021, thereby returning 49% of the adjusted² net profit for 2021 to our shareholders. This is reflective of our new dividend policy, which foresees an increase of the annual dividend payout ratio from about 40% to about 50%.

Our financial performance is nothing but the result of the value we create with and for our clients. The global client survey we conducted last year confirmed that our strategy addresses the key trends in their requirements (see page 11).

¹ Best digital innovator of the year in 2021 by renowned Professional Wealth Management (PWM), a Financial Times Group publication

² Cf. footnote 1 to the table on page 5

Eighty percent of the respondents are extremely or very satisfied with Julius Baer. Moreover, over forty percent said they are willing to do even more business with us within the next twelve months. And two thirds intend to recommend Julius Baer to their friends and families – the best endorsement we could have hoped for.

In their feedback, clients emphasised the constructive interactions with their relationship manager and with subject matter experts. This is consistent with our aim to bring the best of the entire Bank to our clients – with a personal approach, yet powered by the best that technology has to offer. As acceptance of digital channels increases, so do expectations – again confirming that we are on the right track in pressing forward with our digitalisation agenda.

An area that matters to our clients – and to us – is sustainability. We made great strides in embedding it into our entire value chain – from what we do for our clients to how we run our business. Among other things, we have just committed that by 2030 we will reduce the emissions target in our own operations to net zero and those in our own book of investments and financing by 20%. Most importantly, we have also devised a binding plan to reach those targets.

Thanks to the substantial progress we achieved in the strategic refocusing of Julius Baer, we are confident that we are excellently positioned to continue to delight our clients, reward our shareholders, act as an employer of choice and make our mark as a responsible citizen. We are grateful to all those who dedicated their human and financial capital to bring Julius Baer forward on our path to create value beyond wealth.



Romeo Lacher
Chairman

A handwritten signature in black ink, consisting of a stylized 'R' followed by a series of loops and a long horizontal stroke.



Philipp Rickenbacher
Chief Executive Officer

A handwritten signature in black ink, featuring a stylized 'P' followed by a series of horizontal strokes and a long horizontal line.

FINANCIAL PERFORMANCE IN 2021

The strong growth in assets under management and a significant improvement in cost efficiency resulted in a record-high net profit. The substantial capital build further strengthened the already solid capitalisation of the Group.



Dieter A. Enkelmann, Chief Financial Officer

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

Assets under management (AuM) rose to CHF 482 billion, up by CHF 48 billion, or 11%. This increase was driven by significant positive market performance and bolstered by strong net new money inflows. The strengthening of the US dollar more than offset the effect of a weaker euro, leading to an overall small positive currency impact on AuM. Monthly average AuM grew by 15% to CHF 471 billion.

Net new money improved by 30% to CHF 20 billion, growing at a rate of 4.5% over the year. All regions saw positive net inflows, with particularly strong contributions from clients domiciled in Western Europe (especially the UK, Ireland, Germany, Switzerland and Luxembourg), Asia (especially Singapore, Japan and India), the UAE and Brazil.

Including assets under custody of CHF 80 billion, total client assets grew by 11% to CHF 561 billion.

Operating income grew by 8% to CHF 3,858 million on the back of a strong increase in net commission and fee income. As monthly average AuM rose by 15%, the gross margin declined to 82 basis points (bp) (2020: 88 bp).

Net commission and fee income grew by 14% to CHF 2,296 million. This increase was driven mainly by significantly higher advisory and management fees, which went up by 22% to CHF 1,644 million, well above the 15% rise in monthly average AuM. This strong improvement reflects the success of the strategic revenue improvement measures initiated at the start of 2020, with a rise in the penetration of higher-value mandate solutions and improved investment fund fees. Brokerage commissions grew at a lower rate of 3% to CHF 839 million as client activity slowed down after a very strong first quarter of 2021.

ADJUSTED CONSOLIDATED INCOME STATEMENT¹

	2021 CHF m	2020 CHF m	Change in %
Net interest income	627.0	621.7	0.9
Net commission and fee income	2,295.9	2,015.0	13.9
Net income from financial instruments measured at FVTPL ²	884.3	943.5	-6.3
Net credit losses/(recoveries) on financial assets	1.8	35.5	-
Other ordinary results	52.4	38.4	36.4
Operating income	3,857.8	3,583.1	7.7
Adjusted personnel expenses	1,657.5	1,589.4	4.3
Adjusted general expenses	673.5	697.5	-3.4
Adjusted depreciation, amortisation and impairment	197.9	181.7	8.9
Adjusted operating expenses	2,528.9	2,468.7	2.4
Adjusted profit before taxes	1,328.9	1,114.5	19.2
Adjusted income taxes	185.1	157.9	17.2
Adjusted net profit for the Group	1,143.9	956.6	19.6
IFRS net profit for the Group	1,082.7	698.6	55.0
Adjusted net profit attributable to:			
Shareholders of Julius Baer Group Ltd.	1,142.3	955.1	19.6
Non-controlling interests	1.6	1.5	-
Adjusted EPS attributable to shareholders of Julius Baer Group Ltd. (CHF)	5.34	4.44	20.2
Key performance ratios			
Adjusted cost/income ratio	63.8%	66.4%	-
Gross margin (basis points)	81.9	87.6	-
Adjusted pre-tax margin (basis points)	28.2	27.2	-
Adjusted tax rate	13.9%	14.2%	-

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

² FVTPL indicates fair value through profit or loss.

Net income from financial instruments measured at FVTPL¹ declined by 6% to CHF 884 million as market volatility diminished and client activity in FX and precious metals subsided after the strong first quarter of 2021.

Net interest income rose by 1% to CHF 627 million, with the year-on-year development impacted by the sharp decrease in US interest rates in the first half of 2020. Interest income on loans declined by CHF 50 million, or 8%, to CHF 602 million despite an increase in average credit balances. However, at the same time, the net result of negative interest charged and interest paid on deposits rose by CHF 78 million to CHF 31 million: interest expense on amounts due to customers fell by CHF 66 million to CHF 8 million, while income from negative interest received on financial liabilities increased by CHF 12 million to CHF 39 million. Lower US interest rates also impacted interest income on debt instruments at FVOCI², which fell by CHF 20 million to CHF 115 million.

Other ordinary results grew by 36% to CHF 52 million.

Operating income was only marginally affected by credit provisions of CHF 2 million booked as *net credit losses on financial assets* (2020: CHF 36 million), reflecting the Group's careful management of credit risks and the high quality of its exposure.

Operating expenses according to IFRS declined by 5% to CHF 2,599 million. While *personnel expenses* rose by 4% to CHF 1,661 million, *general expenses* decreased by 4% to CHF 683 million and *amortisation and impairment of customer relationships* by 17% to CHF 58 million. *Amortisation and impairment of intangible assets* fell by 61% to CHF 102 million. *Depreciation of property and equipment* declined by 5% to CHF 96 million.

As in previous years, in the analysis and discussion of the results in the Business Review, *adjusted operating expenses* exclude M&A-related expenses (CHF 70 million in 2021 and CHF 269 million in 2020). M&A-related amortisation and impairment of customer relationships decreased to CHF 58 million (2020: CHF 70 million). There was no M&A-related impairment of intangible assets in 2021 (2020: CHF 179 million, entirely related to an impairment of the goodwill on the Group's investment in Kairos). Other M&A-related expenses decreased to CHF 12 million (2020: CHF 19 million). The reconciliations to the respective IFRS line items are provided in the Alternative Performance Measures document available at www.juliusbaer.com/APM.

Adjusted operating expenses rose by 2% to CHF 2,529 million. Excluding provisions and losses, adjusted operating expenses increased by 3% to CHF 2,462 million.

Adjusted personnel expenses grew by 4% to CHF 1,657 million, including CHF 21 million of severance costs related to the restructuring programme announced in February 2020 (2020: CHF 31 million). While the monthly average number of employees declined by 0.3% year on year, the strong growth in operating income and profit resulted in an increase in performance-related remuneration. At the end of 2021, the Group employed 6,727 full-time equivalents (FTEs), up by 121 from the end of 2020, of which 38 following the integration in October 2021 of Kuoni Mueller & Partner, and 24 from an increase in graduate trainees and apprentices. The remaining net increase was driven by the further internalisation of formerly external employees as part of the efficiency improvement programme initiated at the start of 2020.

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY CURRENCY

	31.12.2021	31.12.2020
USD	49%	48%
EUR	19%	19%
CHF	10%	9%
GBP	4%	4%
INR	4%	4%
HKD	3%	4%
SGD	1%	1%
BRL	1%	2%
Other	9%	9%

¹ Fair value through profit or loss

² Fair value through other comprehensive income

ASSETS UNDER MANAGEMENT

	31.12.2021 CHF bn	31.12.2020 CHF bn	Change in %
Assets under management	481.7	433.7	11.1
<i>Change through net new money</i>	19.6	15.1	-
<i>Change through market and currency impacts</i>	29.5	-5.3	-
<i>Change through acquisition</i>	-	-	-
<i>Change through divestment¹</i>	-1.0	-2.1	-
<i>Change through other effects²</i>	-	-0.0	-
Average assets under management	471.2	409.2	15.2

¹ Assets under management were affected by the Group's decision to discontinue its offering to clients from a number of selected countries and by the completion of the sale of Julius Baer Bank (Bahamas) Limited (2020).

