This document constitutes two registration documents pursuant to Article 20 paragraph 1 in connection with Article 10 paragraph 1 of Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**") in conjunction with Article 7 and Annex 6 of the Commission Delegated Regulation (EU) 2019/980 (the "**Delegated Regulation**"), (i) Registration Document I in the English language, and (ii) Registration Document II in the German language.

Dieses Dokument enthält zwei Registrierungsformulare gemäß Artikel 20 Absatz 1 in Verbindung Artikel 10 Absatz 1 der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates (die "**Prospektverordnung**") in Verbindung mit Artikel 7 und Annex 6 der Delegierten Verordnung (EU) 2019/980 der Kommission (die "**Delegierte Verordnung**"), (i) das Registrierungsformular I in englischer Sprache und (ii) das Registrierungsformular II in der deutschen Sprache.

Julius Bär

Bank Julius Baer & Co. Ltd., Zurich (Banque Julius Baer & Cie SA, Bank Julius Bär & Co. AG, Banca Julius Baer & Co. SA), a corporation with limited liability under the laws of Switzerland ("**BJB**"), acting through its head office or a designated branch (the "**Issuer**")

Registration Document I

dated 7 June 2023

(the "**Registration Document**")

This Registration Document expires on 7 June 2024. The obligation to supplement this Registration Document in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Registration Document is no longer valid.

Julius Bär

Bank Julius Bär & Co. AG, Zürich (Banque Julius Baer & Cie SA, Bank Julius Baer & Co. Ltd., Banca Julius Baer & Co. SA), eine nach Schweizer Recht organisierte Aktiengesellschaft (die "**BJB**"), handelnd durch ihren Hauptsitz oder eine dazu bestimmte Zweigniederlassung (die "**Emittentin**")

Registrierungsformular II

vom 7. Juni 2023

(das "**Registrierungsformular**")

Dieses Registrierungsformular ist ab dem 7. Juni 2024 nicht mehr gültig. Die Pflicht zur Erstellung eines Nachtrags im Falle wichtiger neuer Umstände, wesentlicher Unrichtigkeiten oder wesentlicher Ungenauigkeiten besteht nach Ablauf der Gültigkeit dieses Registrierungsformulars nicht mehr fort.

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I. RISK FACTORS

Risks relating to the Issuer

In this section the issuer risks specific to BJB are set out. These risks are presented in risk categories (sections 1 to 3) depending on their nature whereby in each risk category the most material risks are set out first; all the remaining risk factors within each category are not set out in order of their materiality. The assessment of materiality of each risk has been made by the Issuer as of the date of this Registration Document based on the probability of their occurrence and the expected magnitude of their negative impact on the Issuer.

The assessment of materiality is disclosed by specifying whether the realization of the respective risk results in adverse effects on any or all of BJB's business, results of operations, capitalization, profitability, financial condition and/or prospects.

In this context the expressions "material" denotes a higher expected magnitude of materiality of the respective risk. If any of such denoted risks materialise, BJB may not be able to fulfil its obligations under the securities issued by it. Furthermore, the market value of securities issued by BJB can fall significantly or even be zero. Accordingly, investors in securities which are issued by BJB may lose their entire investment or parts of their investment **(risk of total loss)**.

The risks described below may also occur cumulatively and thus be mutually reinforcing. In particular in the event that several of the risks listed below occur cumulatively and are mutually reinforcing, the ability of BJB to meet its payment or delivery obligations under such securities to investors may be adversely affected.

1. Risks related to the financial situation of BJB

In this risk category, the specific risks related to the financial situation of BJB are described. The most material risks in this category are the "Credit risk", the

I. RISIKOFAKTOREN

Emittentenrisiken

Im vorliegenden Abschnitt sind die auf die BJB anwendbaren Emittentenrisiken beschrieben. Die Risiken werden entsprechend ihrer Beschaffenheit in verschiedenen Risikokategorien (Abschnitte 1 bis 3) dargestellt, wobei in jeder Risikokategorie die wesentlichsten Risiken an erster Stelle genannt werden; die übrigen Risikofaktoren innerhalb jeder Kategorie sind nicht in der Reihenfolge ihrer Wesentlichkeit aufgeführt. Die Beurteilung der Wesentlichkeit jedes Risikos wurde von der Emittentin zum Datum dieses Registrierungsformulars auf der Grundlage der Wahrscheinlichkeit ihres Eintretens und des zu erwartenden Umfangs ihrer negativen Auswirkungen auf die Emittentin durchgeführt.