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

Adjusted general expenses decreased by 3% to CHF 674 million, mainly as the result of a CHF 22 million decrease in provisions and losses to CHF 67 million. Excluding provisions and losses, adjusted general expenses still declined by CHF 2 million to CHF 607 million, as the benefits of the 2020–2021 cost-reduction programme more than offset the impact of strategic investments in technology.

While *depreciation of property and equipment* declined by 5% to CHF 96 million, *adjusted amortisation and impairment of intangible assets* grew by 26% to CHF 102 million, mainly reflecting the rise in IT-related investments in recent years.

The *adjusted cost/income ratio* (which excludes adjusted provisions and losses) improved to 63.8% (2020: 66.4%) and the *adjusted expense margin* (also excluding adjusted provisions and losses) to 52 bp (2020: 58 bp).

IFRS *profit before taxes* rose by 49% to CHF 1,259 million. As income taxes increased by 20% to CHF 176 million, *net profit* grew by 55% to CHF 1,083 million, surpassing the CHF 1 billion mark for the first time. Net profit attributable to shareholders of Julius Baer Group Ltd. also rose by 55% to CHF 1,082 million, and EPS by 56% to CHF 5.06.

Adjusted profit before taxes grew by 19% to CHF 1,329 million and the adjusted pre-tax margin by 1 bp to 28 bp. The related income taxes rose by 17% to CHF 185 million, representing a tax rate of 13.9% (2020: 14.2%).

Adjusted net profit for the Group increased by 20% to CHF 1,144 million, adjusted net profit attributable to shareholders of Julius Baer Group Ltd. also by 20% to CHF 1,142 million, and adjusted underlying EPS attributable to shareholders by 20% to CHF 5.34.

The adjusted return on CET1 capital (RoCET1) improved to 34% (2020: 32%).

BALANCE SHEET AND CAPITAL DEVELOPMENT

Total assets increased by 7% to CHF 116 billion. *Loans* grew by 7% to CHF 50 billion – comprising CHF 42 billion of Lombard loans (+10%) and CHF 8 billion of mortgages (-7%). As the *due to customers* position (client deposits) also increased by 7%, to CHF 83 billion, the loan-to-deposit ratio remained at 61%. While *cash* held at central banks in Europe and Switzerland grew by 36% to CHF 20 billion, *financial assets measured at FVOCI* (treasury book) decreased by 3% to CHF 13 billion. *Equity attributable to shareholders of Julius Baer Group Ltd.* rose by 5% to CHF 6.7 billion.

BIS CET1 capital rose by CHF 0.2 billion, or 5%, to CHF 3.3 billion on the back of the significantly increased net profit. This amount is net of CHF 575 million accrued dividend and CHF 450 million used to fund the recently completed 2021 share buy-back programme. At the same time, and partially on the back of the successful issuance in September 2021 of a new USD 320 million AT1 bond (at a record-low coupon for a European USD AT1 issuer), BIS tier 1 capital increased by 11% to CHF 4.7 billion and BIS total capital by 10% to CHF 4.9 billion.

Risk-weighted assets (RWA) decreased by CHF 0.8 billion, or 4%, to CHF 20.3 billion. While operational risk positions rose by 5% to CHF 6.0 billion, credit risk positions fell by 6% to CHF 12.9 billion, market risk positions by 24% to CHF 0.9 billion, and non-counterparty-related risk positions by 11% to CHF 0.5 billion.

As a result, the *BIS CET1 capital ratio* strengthened to 16.4% (end of 2020: 14.9%) and the *BIS total capital ratio* went up to 24.0% (end of 2020: 21.0%).

As the leverage exposure increased by 10% to CHF 118 billion, the Tier 1 leverage ratio remained at 4.0%. The temporary exclusion of central bank reserves from the calculation of the leverage ratio ended on 1 January 2021.

At these levels, the Group's capitalisation continued to be solid: the CET1 and total capital ratios remained well above the Group's own floors of 11% and 15%, respectively, and significantly in excess of the regulatory minimums of 7.9% and 12.1%, respectively, applicable at the end of 2021. The Tier 1 leverage ratio continued to be comfortably above the 3.0% regulatory minimum.

On 2 March 2021, the Group commenced the execution of a programme to buy back Julius Baer Group Ltd. shares up to a purchase value of CHF 450 million. The programme was completed on 23 December 2021. In view of Julius Baer's strong capital position and ongoing capital generation, the Board of Directors of Julius Baer has approved the launch of a new programme to buy back up to CHF 400 million purchase value of Julius Baer Group Ltd. shares. The programme is expected to be launched in early March 2022 and to run until the end of February 2023. The execution of the programme is subject to market conditions. The shares will again be bought via a second trading line on the SIX Swiss Exchange. Shares that have been repurchased under the programme are expected to be cancelled through capital reductions to be proposed at future AGMs.

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY ASSET MIX

	31.12.2021	31.12.2020
Equities	33%	30%
Investment funds	30%	27%
Client deposits	17%	18%
Bonds/convertibles	13%	17%
Structured products	4%	5%
Precious metals	2%	1%
Money market instruments	1%	2%

CONSOLIDATED BALANCE SHEET

	31.12.2021 CHF m	31.12.2020 CHF m	Change in %
Assets			
Due from banks	4,598.4	7,349.9	-37.4
Loans to customers ¹	50,417.1	47,207.6	6.8
Financial assets measured at FVTPL	14,589.1	13,429.8	8.6
Financial assets measured at FVOCI	13,360.6	13,796.4	-3.2
Goodwill and other intangible assets	2,660.7	2,637.4	0.9
Other assets	30,679.9	24,716.0	24.1
Total assets	116,305.8	109,137.0	6.6
Liabilities and equity			
Due to banks	4,217.2	5,087.9	-17.1
Deposits from customers	83,201.2	77,784.5	7.0
Financial liabilities designated at fair value	14,459.0	13,154.8	9.9
Other liabilities	7,685.1	6,675.6	15.1
Total liabilities	109,562.5	102,702.8	6.7
Equity attributable to shareholders of Julius Baer Group Ltd.	6,734.4	6,425.6	4.8
Non-controlling interests	9.0	8.6	-
Total equity	6,743.3	6,434.1	4.8
Total liabilities and equity	116,305.8	109,137.0	6.6
Key performance ratios			
Loan-to-deposit ratio	61%	61%	-
Book value per share outstanding (CHF) ²	31.5	30.0	5.0
Return on tangible equity (RoTE), adjusted	29%	27%	-
Return on common equity Tier 1 capital (RoCET1), adjusted	34%	32%	-
BIS statistics			
Risk-weighted assets	20,274.2	21,120.7	-4.0
BIS total capital	4,859.2	4,429.7	9.7
BIS CET1 capital	3,315.7	3,157.5	5.0
BIS total capital ratio	24.0%	21.0%	-
BIS CET1 capital ratio	16.4%	14.9%	-

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

DEVELOPMENTS IN 2021

The strong business momentum in 2021 reflects the impact of our strategic push in working together with our clients and creating value for them. The proximity and client experience we achieved were confirmed by the positive feedback in our first global client survey.

STRATEGIC PRIORITIES

In 2021, we pushed forward with implementing the three-year strategic plan we launched in February 2020. This plan aims to make Julius Baer more relevant for our clients, even more resilient as a corporation and more attractive for all our stakeholders.

We further sharpened our value proposition for high net worth and ultra-high net worth clients in myriad ways. Our accelerated investments in human advice and technology continued to profoundly alter our organisation and the way we serve clients. And the shift of our leadership focus from an asset-gathering strategy to one of sustainable profit growth showed tangible results.

All these efforts share one common goal: to transform Julius Baer into the most reputable and admired wealth manager in our industry. We asked our clients for their opinion and received gratifying feedback. Our survey revealed a high level of satisfaction and confirmed that our strategic priorities point in the right direction (see page 11).

Highlighting our Group's exceptional performance globally, driven by 'a high-quality business model with a robust strategic plan', Julius Baer was named *Outstanding Global Private Bank – Global* by renowned *Private Banker International* at their *Global Wealth Awards 2021* in early October last year.

TECHNOLOGY, PLATFORM AND INNOVATION

Julius Baer's IT strategy is powered by three operational hubs, located in Switzerland, Luxembourg and Asia. These platforms ensure utmost flexibility in adapting our business model to digital innovation, evolving client-specific preferences, changing local and regulatory requirements, as well as flexible interfaces to proprietary robotics, third-party FinTech solutions and products and services from external providers.

As the wealth manager of choice for the current and next generation of clients, we strive to establish a personalised and consistent client experience across all physical and digital touchpoints, at every stage of the client's relationship with us. The cornerstones are harmonised mobile and e-banking platforms. Propelled by the Bank's COVID-19 response programme, we continued to invest heavily into digital capabilities throughout 2021. These tools and channels now enable personalised digital content distribution, guided client prospecting, fully digital and seamless onboarding and enhanced chat functionality. In Switzerland, more than 70% of our clients use Julius Baer's e-banking solution. Our digitalisation efforts earned us the inaugural *Best digital innovator of the year* award in June 2021 by renowned *Professional Wealth Management* (PWM, a Financial Times Group publication). The award panel unanimously concluded that digitalisation and tech are embedded in Julius Baer's culture, starting at management level.

LISTENING TO OUR CLIENTS

One opinion is a point of view. Thousands of opinions paint a picture. With this in mind, we set off to conduct Julius Baer's first global client survey in 2021. As a client-centric and focused wealth manager, we are very familiar with our clients, their families and their individual situation. Building on this base, we wanted to find out how our clients view Julius Baer – what they value most about us and, of course, where they would like us to improve.

The survey covered half of our global client base, with the other half to be addressed in this year's survey. We received more than 5,500 responses – enough to give a statistically significant picture. To our great pleasure, 80% of responding clients declared themselves very or extremely satisfied with Julius Baer. Almost 60% stated that they would recommend Julius Baer to family, friends or business partners. And in line with this, over 40% of our clients intend to increase their assets with us in the next 12 months.

In particular, clients recognise and appreciate our excellent reputation as a Swiss wealth manager. They value the experience they have with us as a trustworthy, reliable partner with an outstanding network. Our clients are particularly satisfied with their relationship manager. They highly rate the service quality, advice and overall support they get from Julius Baer.

CLOSE AND CLOSER

While our clients are very satisfied overall, they would like to have easier access to us via our digital services. More specifically, clients are asking us to further enhance our e-banking and online trading capabilities. This is in line with our ongoing efforts to accelerate investments in technology as defined in our three-year strategic plan in February 2020.

A significant number of clients have expressed their interest in educational offerings, such as participating in market calls, webinars and trainings. Furthermore, clients highlighted their preference for a team approach to relationship management, appreciating the direct interaction with dedicated experts and senior management. These topics are being addressed by various initiatives throughout the organisation, e.g. by establishing virtual teams that bring experts from various units and locations to the table in order to deliver the best possible service to the client.

In order to deliver innovation faster and more efficiently, we are gradually shifting to agile working methods throughout the Bank. This helps us to generate incremental value by delivering solutions in a timely, more user- and client-oriented and collaborative way. With the benefit of our wealth management clients in mind, Investment and Wealth Management Solutions as well as COO & Intermediaries were the first units in the Bank to pilot agile operations, connecting the views and client-linked expectations of our Relationship Managers (RMs) more directly with the teams that advance Julius Baer's range of product and services.

In tune with local pandemic developments and rules, our offices moved towards establishing a hybrid working mode. Within the framework of the newly introduced flexible working model, this allows employees to work from home as well as in the office, thus fully leveraging the advantages of both worlds. Our operations and responsiveness remained resilient and uninterrupted. Specific offerings by our own Julius Baer Academy helped teams and individuals to cope with the changed situation. Together with steady internal communication on the topic, this contributed to consistently high satisfaction levels in our regular employee surveys.

Through our partnership with the *F10 FinTech Incubator & Accelerator association* and as co-founding member of *F10 Singapore*, we remain close to the rapidly evolving FinTech ecosystem. We evaluate novel approaches and solutions in a growing number of application areas for possible integration into our business. We complement this with our Group-wide programme to identify relevant trends in our industry and ways to drive innovation on the back of them. To investigate trends that might disrupt financial services and to devise ways to mitigate their impact for the benefit of our clients and the Bank, we set up our own local innovation lab in Singapore. In mid-December 2021, we made a financial investment in emerging Israeli AI-based *First Digital Bank*, which has since been renamed *ONE ZERO*.

Our internal data is a vast resource for advancing our business, from the automation of operational processes via our currently more than 110 robots to augmenting our client value proposition. The

resulting benefits range from risk reduction and harmonised processes to increased operational efficiency. The most visible effects of these improvements are in our front areas, where RMs can not only dedicate more time resources to servicing clients but are also supported by data-based tools that allow for client-specific 360-degree assessments at all times.

RISK CULTURE

Managing risks is at the centre of our business and is reflected in the Group's comprehensive risk management and risk tolerance frameworks. The multi-year strategic overhaul of the Group's risk function was essentially finalised at the end of 2021. The programme brought significant investments in terms of personnel, systems and processes and strengthened the efficiency and efficacy of our risk management in the areas relevant for Julius Baer, including relations with third-party providers.

The Group's compliance framework has been further strengthened, in particular by refining the Bank's risk appetite and global anti-money laundering (AML) control framework and by enhancing the compensation and disciplinary structures. The new client risk rating methodology already introduced in booking centre Switzerland was made available in our booking centres Luxembourg and Asia, with the remaining booking centres to follow. This methodology serves to identify elevated AML risk profiles faster and with greater accuracy, contributing to a sustainably lower share of risk clients. The staggered introduction of a strategic transaction monitoring solution initiated in 2021 will further lower the Group's AML risk profile. We continued to roll out compliance and AML trainings to the entire Group – particularly to RMs and other client-facing staff – including mandatory certification programmes and corresponding refresher courses.

Information, IT and cyber security risks are constantly monitored and consistently mitigated. We complement organisational measures with technical means, which we increasingly develop by using an agile framework. Ongoing investments in countermeasures are complemented by a continuous awareness campaign for employees, making them ambassadors of smart and far-sighted handling of information security.

GLOBAL PRESENCE

EUROPE



SWITZERLAND



OUR LOCATIONS IN OTHER PARTS OF THE WORLD



- Location
- Booking centre
- Julius Baer Family Office Brasil (integrated operations of GPS and Reliance Group), a fully owned subsidiary
- NSC Asesores, majority participation of 70%
Julius Baer is present in Mexico City with a representative office
- Strategic partnerships in Bangkok, Thailand, with The Siam Commercial Bank and in Tokyo, Japan, with Nomura Holdings Inc.
- Kairos Partners SGR S.p.A., a fully consolidated subsidiary
Julius Baer is present in Milan with Julius Baer Fiduciaria S.p.A.

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

REGULATION

Of the major pending regulatory initiatives, we completed the implementation of the residual enhancements triggered by the Swiss Financial Services Act on time by the end of 2021. This act introduced standards similar to the already applicable MiFID II legislation in the EU. The EU Action Plan on financing sustainable growth introduces new regulations but also touches on various existing ones. Our aim is to achieve full compliance at Julius Baer Group entities in the EU by the end of 2022, while similar standards shall be implemented in other locations in line with applicable laws, regulatory expectations and timeframes. The necessary disclosures introduced by the Sustainable Finance Disclosure Regulation have been published. Further documentation is available at www.juliusbaer.com/legal.

SWITZERLAND

Switzerland is Julius Baer's home market and the Group's main booking centre. We serve a significant number of Swiss domestic clients as their principal banker, giving attention to their individual requirements. The country's location in the heart of Europe makes it easily accessible from all over the world. This therefore also makes it an attractive home for a diverse population of international wealthy individuals whose particular needs we meet with a dedicated offering.

Switzerland is 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. In connection with the Group's updated strategy, we aligned our market approach and defined a new multi-year strategic push for the Swiss market. Our effort centres on the value we can create for existing and prospective Swiss clients with solutions that are Swiss by nature and individual by design – covering the full spectrum of wealth management, from investing and financing to wealth planning. By providing such a personalised client experience, we aim to foster new client acquisition, increase the share of wallet with existing clients and support our revenue margins.

Julius Baer is one of the largest domestic managers of Swiss private client assets and enjoys high brand awareness in its targeted client segments of high and ultra-high net worth individuals (HNWIs/ UHNWIs). Thanks to our presence in each of Switzerland's culturally and linguistically diverse regions, we speak the same language as our clients, literally and figuratively. We understand their mentality and their mindset. We know what challenges cantonal legal, tax and inheritance regulations pose to specific client groups, from practitioners to pensioners and from business owners to homeowners. By incorporating all these Swiss particulars, we are seeking the perfect match between individual requirements and our reinvigorated comprehensive offering. A key step in this direction is through our real estate advisory capabilities, which we enhanced significantly following an acquisition completed in October 2021 (see page 15).

The first round of strategic measures implemented in 2021 had a positive impact on clients and also started to show in our results. Net new money inflows strongly improved year on year and contributed to higher assets under management and rising revenues.

EUROPE

Europe is a key region for our Group where we see good growth opportunities. In line with our clients' preferences, we serve the region both from international Group locations as well as locally from our advisory locations and branches across the continent. While our private client business in Germany is predominantly booked and operated locally, our booking centre in Luxembourg serves as the hub for our other European business.

We experienced strong business momentum in 2021. Our comprehensive set of digital tools proved essential in deepening our personal and business relationship with existing clients and in gaining new ones. The demand for our value-added solutions remained high, supported by our growing offering in areas such as private equity, structured finance and wealth planning. The trend in favour of mandate-based solutions continued. Net new money inflows from our local European businesses remained at very healthy levels, contributing to higher asset levels and rising revenues year on year.

Germany is one of the most attractive wealth management markets in Europe and is served from a number of Group locations. Despite being fragmented and mature, the German market continues to show sustainable growth rates. Our personal approach and international advisory competence, together with a rich, open product platform, stand out in a market increasingly characterised by digitally marketed standardised products.

Frankfurt-based *Bank Julius Bär Deutschland AG* enjoys a leading position in the market, built on our outstanding reputation, our solid financial foundation and the service offered through our network of ten locations across the country. This makes us very attractive for existing and new clients, as well as for employees.