Die Beurteilung der Wesentlichkeit wird offengelegt, indem für das betreffende Risiko dargestellt wird, ob die Realisierung dieses Risikos nachteilige Auswirkungen auf einige oder alle Geschäftsbetriebe, die Ertragslage, die Kapitalisierung, die Profitabilität, die Finanzlage und/oder die Aussichten der BJB hat.

In diesem Zusammenhang bedeutet der Ausdruck "wesentlich" einen größeren zu erwartenden Umfang der Wesentlichkeit des entsprechenden Risikos. Falls sich eines der so bezeichneten Risiken verwirklicht, könnte die BJB gegebenenfalls nicht mehr in der Lage sein, ihre Verpflichtungen unter den von ihr begebenen Wertpapiere zu erfüllen. Überdies kann der Wert der von der BJB begebenen Wertpapiere erheblich sinken oder sogar null betragen. Mithin können Anleger, die in die von der BJB begebenen Wertpapiere investiert haben, ihr Investment ganz oder teilweise verlieren (**Risiko eines Totalverlusts**).

Die nachfolgend dargestellten Risiken können auch kumulativ eintreten und sich dadurch gegenseitig verstärken. Insbesondere im Fall, dass mehrere der unten aufgeführten Risiken kumulativ eintreten und sich gegenseitig verstärken, kann dies die Fähigkeit der BJB beeinträchtigen, ihre Zahlungs- oder Lieferverpflichtungen unter den Wertpapieren gegenüber den Anlegern zu erfüllen.

1. Risiken betreffend die Finanzlage der BJB

In diesem Abschnitt sind die Risiken betreffend die Finanzlage der BJB umschrieben. Die wesentlichsten Risiken in dieser Kategorie sind das "Kreditrisiko", das

"Treasury risk" and the "Risk of a rating downgrade".

1.1 Credit risk

BJB is exposed to the credit risk of its counterparties. Credit risk is the risk of financial losses due to a client or a counterparty of BJB being either unable, or only partially able, to meet an obligation owed to BJB.

Generally, the largest portion of BJB's credit activities consist of secured lending and margin trading activities as well as mortgages for its clients, which are secured by pledges of marketable equity and debt securities and real estate located in Switzerland and in selected international locations with a local banking presence, respectively, to mitigate BJB's credit risk. BJB's risk management procedures focus on the value of the collateral securing BJB's credit risk. However, BJB may become under-collateralised, for example, as a result of sudden declines in market values of the collateral. In such case, BJB may incur losses up to the amount by which the obligation owed to BJB exceeds the value of the collateral securing such obligation.

Therefore, the realization of any such credit risk may result in financial losses and, hence, have a material adverse effect on BJB's results of operations and financial condition.

1.2 Treasury risk

Treasury risk is inherent in the basic banking activities of BJB such as accepting deposits and providing loans and credits. Treasury risk is defined as the risk associated with BJB's ability to convert an asset into cash to ensure it can meet its obligations in adverse scenarios. The transformation of short-term deposits into long-term assets exposes banks to treasury risk. The treasury risk of BJB consists of the financing risk and the liquidity risk.

Liquidity risk is the risk of BJB being unable to meet its payment obligations when they fall due. Financing risk is the risk of BJB being unable to finance its existing or planned activities on an ongoing basis at acceptable prices. Liquidity is critical to BJB's ability to fulfil its obligations to its clients and fund and operate its

"Finanzrisiko" und das "Risiko einer Herabstufung des Ratings".

1.1 Kreditrisiko

Die BJB ist dem Kreditrisiko ihrer Gegenparteien ausgesetzt. Das Kreditrisiko ist das Risiko von finanziellen Verlusten, die dadurch entstehen, dass ein Kunde oder eine Gegenpartei, nicht oder nur teilweise in der Lage ist, eine Verpflichtung gegenüber der BJB zu erfüllen.

Grundsätzlich besteht der grösste Teil des Kreditgeschäfts der BJB aus Lombard- und Wertpapierleihegeschäften sowie Hypothekarkrediten, die durch Verpfändung verkaufsfähiger Wertpapiere bzw. Liegenschaften in der Schweiz und an wenigen ausgewählten internationalen Standorten, wo eine lokale Bank-Präsenz vorhanden ist, gesichert sind, um das Kreditrisiko der BJB zu beschränken. Deshalb liegt der Fokus des Risikomanagement-Verfahrens der BJB primär auf dem Wert der Sicherheiten. Es kann jedoch vorkommen, dass die BJB unterbesichert ist, z.B. infolge eines plötzlichen Sinkens der Marktwerte der Sicherheit. In einem solchen Fall könnte die BJB Verluste bis zur Höhe des Betrages erleiden, um den die an BJB geschuldete Leistung den Wert der Sicherheit für die Verpflichtung übersteigt.