Our locally booked private client business reported robust momentum in 2021. Clients valued our proactive stance to stay connected. They showed growing interest in our expanding range of value-adding products such as loans, structured credit solutions and alternative private investments, which also benefitted our business with family offices and foundations. Mandate penetration further increased. Continued healthy net new money inflows contributed to higher assets under management and rising revenues, making our German business a sustainable profit contributor for the Group.

Our well-established advisory business conducted out of **Luxembourg** serves a substantial and growing domestic client base as well as private clients and intermediaries from selected markets in Western Europe. Ranked among the largest local wealth managers, we gained market share in 2021 against a backdrop of ongoing consolidation in the Luxembourg market. Sustained net new money inflows contributed to well-supported asset levels and maintained revenues.

In **Spain** as well as with Portuguese clients, we experienced very positive business development in 2021. This helped us further increase our standing and profile in the Iberian Peninsula, most notably in the UHNWI segment. We continued to enhance our lead offering specifically tailored to the Iberian market. Our solution-driven qualities, especially for the wealthier clients, greatly differentiate us in

AS REAL AS IT GETS

Real estate is an important asset class for our clients particularly in Switzerland. It represents a substantial share of their overall wealth and is usually a long-term investment in the truest sense. Whatever the use of the property – owner occupied, rented out or with a commercial background – its management encompasses a broad range of tasks that go far beyond mere financing.

To address the growing demand for holistic real estate solutions in Switzerland, Julius Baer has broadened its offering for this important asset class. This expansion builds on the Bank's mortgage financing offering and now covers the entire life cycle of real estate, including advisory, brokerage, financing and structuring as well as related services such as property management and development, investment management and valuation.

This new range of real estate services is one of the building blocks of our enhanced offering to Swiss private clients as part of our Swiss market strategy (see page 14). In order to scale fast, we teamed up with Kuoni Mueller & Partner (KM&P), a leading integrated real estate service provider based in Zurich. The majority ownership we took in KM&P at the beginning of October 2021 provides us with access to market knowledge and expertise, as evidenced by KM&P's former CEO and majority owner now heading our newly established Real Estate Advisory unit.

The next step is to build on KM&P's strong footprint in the brokerage of commercial and residential space in the greater Zurich area by expanding primarily into the French-speaking region of Switzerland. True to our open platform approach, we will continue to collaborate with third-party real estate service providers, thus providing our clients the best of all worlds.

a market seemingly dominated by a few large universal banks. Our growing client population and rising share of wallet resulted in continued net new money inflows and contributed to higher asset levels and revenues.

Julius Baer is the largest wealth manager in **Monaco**. We serve a substantial and growing domestic client base as well as private clients and intermediaries from selected markets in Western and Eastern Europe, the Middle East and Latin America. Business momentum held up well in 2021, with no meaningful changes in clients' risk appetite. Credit and mandate penetration continued to trend higher. Higher asset levels contributed to rising revenues year on year. At the end of June 2021, our Monaco business was ranked number one in the category *Best Private Banking Services Overall 2021* in *Euromoney's Global Private Banking and Wealth Management Survey*.

Italian clients are served from various Swiss and some international locations as well as locally in **Italy** through *Julius Baer Fiduciaria S.p.A.* in Milan, one of the largest fiduciary companies in the country. Italy is among the biggest European markets in terms of savings – a characteristic reinforced during the recent COVID-19 emergency. Business development remained challenging overall. Higher asset levels contributed to rising revenues. Despite a competitive landscape, we rate Italy's business potential as positive. Generational changes and liquidity events represent opportunities in the HNWI and entrepreneurial segments, particularly for a pure wealth manager like us with a focused business model, comprehensive offering and strong financial standing.

Following the changes in leadership and governance of our specialised wealth and asset manager *Kairos* at the end of 2020 and the beginning of last year, the company has been executing on its strategy to position itself as a leading active asset manager. As part of this, the company successfully launched a European Long-Term Investment Fund (ELTIF) in H1 2021 and began to set up an alternative investment solutions offering. In addition, Kairos UK entered into a strategic cooperation with London-based Engadine Partners to develop co-branded alternative asset management products and expand distribution geographically. The strategic initiatives

resulted in Kairos returning to net new money generation in 2021, especially with institutional investors. Performance was particularly strong in the fixed income space, contributing to rising performance fees.

As one of the top ten private wealth managers in the **United Kingdom**, we continued to expand our business with HNWIs in 2021, both out of London and from our four regional offices. We were able to accelerate business momentum and exceed last year's strong growth dynamics. Very healthy net new money inflows contributed to substantially higher asset levels and rising revenues year on year.

We successfully mitigated the impact of the restrictions induced by the pandemic. While clients embraced digital solutions because of social distancing, they highly value our physical and mental proximity – our knowledge of their communities and our understanding of their situation in the regional economies in which they are active. This greatly facilitated more intensive, multi-generational discussions, which played to our strengths as a focused wealth manager with international investment expertise. Our wealth planning offering continued to act as a key differentiator, both in the industry and with clients. Our discretionary mandates again showed outstanding performance in absolute and relative terms.

Our business in the smaller yet dynamic wealth management market of **Ireland** is served from Dublin. Ranked among the top three local wealth managers, we continued to capitalise on our prime standing among business-linked HNWIs and UHNWIs in the market and benefitted significantly from the elevated M&A activity and related liquidity events in 2021. On the back of further rising mandate penetration, we achieved substantial net new money inflows, bolstering asset levels and revenues.

RUSSIA, CENTRAL & EASTERN EUROPE

This attractive geographic area continues to be an important region for growth investments into key markets of the Group. Clients are served from our Moscow office in **Russia** as well as from various Group locations. The size of our franchise and our brand recognition combined with exemplary client proximity are important for the international reach

of the Group. Clients much appreciate our ability to serve them in their own language irrespective of office location.

Against a difficult geopolitical, regulatory and economic environment, the business conditions remained challenging in 2021. The trend to higher value-adding services and increased asset levels resulted in rising revenues. Client interest in private equity, structured products and credit remained high.

ASIA

Given our large footprint in the region and hence its strategic importance for Julius Baer, we view Asia as our second home market. Our aspiration is to be the most admired and trusted Swiss global wealth partner to clients in Asia. Julius Baer is one of the region's largest wealth management providers, consistently ranked in the top five in terms of assets under management by renowned trade publication *Asian Private Banker*. Asia harbours the largest number of UHNWIs and HNWIs worldwide and is expected to outpace most other regions in the growth of these client segments' wealth. While the pandemic somewhat dampened this long-term development, many Asian countries staged a remarkable economic comeback in 2021.

Locally booked clients account for about a quarter of the Group's total assets under management. Our strong reputation as a pure wealth manager makes us a partner of choice for the targeted segments of UHNWIs and HNWIs. Julius Baer serves this diverse region from a number of Group locations, including local booking centres in **Singapore** and **Hong Kong**, our representative office in Shanghai, our domestic presence in India, and via joint ventures in Bangkok and Tokyo. Clients' risk stance remained positive overall in 2021, with client activity comparing favourably year on year. Sustained healthy net new money inflows contributed to higher AuM and rising revenues.

We continued to invest in people, technology and platforms in the period under review. The latter saw the successful introduction of *DiAS*, the Group's proprietary *Digital Advisory Suite* used by our RMs in the advisory process to navigate regulatory and administrative requirements as well as to generate tailor-made investment ideas for their clients.

DiAS's depth of use and level of integration made it the winner in the category *Front Office Solution* at *The WealthTechAsia Awards 2021* last October.

Our newly introduced chat channels and podcasts in Chinese helped clients to stay connected and even better informed. A series of financial management and sustainability workshops for the next generation of clients nurtured talents as well as future relationships. With wealth and succession planning becoming a priority among our clients, we experienced increased interest in our *Single Family Office* offering also in Asia. In recognition of our outstanding levels of trusted advice and expertise, Julius Baer was named *Best Boutique Private Bank in Asia* for the twelfth consecutive year by *The Asset* in September 2021.

To complement our organic growth in the region and further leverage the breadth of our current franchise across the whole of Asia, we seek strategic opportunities via partnerships. Our joint venture with Siam Commercial Bank (SCB) in **Thailand**, *SCB-Julius Baer Securities Co., Ltd.* (SCB JB), enjoys a unique and growing standing in the still nascent domestic wealth management market. The partnership targets Thai UHNWIs and HNWIs and combines selected domestic products and services from SCB with Julius Baer's international wealth management expertise and solutions. SCB JB's offering was recently expanded with wealth planning capabilities, insurance-related services and a dedicated credit offering. In June 2021, SCB JB won the accolade as *Best Wealth Management Bank in Thailand* by *Alpha Southeast Asia*, Southeast Asia's leading financial and investment magazine.

Our strategic partnership with Nomura in **Japan** showed very gratifying development in 2021. *Julius Baer Nomura Wealth Management Ltd.* (JBNWM) provides Nomura's local UHNWI and HNW client base access to our bespoke discretionary mandate services. To further leverage JBNWM and its potential for client referrals, the partnership established dedicated service desks at a number of key Nomura locations. At the beginning of February 2021, the two partners jointly released *The Japan Report 2021*. This sixth edition of the series elaborates on the 'new normal' caused by the COVID-19 pandemic and the growth opportunities that lie ahead for Japan.

Julius Baer has one of the largest integrated global **India** franchises, serving HNWI and UHNWI Indian families around the world. Our targeted offering, recently expanded by dedicated family office services, holistically meets the requirements of this ever-evolving client base. We cover the domestic Indian market from the major cities of Mumbai, New Delhi, Kolkata, Chennai, Bangalore and Hyderabad. In addition, Julius Baer serves a large and rising global base of non-resident Indians from different Group locations in Asia, the Middle East and Europe. Business momentum continued to be very strong in the period under review.

Our *Global India* approach is a key competitive advantage for Julius Baer. It offers clients the best of both interlinked worlds, fosters retention and referrals, and is a significant source of additional promising business developments. Both pillars of this approach were recognised independently last year. At the beginning of 2021, we received the prestigious award *Best Private Bank – Global Indians* for 2020 from *Asian Private Banker*. And in the 2021 *Euromoney Private Banking & Wealth Management* survey published in February, *Julius Baer India* ranked first in 9 of the 16 subcategories.

EASTERN MEDITERRANEAN, MIDDLE EAST & AFRICA

We serve the Eastern Mediterranean region as well as our chosen markets in the Middle East and Africa primarily from our main regional hub in Dubai, complemented by local offices in Istanbul, Manama, Tel Aviv and Johannesburg, as well as from a growing number of Group locations in Europe and Asia.

What sets us apart is our reputation as a focused wealth manager and the international scope of our offering, which addresses the growing requirements of UHNWIs. While the geopolitical tensions, subdued economic expansion and ever-changing regulatory regimes create a challenging environment, these factors also influence the level of security and international diversification clients seek for their assets. Against this backdrop, we achieved very healthy net new money inflows in 2021. Value-adding mandates and solutions remained in demand. Revenues and margins increased year on year. Recognising our strong standing in the region, Julius Baer was awarded

Best Private Bank in the Middle East at the 2021 *Global Private Banking Awards* of the Financial Time's *Professional Wealth Management* (PWM) and *The Banker* magazines in November 2021.

Julius Baer is one of the top foreign wealth managers in **Israel**. We serve this appealing and highly competitive market from a number of Group locations and locally from our Tel Aviv office. We target Israel's significant wealth creation both domestically and via the global Israeli community. The course of the pandemic and the political changes made 2021 a turbulent year, weighing on business momentum. Higher asset levels contributed to well-supported revenues.

LATIN AMERICA

Julius Baer is a major international wealth manager in Latin America. We are serving the region's HNWIs and UHNWIs locally from our offices in Santiago de Chile, Montevideo, São Paulo, Rio de Janeiro, Belo Horizonte, Bogotá and Mexico City as well as increasingly from other Group locations. This combination of local proximity and our international investment expertise differentiates us from most domestic competitors.

While Latin America massively caught up in fighting the pandemic, the region remains burdened with high inflation, tightening monetary conditions and an unpredictable political environment in the shorter term. However, given the young population combined with the overall supportive international economic backdrop, the region's potential is intact.

In the period under review, clients valued our personal and innovative approach to remain connected and to keep them on top of market developments. Instilled by the pandemic-induced restrictions, our educational offering has since developed into a true value driver for clients and the business. Multiple virtual conferences covered topics from wealth and portfolio management to family office services, keeping clients interested and engaged. While this contributed to a boost in our reputation in important markets like Brazil and Mexico, it also prompted client referrals and an increase in share of wallet. Clients continued to favour international diversification and showed interest in private equity, hedge funds and private market solutions. Asset

gathering remained challenging overall but continued to improve, with some markets reporting excellent results. Higher asset levels as well as rising mandate and credit penetration supported profitability.

Leveraging our strong standing in selected core markets and key client segments, we continued to build business momentum and seized opportunities in 2021. We broadened our base of experienced RMs serving the region during the year, both locally and at Group locations. Our representative office in **Colombia** showed good progress after it became operational in February last year. Colombia is one of the region's markets that has great potential for a focused wealth manager with a comprehensive offering like Julius Baer. We streamlined our operational set-up in **Uruguay** and refocused the business to capture growth opportunities via family office services, thus leveraging our know-how gained in other markets of the region. Despite the recent political instability, we were able to strengthen our standing with UHNWIs in **Chile**, where we have the largest local presence of any international wealth manager.

Our activities in **Brazil** continued to develop favourably. We are the largest local independent wealth manager and operate under the name *Julius Baer Family Office Brasil*. The unit mainly targets domestic clients who have a preference for multicustodial and consolidation capabilities, on a discretionary or advisory basis. To meet the growing demand for international wealth management services, Julius Baer opened *Julius Baer Advisory Office* in São Paulo in April 2021. It provides sophisticated global investment content, advisory of international portfolios and access to holistic wealth management and wealth planning solutions. Through the partnership with local digital investment advisor Magnetis, we continued to develop the affluent client segment of younger, tech-savvy investors.

On the back of Julius Baer's growing brand recognition and reputation within the Mexican market, we were able to keep up business momentum in **Mexico**. Complementing our local representative office, Julius Baer holds a majority stake of 70% in NSC Asesores, one of the largest independent wealth management companies in Mexico. Clients benefited from our growing offering of locally

adapted products and solutions, meeting their evolving needs in the current rapidly changing environment.

INTERMEDIARIES BUSINESS

In 2021, the focus of the Intermediaries unit was on implementing its new business strategy. This new strategy builds on our achievements of the past two years by expanding and tailoring our range of products and services, by upgrading our technological capabilities and by making our processes more effective and efficient. At the heart of our new strategy are three service models: Premium Service, Professional Advice and Expert Advice. This differentiation in our offering allows us to tailor our services to the requirements of the intermediary clients we serve – whether that is a relationship mainly based on digital solutions, a very personal relationship relying on extensive interaction with various Julius Baer experts, or a blend of the two.

We were able to grow our Intermediaries franchise across most of our key markets in line with market developments in 2021. We also succeeded in maintaining our high levels of service and availability to intermediaries and their clients throughout the second lockdown. Net new money inflows strongly improved year on year, with notable contributions from Asia, Emerging Markets and across Europe.

Technology and digital solutions provided from across the Group's booking centres form a significant component of our service offering to intermediaries. We particularly focus on connectivity services, which allow intermediaries to connect their systems more efficiently with ours to facilitate automated end-to-end processing. In Asia, we launched our *Digital Intermediaries Platform* – an online platform aimed at substantially upgrading the digital channels available to intermediaries booked in Asia – in collaboration with a third-party provider to meet the needs of external asset managers who use a professional portfolio management system.

JULIUS BAER'S HOLISTIC SERVICE AND SOLUTIONS OFFERING

We help our clients to protect and grow the wealth they created and we support them in transferring it to future generations. Our holistic advisory approach *Julius Baer – Your Wealth* tailors financial solutions for clients based on their unique situations, encompassing wealth planning, investing and financing.

WEALTH PLANNING

Our *Wealth Planning* (WP) capability is one of the three main *Julius Baer – Your Wealth* pillars. A global network of internal and external specialists and a wide range of sophisticated solutions support our comprehensive range of WP services. The pandemic continues to raise important questions related to succession planning and relocation, amongst others, and encouraged clients to assess their overall exposure. With our Family Office Services, we aim to leverage our long-standing expertise on wealth preservation and creation to benefit our larger clients and their families by supporting them better and more holistically than ever before.

INVESTING

Our investment experts around the globe are important contributors to our holistic offering. They have decades of experience in managing wealth for our private clients, both on a discretionary and on an advisory basis.

Our Group *Chief Investment Officer (CIO)* steers a solid five-step investment process with a special focus on long-term secular trends. A set of key investment beliefs is built in to this process, from tactical asset allocation to portfolio construction. We rely on comprehensive qualitative and quantitative analysis to identify which of the four possible market regimes currently prevails, allowing expert positioning in our quest to deliver consistent risk-adjusted returns for our clients. Each step is safeguarded by our robust risk framework. Market uncertainties induced by the paradigm shift in China and the recent debate over whether inflation is transitory or permanent are an opportunity to make a difference and demonstrate to our clients the value of our structured and time-tested investment process.

Our investment experts stayed tuned to our clients while monitoring and adapting their strategies across discretionary and advisory mandates. The latter benefitted from our proprietary *Digital Advisory Suite*, which enables us to share opportunities and address risks with our clients, in line with financial market development.

Pursuing our ambition to transform our business and ensure that our investment management and advisory solutions remain relevant for our clients, our dedicated teams have achieved significant milestones, by

- expanding the potential offered by our *Mandate Solution Designer* – a digital platform for mandate customisation, client interaction and portfolio management – through the launch of a new multi-asset-class discretionary offering now supporting single instruments,
- continuing our scrutiny of critical asset classes in the current environment, in particular by closely monitoring the emergence of digital assets and the possible disruptions this technological evolution might cause,
- reviewing our clients' alternative investments positioning, with our Private Markets franchise reaching numerous achievements to date, including the successful launch of impact investing strategies,
- unveiling an ambitious ESG roadmap across all products and strategies, incorporating high standards of sustainability due diligence.