Folglich kann die Realisierung eines solchen Kreditrisikos zu finanziellen Verlusten führen und somit die Ertragslage und die Finanzlage von BJB wesentlich beeinträchtigen.

1.2 Finanzrisiko

Das Finanzrisiko ist den grundlegenden Bankaktivitäten von BJB inhärent, wie der Annahme von Einlagen und der Bereitstellung von Darlehen und Krediten. Das Finanzrisiko ist definiert als das Risiko, welches mit der Fähigkeit von BJB zusammenhängt, Aktiven in nachteiligen Szenarien in Geld umzuwandeln, um ihren Verpflichtungen nachzukommen. Banken sind aufgrund der Umwandlung von kurzfristigen Einlagen in langfristige Aktiven dem Finanzrisiko ausgesetzt. Das Finanzrisiko von BJB besteht aus dem Finanzierungsrisiko und dem Liquiditätsrisiko.

Das Liquiditätsrisiko ist das Risiko, dass BJB nicht in der Lage ist, seinen Zahlungsverpflichtungen bei Fälligkeit nachzukommen. Das Finanzierungsrisiko ist das Risiko, dass BJB nicht in der Lage ist, ihre bestehenden oder geplanten Aktivitäten laufend zu angemessenen Preisen zu finanzieren. Liquidität ist zentral für die Fähigkeit der businesses, in particular in relation to accepting deposits, providing loans and credits. As at 31 December 2022 BJB's activities were largely financed by client sight deposits. BJB may be unable to obtain alternative financing on the interbank market in the event of a liquidity impairment. BJB's liquidity could be impaired at any given time by various developments in the banking market, e.g.

- market-wide illiquidity or disruption;
- unforeseen cash or capital requirements;
- unanticipated outflows of cash or collateral;
- unexpected loss of consumer deposits caused by changes in consumer behaviour; and
- An outflow of consumer deposits caused by a loss of client confidence in BJB or financial institutions in general (bank run).

A diminution of BJB's liquidity may be caused by events over which it has little or no control. Failure by BJB to effectively manage its liquidity could constrain its ability to fulfil its obligations and fund or invest in its businesses in particular in relation to accepting deposits, providing loans and credits.

A realization of the treasury risk could therefore materially adversely affect BJB's results of operations and financial condition.

1.3 Risk of a rating downgrade

BJB is rated by credit rating agencies. As at the date of this Registration Document I Moody's Investors Service ("**Moody's**") assigned BJB a "Long-Term Senior Unsecured and Issuer Rating" of "A2"*.

* Obligations rated A are considered upper-medium grade and are subject to low credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

BJB closely monitors and manages, to the extent possible, factors that could influence its credit ratings (e.g. expected future profitability, risk management practices, legal expenses, regulatory developments and

BJB um ihren Verpflichtungen gegenüber ihren Kunden nachzukommen und um ihr operatives Geschäft zu finanzieren und zu betreiben, insbesondere in Bezug auf die Annahme von Einlagen, die Gewährung von Darlehen und Krediten. Zum 31. Dezember 2022 wurden die Aktivitäten von BJB weitgehend durch Kundeneinlagen finanziert. Im Fall einer Liquiditätsstörung könnte BJB nicht in der Lage sein, sich am Interbankenmarkt alternativ zu finanzieren. Die Liquidität der BJB könnte jederzeit durch die folgenden Faktoren beeinträchtigt werden:

- Marktweite Illiquidität oder Unterbrechungen;
- Unvorhergesehene Liquiditäts- oder Kapitalvorschriften;
- Unerwarteter Abfluss liquider Mittel oder Sicherheiten;
- Unerwarteter Abzug von Einlagen aufgrund eines veränderten Konsumentenverhaltens; und
- Ein durch Verlust von Kundenvertrauen in BJB oder in Finanzinstitute im Allgemeinen hervorgerufener Abfluss von Einlagen (*Bank Run*).