INVESTMENT CONTENT

The COVID-19 pandemic and its impact on the world economy dominated our communication efforts in 2021. Even as supply chain disruptions led to higher inflation and lower growth dynamics, we suggested staying invested in developed market equities. We stressed the importance of being selective in fixed income while the volatile environment led us to be on the lookout for shorter-term market opportunities. Throughout the year, we further strengthened our structured follow-ups on investment instrument recommendations.

A high-angle, low-key photograph of a person walking away from the camera on a light-colored tiled floor. The person is wearing a dark jacket and light trousers, pulling a black suitcase. Large, dark, rectangular shadows from a window grid pattern are cast across the floor, creating a strong geometric pattern. The lighting is bright, suggesting a sunny day.

INVESTMENT RESEARCH: 2021 IN REVIEW

2021 in a nutshell: the first half was about growth, the second about inflation. All along, asset sell-offs kept investors on their toes. So did the pandemic as a wild card. The first six months belonged to the growth recovery. Some record quarterly growth numbers were registered. Of course, a lot of this reflected base effects. Yet corporate earnings mirrored the economic recovery with record-setting numbers. The second half saw the focus shift to inflation rates. Despite their usual lag to growth, many observers felt ‘this time is different’. And indeed, the numbers were impressive: some of the producer price gauges registered double-digit growth rates for the third quarter. Together with slower growth, ‘stagflation’ was back on the table.

Then the already challenging macroeconomic picture was joined by some real pain points. In particular, breakdowns in some asset prices put investor confidence to the test. But also bigger topics, such as the clean-up of excessive leverage in the Chinese housing markets, sent jitters through the global financial system. Speaking of China, the clampdown on some of the technology-related sectors there and a major policy shift towards interference in private sectors pushed related assets down. And finally, the pandemic always found ways to surprise. Just when hopes of improvement were running high thanks to the vaccination efforts, they were cold-showered by the arrival of new variants.

All in all, 2021 was a rewarding investment year, though with a tilt to the first months. Commodity and equity returns dominated the safe-haven space, i.e. bonds and gold. Hence taking risks paid off in 2021: the high-flyers were oil & gas stocks, inflation-linked bonds and crypto assets, while Chinese equities, emerging market bonds and gold lagged.

For 2022, we expect the economy to shift into a more self-sustained mode. With end demand returning and more normalisation in the sectors most affected by the pandemic, the odds of ‘getting back in shape’ are good. On the positive side, we firstly expect capital expenditure to be supportive, driven by major productivity gains and persistently low financing costs. Secondly, inventory restocking will keep end demand alive, and, thirdly, the activation of pent-up demand will keep consumption well underpinned. However, issues to be resolved remain manifold: disruptions in supply chains, huge divergences between businesses that benefited from the situation versus those that suffered (the same applies for developed markets versus emerging markets) and red-hot asset valuations in some areas set against an economy that is barely back to cruising speed.

So for 2022 overall, ‘getting back in shape’ means less government support, edgier central banks and the need for more self-help, i.e. dealing with more headwinds, tactical opportunities and compressed returns.

Responding to the structural changes in how information is being consumed, we further broadened our video offering, enhanced our monthly client webcasts and introduced podcasts to ensure continuous information. We also increased the flow of timely market news and stories made available in our *Investment Insights App* and newly within our *e-banking Switzerland* service.

FINANCING AND CREDIT

Our financing capabilities give our UHNW clients room to optimise their current holdings. As part of our holistic financing offering, our private clients have access to mortgages, to a wide range of standard credit products on a secured basis as well as to tailored structured finance solutions encompassing listed assets, private assets and combinations thereof. These bespoke monetisation and lending solutions include collateralised future cash flows, customised single stock lending, derivatives-based financing and multi-asset secured lending, bilaterally or as part of multi-bank facilities. A newly created mergers & acquisitions advisory function for our wealth management clients complements these capabilities. Our loan book is prudently managed using a sophisticated credit risk framework. This ensured continued high credit quality also during markets with higher uncertainty, including the COVID-19-related market volatility. The transition of credit agreements from IBOR to alternative reference rates was essentially completed.

MARKETS

The primary focus of our Markets unit is to provide best-in-class execution and trading advice to our wealth management clients. Through our trading hubs in Zurich, Singapore and Hong Kong, we provide market access on a 24-hour basis. Direct channels to our product experts ensure that clients are comprehensively supported in all execution, trading and structuring-related matters. Transaction volumes executed on behalf of clients remained high in 2021, comparing favourably with the extraordinary levels achieved amid the pandemic-related market turbulence in 2020.

The Markets unit plays an important role as manufacturer and risk manager of structured products and derivative solutions issued from Julius Baer Group's balance sheet. Our structured products business provides both equity-related as well as debt-related structures and trading services for our clients. On the back of elevated levels of structured

products issuance volumes, particularly in the first half of the year, Markets again contributed significantly to the Group's revenues in 2021. Ongoing investments in a scalable trading and execution platform and the continued expansion of our product offering across all asset classes enable us to meet the growing requirements of our clients. The rollout of securities lending and borrowing services to our clients in Asia marked a key addition to the Markets unit product offering in 2021.

Digital tools such as the *Markets Toolbox*, a real-time structuring, pricing and trading platform for equities, currencies and precious metals, are key enablers in achieving a high level of service experience. Such tools, together with our ability to take on risk and offer innovative payoffs, make us an attractive partner for intermediaries, family offices and other professional clients, who enjoy working with us and expanding their product universe.

DIRECT PRIVATE INVESTMENTS

Direct private investments are one of the fastest growing asset classes overall. They provide UHNW clients and family offices access to investment opportunities in private equity, private debt and other unlisted or illiquid assets. Structured as single direct investments or as co-investments with an institutional lead investor, they allow clients to benefit from diversification and asymmetric returns while gaining exposure to the industries that best match their investment philosophy. Julius Baer's dedicated *Direct Private Investments* team operates out of Switzerland and Hong Kong and enjoys a strong standing in this competitive global field. In 2021, the team closed well over a dozen private equity and private debt deals with attractive risk return profiles across a variety of sectors: food tech, health tech, real estate, technology and education.

GLOBAL CUSTODY

As a dedicated provider of custodian banking 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. Thanks to our modular approach, clients benefit from a high degree of flexibility regarding daily business processes and tailored global custody & depositary bank services as well as specialised reporting solutions to cover their needs.

OUR STRATEGY

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

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

At the start of 2020, we presented an update and refinement of our strategy for the medium and longer term. First and foremost, we will remain true to our wealth management focus and business model. We will continue to build on our core strengths while dynamically modernising the way we operate, creating even more value for our clients through a sharpened value proposition and accelerated investments in human advice and technology. At the same time, the Group will continue to strengthen its corporate values and its robust risk and compliance culture, based on professional integrity and teamwork, and further invest in the implementation of our sustainability ambition, which is to empower our clients, employees and other stakeholders to make a positive impact on society and the environment. Julius Baer will continue to enable shifts in capital flows towards a more equitable future and healthier planet and take environmental, social and governance (ESG) actions within the Group as a responsible corporate citizen.

CALIBRATING THE STRATEGY IN A CHANGING ENVIRONMENT

At the outset of a fresh decade, new secular dynamics are unfolding in wealth management:

- Client needs are shifting structurally – from wealth creation to wealth preservation and from individual needs rooted in one geography to changing family settings with multinational requirements. Complexity is increasing and expectations are on the rise, calling for even broader capabilities and deeper expertise in wealth management.
- Generational dynamics are accelerating. Over the coming 20 years, huge amounts of assets will be handed from one generation to the next. This future generation is looking beyond just the management of assets and is interested in giving meaning to their wealth.
- The economics of our business have changed. Commoditisation combined with negative interest rates in many of our key markets has resulted in strong margin pressure over recent years. In parallel, more complex regulations, changes in technology and increasing competition are driving up the structural costs of doing business.

Despite these pressures, wealth management remains an attractive industry, with longer-term growth rates expected to exceed GDP expansion in most markets.

In order to capture these opportunities, we are looking beyond the immediate pressure for change and want to make our company fit for the next decade. We will explore the substantial untapped potential to deliver value to our targeted client segments. As the architects of our clients' wealth, we will tailor highly individual solutions in a client-centric, integral way – as personal as possible, yet powered by the best that technology has to offer.

SHARPENING THE VALUE PROPOSITION FOR SOPHISTICATED HIGH NET WORTH AND ULTRA-HIGH NET WORTH INDIVIDUALS

Julius Baer will offer our two core client segments, HNWI and UHNWI, a sharpened and unique value proposition. We will serve those clients individually, as families and over generations. The complexity inherent in these client relationships plays to our strengths and capabilities.

Contrary to industry trends, we will continue to serve HNWI in a personal way, with a dedicated relationship manager (RM). They will be offered an unrivalled breadth of solutions that can be customised based on technology, supporting scalability. UHNWI and wealthy families will benefit from Julius Baer's capabilities as true wealth architects, combining access to the Group's expertise, its global coverage and its ability to deliver highly bespoke solutions, based on its open product platform and its balance sheet, without the conflict of other lines of business.

We serve our clients directly via our dedicated global front organisation as well as indirectly through selected intermediaries. These intermediaries are an important business-to-business segment with whom we aim to build long-term partnerships along their full value chain and across the entire cycle of their business development.

The Group will continue to look to strengthen its critical mass in core markets while investing further in its range of solutions and expertise – already among the most comprehensive in the industry – to enhance its relevance for clients and capture new market opportunities. Examples of innovation in this area are digital assets, structured lending and impact investing.

ACCELERATING INVESTMENTS IN HUMAN ADVICE AND TECHNOLOGY

Investments in technology to power human advice have been accelerated, creating new revenue opportunities and further improving efficiency. The main shift is away from the modernisation of the back-end towards investments in enhancing client value at the front-end.

To create new revenue opportunities, we are accelerating our investments in artificial intelligence and data. Predictive data analysis, for example, improves client retention and explores share-of-wallet potential. To facilitate scalable tailoring of discretionary mandates and a consistent and scalable advisory process, we continue to invest in our Mandate Solution Designer and our proprietary advisory platform DiAS, which are already contributing to increased revenues and enhanced margins. And to increase quality and

Julius Baer Group Ltd.

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Chief Executive Officer

Philipp Rickenbacher

Head Switzerland & EMEA

Yves Robert-Charrue

Head Asia Pacific

Jimmy Lee Kong Eng

Head Americas

Beatriz Sanchez

Chief Operating Officer & Head of Intermediaries

Nic Dreckmann

Investment & Wealth Management Solutions

Head of Wealth Management Solutions

Nicolas de Skowronski

Chief Investment Officer

Yves Bonzon

Chief Financial Officer

Dieter A. Enkelmann

Chief Risk Officer

Oliver Bartholet

Executive Board

efficiency, we continue to re-engineer processes such as our workflows in risk management and anti-money laundering as well as driving robotics in mid- and back-office processes, again with the aim to realise margin benefits.

In order to excel in wealth management, we believe we also need to move beyond just managing wealth. With our more than one hundred thousand client relationships globally, Julius Baer is ideally positioned to be a facilitator, offering our clients a platform that reflects the Group's purpose: creating value beyond wealth. Our vision is to build cross-generational communities, providing spaces in which they can share and exchange, ultimately enabling them to co-create content and business opportunities together with us.

Julius Baer will continue to attract the top entrepreneurial talent in the industry – RMs as well as specialists and technology experts. The Group will invest in developing junior RMs in-house and has successfully rolled out the planned upgrade to its incentive and compensation systems in line with the Group's financial targets, entrepreneurial aspiration and risk standards.

CREATING LONG-TERM SHAREHOLDER VALUE BY SHIFTING THE LEADERSHIP FOCUS TO SUSTAINABLE PROFIT GROWTH

With Julius Baer's shift from an asset-gathering strategy to one focused on sustainable profit growth, the Group introduced new targets for shareholder value creation at the start of the current three-year cycle (2020–2022):

- An adjusted¹ pre-tax margin of 25 to 28 basis points by 2022
- An adjusted¹ cost/income ratio of 67% or lower by 2022
- Over 10% annual growth in adjusted¹ pre-tax profit over the cycle, assuming no meaningful deterioration in markets or foreign exchange rates
- Adjusted¹ return on CET1 capital of at least 30% by 2022, supported by active capital management

Julius Baer remains committed to maintaining the quality and strength of its balance sheet and capitalisation. The management floors of its BIS total capital ratio and BIS CET1 capital ratio remain at 15% and 11%, respectively, representing a prudent buffer of around three percentage points above regulatory minimums.

In view of the strongly capital-generative nature of Julius Baer's business model, the Group's dividend policy has been updated effective the 2021 financial year with an increase in the target ordinary dividend payout ratio from approximately 40% to approximately 50% of adjusted¹ net profit attributable to shareholders. As was the case in the previous dividend policy, in the absence of significant events the per-share ordinary distribution is intended to be at least equal to the previous year's dividend per share. As hitherto, ordinary annual dividend distribution can be complemented by share buy-backs or special dividends.

The Executive Board's compensation structure, with the cumulative economic profit and relative total shareholder return components of its equity performance plan, is aligned with the Group's focus on sustainable, profitable growth and long-term shareholder value creation.

This section of the Business Review is an excerpt from the yearly updated Corporate Governance chapter of the Group's Annual Report. Details on the implementation of the updated strategy can be found in the remaining sections of this publication.

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

SUSTAINABILITY

Our sustainability ambition is to empower our clients, employees and wider stakeholders to make a positive impact on society and the environment. This ambition is echoed in our purpose to *create value beyond wealth*. We are enabling shifts in capital flows towards a more equitable future and healthier planet. At the same time, we are taking environmental, social and governance (ESG) actions within the Bank as a responsible corporate citizen.

As a financial institution, our success depends on stable economic, social, environmental and regulatory systems. Our sustainability framework helps us respond to – and share thought leadership around – diverse challenges, from climate change and ecosystem decline to wealth inequality, the Covid-19 pandemic and new patterns of ‘conscious consumption’. Alongside such environmental, social and governance (ESG) megatrends, we are also adapting continuously to regulatory developments around sustainable finance, such as the European Union Action Plan on Financing Sustainable Growth, and we take account of evolving standards in non-financial disclosure and reporting.

STRATEGIC FRAMEWORK

Our strategic framework, shown below, enables us to harness new market opportunities while mitigating risks and engaging stakeholders. It is centred on two main pillars: responsible wealth management and responsible citizenship. In 2021, we rolled out an e-learning course on our sustainability approach and framework, mandatory for all employees, in addition to conducting a number of training sessions, e.g. through our JB Academy Learning Week, as well as ad hoc trainings for various departments and business units. At the heart of our framework is a thematic focus on two major challenges: the overuse of natural resources as well as the underuse of human resources.



RESPONSIBLE WEALTH MANAGEMENT

Our responsible wealth management ecosystem was refined further in 2021, integrating ESG into investment processes and delivering sustainable and impact investing solutions alongside philanthropy services. We continued to enhance our market-leading insights, as well as our offering in networking and transparent portfolio reporting. We additionally launched the Sustainability Circle community for our clients (see page 29) while gauging their sustainability views in our first global client survey (see page 11).

Julius Baer investment advisors and portfolio managers received specialist ESG training, with 44 colleagues gaining certification from the Chartered Financial Analyst Institute (UK). We also welcomed the first cohort of senior relationship managers and team heads onto a new training programme on sustainability topics. It featured representatives of the Bank's senior management and was designed in partnership with Redesigning Financial Services, a think tank of the University of St Gallen, Switzerland.

Furthermore, we conducted a number of education sessions related to responsible wealth management for dedicated client groups (e.g. sessions within our Women and Wealth seminar series) and for employees across the globe. We also launched an internal and external campaign explaining our approach to responsible wealth management, featuring a series of dedicated videos, podcasts and articles. In autumn 2021, we participated in the UN COP26 climate conference.

Responsible investing

Our investment process integrates the ESG perspective and has done so for many years. It has been and continues to be a journey of learning, refining and extending. Responsible investing allows investors to take ESG factors into consideration when making investment decisions and for instance exclude companies with a low sustainability performance.

Sustainable investing

We have a 16-year track record in managing discretionary sustainability mandates. In 2021, we increased AuM under these mandates by 45% to CHF 3.6 billion. We also published a number of educational materials on sustainable investing and trends in this space.

Impact investing

In line with our thematic approach to responsible wealth management, we launched new products related to climate change mitigation, notably greener food production, renewable energy generation, smart transport and plant-based food systems. We also continued to engage with clients on topics such as the circular economy, green technology, smart agriculture and the blue economy.

Philanthropy services

Reflecting growing client demand (philanthropy advisory mandates have doubled since 2020), in 2021 Philanthropy Services became one element of our new Family Purpose offer, which represents one out of five Julius Baer Family Office services. We rolled out more internal training opportunities alongside engagement events on philanthropy, such as our Family Affairs masterclasses. Following these events, a number of clients identified projects reflecting their values that they intend to support, with some of these projects also supported by the *Julius Baer Foundation*.

RESPONSIBLE CITIZENSHIP

Conduct and risk

In 2021, we reinforced our commitment to being a trusted partner and to creating value beyond wealth. Remuneration reflects our corporate values and risk behaviour, integrating elements that measure not only what has been achieved but also how it has been achieved.

With regard to risk management, we established a transaction monitoring system for anti-money laundering (see also page 12). Moreover, responding to growing stakeholder interest and sustainable finance regulations, we established an interdisciplinary task force to further develop specific assessment criteria and guidelines on ESG-sensitive business activities. In addition, we addressed the merits of a dedicated reputational risk governance process covering ESG-related considerations.

Finally, we further reinforced our information security systems by adding an automated continuous assurance dashboard that measures important key risk indicators on a daily basis. On data privacy, we advanced collaboration between our diverse international locations to improve accountability and awareness regarding privacy risks.

Caring employer

We are on track to achieve our goal of 30% female representation in senior management by the end of 2023, with 28.5% at the end of 2021. The proportion of women on our Board of Directors was 40% at the end of 2021. In our regular employee engagement surveys, we managed to maintain an average global engagement score of 7.8 out of 10 at the end of 2021, and our employee net promoter score increased to 34 (+1 compared to 2020), slightly above the financial industry benchmark. New questions on diversity and inclusion as well as health and wellbeing were added during the year to better understand potential challenges and define measures for future improvement.