Eine Beeinträchtigung der Liquiditätslage der BJB kann durch Ereignisse bewirkt werden, über welche BJB kaum oder gar keine Kontrolle hat. Ein Versagen der BJB ihre Liquidität effektiv zu verwalten, könnte die Fähigkeit, ihren Verpflichtungen nachzukommen und um ihr operatives Geschäft zu finanzieren und zu betreiben, negativ beeinflussen, insbesondere in Bezug auf die Annahme von Einlagen, die Gewährung von Darlehen und Krediten.

Eine Realisierung des Finanzrisikos könnte demnach die Ertragslage und die Finanzlage der BJB wesentlich beeinträchtigen.

1.3 Risiko einer Herabstufung des Ratings

Die BJB ist Gegenstand von Bonitätsratings von Rating-Agenturen. Zum Datum dieses Registrierungsformulars II hat Moody's Investors Services ("**Moody's**") BJB´s langfristige, nicht nachrangige, ungesicherte Schuldtitel und die BJB als Emittentin mit einem Rating von "A2"* bewertet."

* Moody's: A*: A-geratete Verbindlichkeiten werden der "oberen Mittelklasse" zugerechnet und bergen ein geringes Kreditrisiko. Moody's verwendet in den Ratingkategorien "Aa" bis "Caa" zusätzlich numerische Unterteilungen. Der Zusatz "1" bedeutet, dass eine entsprechend bewertete Verbindlichkeit in das obere Drittel der jeweiligen Ratingkategorie einzuordnen ist, während "2" und "3" das mittlere bzw. untere Drittel anzeigen.

Die BJB überwacht und verwaltet, soweit möglich, die Faktoren, die einen Einfluss auf ihr Bonitätsrating haben könnten (z.B. erwartete zukünftige Profitabilität, Riskmanagementpraxis, Rechtskosten, regulatorische economic and geopolitical trends). Despite such measures, Moody's has downgraded several ratings of BJB on 28 February 2020. In particular, BJB's long-term issuer ratings were downgraded from A2 to A3. Although Moody's upgraded the aforementioned rating from A3 to A2 on 13 July 2021, BJB continues to be subject to the risk of further credit rating downgrades in the future. A downgrading of BJB's credit ratings could e.g. occur at times of broader market instability when BJB's options for responding to events may be more limited and general investor confidence is low.

Entwicklungen, und ökonomische und geopolitische Trends). Trotz solcher Maßnahmen hat Moody's am 28. Februar 2020 mehrere Ratings von BJB herabgestuft. Insbesondere wurden die langfristigen Emittentenratings von BJB von A2 auf A3 herabgestuft. Obwohl Moody's am 13. Juli 2021 das zuvor genannte Rating wieder von A3 auf A2 angehoben hat, unterliegt BJB weiterhin dem Risiko weiterer Bonitätsherabstufungen in der Zukunft. Eine Herabstufung des Bonitätsratings könnte z.B. zu Zeiten einer allgemeinen Marktinstabilität erfolgen, in denen die Möglichkeiten der BJB, auf entsprechende Entwicklungen zu reagieren, eingeschränkt sein könnten und das generelle Vertrauen von Investoren gering sein könnte.

A downgrading of BJB's credit ratings and the corresponding loss of confidence in BJB as creditor could in particular reduce its access to capital markets, materially increase the refinancing costs and decrease the number of investors and counterparties that are willing or permitted to do business with BJB.

Eine Herabstufung des Bonitätsratings und damit einhergehend ein Vertrauensverlust in die BJB als Gläubiger könnte eine Einschränkung des Zugangs zu den Kapitalmärkten bedeuten, die Refinanzierungskosten wesentlich erhöhen und die Anzahl der Investoren und Gegenparteien verringern, die gewillt bzw. befugt sind, mit der BJB Geschäfte zu tätigen.

Therefore the downgrading of BJB's credit rating could have a material adverse effect on BJB's profitability and results of operations.

Die Herabstufung des Bonitätsratings könnte sich somit wesentlich nachteilig auf die Profitabilität und die Ertragslage der BJB auswirken.

2. Risks related to the business activities of BJB

2. Risiken betreffend der Geschäftsaktivitäten der BJB

In this risk category, the specific risks related to the business activities of BJB are described. The most material risks in this category are the "Operational risk", the "Market risk" and the "Reputational risk".

In dieser Risikokategorie sind die spezifischen Risiken des Geschäftsbetriebs der BJB umschrieben. Die wesentlichsten Risiken sind das "Operationelle Risiko", das "Marktrisiko" und das "Reputationsrisiko" das "Pandemisches Risiko".

2.1 Operational risk

2.1 Operationelles Risiko

BJB is exposed to operational risks. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, external events or fraud. It includes the risk of unexpected losses from isolated events, caused for example by faulty information systems, unsuitable organisational structures or deficient control mechanisms.

Die BJB ist operationellen Risiken ausgesetzt. Operationelles Risiko ist das Risiko von Verlusten, die auf unangemessene oder fehlerhafte interne Prozesse, Menschen, Systeme, externe Ereignisse oder Betrug zurückzuführen sind. Es umfasst das Risiko von unerwarteten Verlusten aus isolierten Ereignissen, die zum Beispiel durch fehlerhafte Informationssysteme, ungeeignete Organisationsstrukturen oder mangelhafte Kontrollmechanismen verursacht werden.

BJB's operational risk consists, in particular of information security risk, fraud risk, technology risk and its reliance on third parties for certain key services. The information security risk in particular includes the cyber

BJB's operationelles Risiko besteht insbesondere aus dem Risiko in Bezug auf Informationssicherheit dem Betrugsrisiko, dem Technologierisiko und der Abhängigkeit von Dritten für die Erbringung wesentlicher risk. The cyber risk is the risk of a financial loss caused by cyber-attacks (attacks from the internet or similar networks on the integrity, availability and the confidentiality of the technological infrastructure regarding critical and/or sensitive data or IT-systems).

Dienstleistungen. Das Informationssicherheitsrisiko umfasst insbesondere auch das Cyber-Risiko. Unter Cyber-Risiko ist das Risiko eines finanziellen Verlustes aufgrund von Cyber-Attacken (Angriffe aus dem Internet und vergleichbaren Netzen auf die Integrität, die Verfügbarkeit und die Vertraulichkeit der Technologieinfrastruktur in Bezug auf kritische und/oder sensitive Daten und IT-Systeme) zu verstehen.

The information security risk is deemed one of the most substantial risks for BJB. For banks in particular, the loss of confidentiality, availability or integrity would deprive the institution from being able to serve its clients. In particular, for a private bank such as BJB, trust of its clients is most important to be able to maintain its franchise.

Das Risiko der Informationssicherheit ist eines der substantiellsten Risiken der BJB. Besonders für Banken würde der Verlust der Vertraulichkeit, Verfügbarkeit oder Integrität sie daran hindern, ihre Kunden zu betreuen. Ganz besonders ist für eine Privatbank, wie BJB, das Vertrauen seiner Kunden wichtig, um ihren Marktwert aufrecht erhalten zu können.

A further risk type considered being of importance is fraud risk. Fraud attempts, committed by external third parties range from e.g. payment fraud, social engineering to asset misappropriation and alike.

Das Betrugsrisiko ist auch ein weiterer wichtiger Risikotyp. Betrugsversuche, die von externen Dritten begangen werden, reichen von z.B. Zahlungsbetrug, Social Engineering bis hin zur Veruntreuung von Vermögenswerten und Ähnlichem.

Fraud risk also includes misconduct or improper practice by BJB's employees. Such fraud, misconduct and improper practice could involve, for example, fraudulent transactions entered into for a client's account, the intentional or inadvertent release of confidential customer information or failure to follow internal procedures. As BJB's core business is wealth management and investment advice BJB is particularly sensitive for such misconduct by its employees.

Das Betrugsrisiko umfasst auch Fehlverhalten oder unsachgemäße Praktiken von Mitarbeitern der BJB. Solche Betrügereien, Fehlverhalten und unangemessene Praktiken können beispielsweise betrügerische Transaktionen für das Konto eines Kunden, die absichtliche oder versehentliche Freigabe vertraulicher Kundeninformationen oder die Nichtbeachtung interner Verfahren umfassen. Da BJB´s wichtigstes Geschäftsfeld die Vermögensverwaltung und die Anlageberatung ist, ist BJB besonders anfällig auf ein solches Fehlverhalten seiner Mitarbeiter.

Information technology (IT) risks are in the financial industry, and are particularly important for BJB. The data and the data processing is at the heart of the bank's ability to serve its clients.

Informationstechnologierisiken (IT) sind in der Finanzbranche und für BJB von besonderer Bedeutung. Die Daten und die Datenverarbeitung stehen im Mittelpunkt der Fähigkeit der Bank, ihre Kunden zu betreuen.