In 2021, we registered a 77% increase in training hours, leading to 34.1 average hours of training per employee. Supported by the JB Academy, we also expanded learning and development opportunities around the globe. Among other engagements, we extended our worldwide educational programmes for young talents and proposed different development opportunities for employees.

KEY RESPONSIBLE INVESTMENT INDICATORS

	2021	2020	Change in %
Discretionary assets with basic ESG integration (CHF m) ¹	66,148	55,242	19.7
As percentage of total assets under management (%)	13.7	12.7	-
Discretionary sustainability mandates (CHF m) ²	3,579	2,468	45.0

¹ Based on assets under management in central mandates (only front regions, excluding intermediaries).

² Including various asset classes and currencies.



SUSTAINABILITY CIRCLE: EMPOWERING FOR POSITIVE IMPACT

At the 26th UN Climate Change Conference (COP26), Julius Baer launched the Sustainability Circle, an exclusive client community committed to supporting the shift towards a more equitable future and healthier planet for generations to come.

Tapping into the Bank's global network, the Sustainability Circle community aims to bring interested investors, philanthropists, entrepreneurs and business leaders together and empower them to create a positive impact on the environment and society.

The members' expertise and experiences are the greatest assets of the Sustainability Circle. Connecting like-minded people, sharing and offering insights as well as learning with and from each other are the pillars of dialogue in the community.

FACILITATING INTERACTION FOR CHANGE

As part of this collaborative approach, members benefit from access to eminent speakers, networking opportunities and tools to engage on sustainability topics. All community activities are designed to help tackle two major global challenges: the overuse of natural resources as well as the underuse of human resources. In this way, the Sustainability Circle is supporting the transition to a more sustainable world.

As a bank, we are aware that only through engaging and partnering with our clients can we fulfil our own sustainability ambitions. As each sustainability journey is personal and unique, the Sustainability Circle is designed as a platform for like-minded stakeholders to come together and exchange knowledge and ideas.

The aim of the community is to educate and support clients along their sustainability learning journey – much in line with Julius Baer's purpose: creating value beyond wealth.

Community partner

Last year, Julius Baer's total community giving amounted to more than CHF 10 million¹, representing an 18% increase on 2020. Through our employee-led giving and volunteering network, JB Cares, employees used their two paid days of annual volunteering to give 1,319 hours in their communities – a 205% increase on 2020, backed by new volunteering guidelines and greater volunteering awareness around the Bank.

We responded to community needs globally via the *Julius Baer Foundation*, which collaborated with 27 partner organisations to disburse CHF 3.75 million, via multiple sponsorships, and via the *Julius Baer Art Collection*, which celebrated 40 years of promoting and preserving visual art in Switzerland.

Conserving natural resources

In 2021, we set out to complement our environmental efforts with a new climate strategy, including a net-zero CO₂ emission target. We strive to meet this ambition with a framework that helps us to manage climate risks and harness net-zero opportunities for our clients and the Bank. In parallel, we continue to look at the environmental impact by measuring the emissions related to the Bank's own operations, its investments and our clients' investments. In developing the strategy, we conducted scenario analysis in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Further information on our climate strategy will be published in our *Sustainability Report 2021*.

¹ This figure can be broken down into CHF 6.08 million from the Bank, CHF 3.75 million from the Julius Baer Foundation (including matching contribution to JB Cares), CHF 60,100 from JB Cares Switzerland, CHF 64,500 from JB Cares Hong Kong, CHF 162,500 from JB Cares Singapore, CHF 2,000 from JB Cares UK and CHF 34,000 from Germany. These amounts exclude corporate sponsorships and other donations from any other international locations.

KEY HUMAN CAPITAL INDICATORS

	2021	2020	Change in %
Our people			
Total headcount (total workforce excl. externals) ¹	7,060	6,897	2.4
Of which regular staff	6,845	6,762	1.2
Number of employees (FTE) (total workforce excl. externals) ¹	6,727.3	6,606.5	1.8
Of whom in Switzerland (%)	52.2	52.0	-
Of whom in rest of Europe (%)	17.6	18.0	-
Of whom in Asia-Pacific (%)	22.6	22.1	-
Of whom in Latin America (%)	5.2	5.0	-
Of whom in Middle East and Africa (%)	2.4	2.8	-
Total net employee turnover (%) ²	9.6	8.5	-
People and diversity			
Ratio of women (% of total regular staff headcount)	42.4	42.5	-
Women in senior management (% of total senior management headcount) ³	28.5	27.9	-

¹ Total workforce includes regular staff (employees with an ordinary open-ended Julius Baer contract on a full or part-time basis), temporary staff, trainees, apprentices and graduates.

² Fluctuation rate / net turnover of regular staff in %, including resignations and terminations.

³ Julius Baer defines senior management as all employees with the rank of Director to Managing Director.

SUSTAINABILITY DISCLOSURE AND RECOGNITION

We hold a strong position in many international sustainability benchmarks, including an A rating in MSCI ESG¹, a 92nd percentile position in S&P² Global Corporate Sustainability Assessment and a B score in CDP climate disclosure. The shares of Julius Baer Group Ltd. also remain a constituent of both the SXI Switzerland Sustainability 25 Index and FTSE4GOOD indices³. Since February 2021, our shares have been included in the new ESG equity indices of SIX⁴.

Each year, we add further rigour and transparency to our sustainability and ESG disclosures.

Our *Sustainability Report 2021*, available from 21 March 2022 at www.juliusbaer.com/cosreport, takes account of international best practice reporting principles and standards, including the SDGs, the Global Reporting Initiative, the Sustainability Accounting Standards Board, the UN Principles for Responsible Banking and Principles for Responsible Investing, CDP and the TCFD.

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

² The S&P Global Corporate Sustainability Assessment (CSA) is an annual evaluation of companies' sustainability practices. The resulting ESG rating is used, among others, to create the Dow Jones Sustainability Index. Source: www.spglobal.com/esg/csa/

³ Created by the global index provider FTSE Russell, the FTSE4Good

Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices.

The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products. Source: <https://www.ftse.com/products/indices/ftse4good>

⁴ ESG Indices from SIX are new sustainable benchmarks for the Swiss Capital Market. The goal of SIX is to establish solid, sustainable and independent benchmarks for the Swiss bond and equity markets. Julius Baer shares are within the SPI ESG and SPI ESG Weighted indices.

KEY ENVIRONMENTAL INDICATORS^{1,2}

	2020	2019	Change in %
Energy consumption (MWh)	34,682	34,891	-0.6
Electricity (MWh)	25,122	26,045	-3.5
Greenhouse gas emissions (tCO ₂ e) ³	8,051	19,803	-59.3
Of which business travel (tCO ₂ e) ⁴	1,884	13,076	-85.6
Water consumption (m ³)	67,971	128,162	-47.0

¹ The figures in this table are for reporting years 2019 and 2020. The 2021 results will be included in the Sustainability Report 2021.

² Unless stated otherwise, the numbers in this table are based on information from Julius Baer's main business locations. These are Zurich, Geneva, Lugano, Basle and Bern in Switzerland, as well as our locations in Brazil, Germany, Guernsey, Hong Kong, India, Italy, Luxembourg, Monaco, Singapore, Spain, the UK, the UAE and Uruguay. These locations cover approximately 92% of our total FTEs.

³ Greenhouse gas emissions were calculated according to guidelines issued by the WRI/WBCSD Greenhouse Gas Protocol. We offset all our CO₂ emissions through a certification scheme.

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 specified under footnote 2. Kilometres/FTE are calculated using the same input.

IMPORTANT DATES

Publication of Annual Report (incl. Remuneration Report) 2021 and Sustainability Report 2021: 21 March 2022
Annual General Meeting: 12 April 2022
Publication of Interim Management Statement: 19 May 2022
Publication of 2022 half-year results: 25 July 2022

CORPORATE CONTACTS

GROUP COMMUNICATIONS

Larissa Alghisi Rubner
Chief Communications Officer
Telephone +41 (0) 58 888 5777

INVESTOR RELATIONS

Alexander C. van Leeuwen
Telephone +41 (0) 58 888 5256

MEDIA RELATIONS

Jan Vonder Muehl
Telephone +41 (0) 58 888 8888

INTERNATIONAL BANKING RELATIONS

Oliver H. Basler
Telephone +41 (0) 58 888 4923

CORPORATE SUSTAINABILITY AND RESPONSIBLE INVESTMENT

Yvonne Suter
Telephone +41 (0) 58 888 4292

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

Once published, the Annual Report 2021 of Julius Baer Group Ltd. containing the audited IFRS financial accounts of the Julius Baer Group for the year 2021 is available at www.juliusbaer.com/reporting.



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JULIUS BAER GROUP

Head Office
Bahnhofstrasse 36
P.O. Box
8010 Zurich
Switzerland
Telephone +41 (0) 58 888 1111
Fax +41 (0) 58 888 5517
www.juliusbaer.com

The Julius Baer Group
is present in more
than 60 locations worldwide,
including Zurich (Head Office),
Dubai, Frankfurt, Geneva,
Hong Kong, London, Luxembourg,
Mexico City, Milan, Monaco,
Montevideo, Moscow, Mumbai,
São Paulo, Singapore and Tokyo.

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