BJB is also exposed to the risk that arises from potential errors in the confirmation or settlement of transactions or from transactions not being accurately recorded, evaluated or accounted. BJB relies on internal processes and systems and BJB's businesses are highly dependent on its ability to process, correctly and on a rapid basis, a large number of transactions across several and diverse markets in several currencies. In an industry where business processes are becoming increasingly complex, BJB relies heavily on its financial, accounting and other data processing systems. If any of these systems, were not to operate properly or were disabled including due to a systems malfunction, cyber breach or other systems failure, BJB could suffer financial loss, liability to clients, loss of client confidence, regulatory intervention and/or reputational damage.

BJB ist auch dem Risiko ausgesetzt, das aus möglichen Fehlern bei der Bestätigung bzw. Durchführung von Transaktionen bzw. der nicht ordnungsgemässen Erfassung, Bewertung oder Bilanzierung von Transaktionen entsteht. Die Geschäfte der BJB hängen im hohen Masse von ihrer Fähigkeit ab, eine grosse Anzahl von Transaktionen in unterschiedlichen Märkten in verschiedenen Währungen schnell und fehlerfrei zu verarbeiten. In einer Industrie, in der die Geschäftsprozesse zunehmend komplex werden, verlässt sich die BJB in erheblichem Masse auf finanzielle buchungs- und andere Datenverarbeitungssysteme. Falls ein solches System, künftig nicht ordnungsgemäss funktionieren oder ausfallen würde, könnte die BJB dadurch finanzielle Verluste, Haftung gegenüber Kunden, Verlust von Kundenvertrauen regulatorische Eingriffe und/oder Reputationsschäden erleiden.

In providing banking services to its clients, BJB relies on third-parties for certain key services, in particular clearing systems for USD transactions, other currencies and securities, sub-custodians and correspondence banks.

Bei der Erbringung von Bankdienstleistungen für ihre Kunden, ist BJB für bestimmte wesentliche Dienstleistungen auf Dritte angewiesen, insbesondere auf Clearingsysteme für USD-Transaktionen, andere Währungen und Wertpapiere, Verwahrungsstellen und Korrespondenzbanken.

Any failure of these third parties to provide services to BJB could expose BJB to operational risks. Equally so, a voluntary sudden withdrawal from providing services to BJB due to a loss of confidence and/or trust may infringe BJB's operational activities.

Ein Ausfall eines Dritten bei der Erbringung dieser Dienstleistungen an BJB, könnte BJB operationellen Risiken aussetzen. Ebenso kann ein freiwilliger Verzicht auf die Erbringung dieser Dienstleistungen aufgrund eines Vertrauensverlustes in BJB die operative Tätigkeit von BJB beeinträchtigen.

Therefore, the realisation of operational risks could have a material adverse effect on BJB's profitability and results of operations.

Daher könnte die Realisierung operationeller Risiken wesentliche negative Auswirkungen auf die Profitabilität und die Ertragslage der BJB haben.

2.2 Market risk

2.2 Marktrisiko

Market risk refers to the potential losses from changes in the valuation of BJB's assets and liabilities because of changes in market prices, volatilities, correlations and other valuation-relevant factors.

Das Marktrisiko bezieht sich auf die potenziellen Verluste durch Änderungen in der Bewertung der Vermögenswerte der BJB und Verbindlichkeiten aufgrund von Änderungen der Marktpreise, Volatilitäten, Korrelationen und anderer bewertungsrelevanter Faktoren.

BJB separates its market risk into the trading market risk and the non-trading market risk.

BJB unterteilt ihr Marktrisiko in das Marktrisiko aus Handelsaktivitäten und das Marktrisiko ohne Handelsaktivitäten.

Trading market risk

The continued development of the structured products offering of BJB across all asset classes is addressing the diverse needs of the global customer base of BJB. Trading market risk results in the context of structuring such structured products by BJB as well of providing access to global equity, bonds, foreign exchange, fx and precious metal markets. They are pursued with the intention of benefiting from actual or expected differences between the opening and closing price of proprietary positions, with the intention of benefiting from arbitrage profits, or with the intention of hedging risks from positions meeting aforementioned criteria. In the course of these activities, BJB is subject to market price changes.

In addition to the expected (intrinsic) volatility of market prices, the valuation of assets can be negatively affected by adverse changes in any of the following:

- investor, consumer and business sentiment;
- market-wide illiquidity or disruption supply of liquidity;
- events that reduce confidence in the financial markets;
- inflation or deflation;
- any increases in the interest rates on the financial markets, in particular if unexpected and erratic, e.g. as a result of market disruption or an unexpected rise in a base interest rate;
- high unemployment or, conversely, a tightening labour market;
- the availability and cost of capital and credit;
- monetary and fiscal policies and actions taken by the Swiss National Bank and other central banks or governmental authorities;
- trade policies implemented by governmental authorities;
- the economic effects of natural disasters, severe weather conditions, health emergencies or pandemics, cyberattacks, outbreaks of hostilities, terrorism or other geopolitical instabilities (such as the Ukraine / Russia conflict);; and
- the health of the U.S., European, Asian and Swiss as well as the global economy.

Changes in market prices can also be triggered by the fact that suddenly there is no longer a market for a financial instrument and therefore no market price can

Marktrisiko aus Handelsaktivitäten

BJB´s kontinuierliche Weiterentwicklung des Angebots an strukturierten Produkten über alle Anlageklassen hinweg wird den unterschiedlichen Bedürfnissen des globalen Kundenstamms von BJB gerecht. Marktrisiken aus Handelsaktivitäten entstehen bei BJB im Zusammenhang mit der Strukturierung solcher strukturierten Produkte sowie durch den Zugang zu den globalen Aktien-, Anleihe-, Devisen- und Edelmetallmärkten. Sie werden mit der Absicht betrieben, von tatsächlichen oder erwarteten Differenzen zwischen dem Eröffnungs- und dem Schlusskurs von Eigenhandelspositionen zu profitieren, mit der Absicht, von Arbitragegewinnen zu profitieren, oder mit der Absicht, Risiken aus Positionen abzusichern, die die oben genannten Kriterien erfüllen. Dementsprechend ist BJB Marktpreisänderungen unterworfen.

Zusätzlich zur erwarteten (intrinsischen) Volatilität von Marktpreisen, kann die Bewertung von Vermögenswerten durch nachteilige Entwicklungen folgender Faktoren negativ beeinträchtigt werden:

- Investoren-, Konsumenten- und Geschäftsklima;
- Marktweite Illiquidität oder Störung in der Liquiditätsbereitstellung;
- Ereignisse, die das Vertrauen in die Finanzmärkte beeinträchtigen;
- Inflation oder Deflation;
- Zinserhöhungen auf den Finanzmärkten, insbesondere wenn sie unerwartet und unberechenbar sind, z.B. als Folge von Marktstörungen oder unerwarteter Erhöhungen eines Leitzinses;
- Hohe Arbeitslosenquote oder umgekehrt eine angespannte Arbeitsmarktlage;
- Verfügbarkeit von Kapital und Finanzierungskosten;
- Geld- und Steuerpolitik der Schweizerischen Nationalbank oder anderer Zentralbanken und Behörden;
- Ökonomische Auswirkungen von Naturkatastrophen, bedrohliche Wetterbedingungen, gesundheitliche Notfälle oder Pandemien, Cyber-Attacken, Ausbruch von Konflikten, Terrorismus oder sonstigen geopolitischen Instabilitäten (so wie der Ukraine / Russland Konflikt); und
- Zustand der U.S., Europäischen, Asiatischen und Schweizer Wirtschaft sowie der Weltwirtschaft.

Veränderungen von Marktpreisen können auch dadurch ausgelöst werden, dass für ein Finanzinstrument be determined.

If the trading market risk realizes, this could result in a material loss of BJB in relation to its trading activities and could therefore have a material adverse effect on BJB's results of operations.

Non-trading market risk

The non-trading market risk of BJB results from the management of financial assets and liabilities held in BJB's banking books with exposures mainly to interest rate risk, currency risk, credit spread risk, and equity risk.

The total assets under management of BJB (including double counting for assets with a discretionary mandate assets and other under management) amounted to 341,545 million CHF as at 31 December 2022. Accordingly, BJB's results of operation depend, to a significant extent, on factors such as the returns realized by its clients on their investments as well as its ability to attract new money inflows. Weak investment performance in the financial markets, will negatively affect the value of the assets BJB manages for its clients and may lead to a decline in BJB's revenues and profitability. In addition, clients experiencing lower than expected returns on investments offered or recommended by BJB relative to investment solutions offered by its competitors, could lead to an asset outflow.

Furthermore, BJB is exposed to fluctuations in foreign exchange rates against CHF, which is BJB's reporting currency for consolidated financial statements and regulatory capital reporting. The mismatch of the currency split between income (dominated by USD, through the domination of client's USD assets) and expenses (dominated by CHF, being a Swiss centred bank) may lead to reductions of profitability and the ability to reach the aspired profitability.

As BJB is specialised in wealth management, the realization of the non-trading market risk could have a material adverse effect on BJB's results of operations.

plötzlich kein Markt mehr besteht und entsprechend kein Marktpreis mehr ermittelt werden kann.

Wenn sich das Marktrisiko des Handels realisiert, könnte dies zu einem wesentlichen Verlust von BJB in Bezug auf seine Handelsaktivitäten führen und könnte sich daher wesentlich nachteilig auf BJB´s Ertragslage auswirken.

Marktrisiko, das nicht mit Handelsaktivitäten verbunden ist

Das Marktrisiko von BJB, das nicht mit Handelsaktivitäten verbunden ist, ergibt sich aus der Verwaltung von finanziellen Vermögenswerten und Verbindlichkeiten, die in den Bankbüchern von BJB gehalten werden und hauptsächlich dem Zinsrisiko, dem Währungsrisiko, dem Risiko der Kreditspreads und dem Aktienrisiko ausgesetzt sind.

Das von BJB verwaltete Gesamtvermögen (einschließlich Doppelzählungen für Vermögen mit Verwaltungsmandat und andere verwaltete Vermögen) belief sich am 31. Dezember 2022 auf 341.545 Millionen CHF. Dementsprechend hängt die Ertrags- und Finanzlage der BJB zu einem wesentlichen Teil von Faktoren ab, wie die Rendite, welche ihre Kunden auf ihren Anlagen erzielt haben und der Fähigkeit neue Kundengelder anzuziehen. Schwache Anlageergebnisse auf den Finanzmärkten den Wert der Vermögen negativ beeinflussen, welche die BJB für ihre Kunden verwaltet und könnten zu einer Beeinträchtigung des Ertrages und der Profitabilität der BJB führen. Zusätzlich könnte der Umstand, dass Kunden auf von der BJB empfohlenen Anlagen im Vergleich zu Anlageprodukten der Konkurrenz, eine schwächere Rendite als erwartet erzielen, zu Vermögensabflüssen führen.

Darüber hinaus ist BJB Wechselkursschwankungen gegenüber dem CHF ausgesetzt. CHF ist für BJB im Rahmen der konsolidierten Finanzberichterstattung und der aufsichtsrechtlichen Kapitalfinanzberichterstattung massgeblich. Die Inkongruenz des Währungssplit zwischen Erträgen (hauptsächlich in USD, aufgrund der hohen Anzahl Vermögenswerte von Kunden, die auf USD lauten) und Aufwendungen (hauptsächlich CHF, da es sich um eine in der Schweiz ansässige Bank handelt) kann zu einer Verringerung der Rentabilität und der Fähigkeit, die angestrebte Rentabilität zu erreichen, führen.

Da BJB sich auf die Vermögensverwaltung spezialisiert hat, kann die Realisierung des Marktrisikos ohne Handelsaktivitäten zu Verlusten führen, und könnte eine wesentlich nachteilige Auswirkung auf die Ertragslage von BJB haben.

2.3 Reputational risk

BJB is exposed to reputational risk. Reputational risk describes the risk that the reputation BJB has with its stakeholders (including regulators, shareholders, clients, employees and the general public) deteriorates and the trust in its franchise and brand value is negatively influenced.

BJB's reputation may deteriorate due to cases in which stakeholders' perception of BJB differs negatively from BJB´s actual conduct performance and business practice. Negative publicity about BJB's business practices can involve any aspect of its operations, but usually relates to topics around business ethics and integrity, or the quality of products and services which could result from:

- misconduct of BJB's employees, existing or newly acquired clients, agents or third-party distributors;
- allegations that BJB does not fully comply with regulatory requirements or anti-money laundering rules;
- failure in BJB's IT system, loss or theft of clients' data or confidential information, failure in BJB's risk management or internal control procedures; and
- investments or financial products BJB recommends not performing as expected.

Any reputational damage to BJB could:

- cause existing clients to cease doing business with and to withdraw their assets and deposits from BJB (bank run);
- impair BJB's ability to attract new clients, or to expand its relationships with existing clients;
- prompt BJB to cease doing business with certain clients; and
- diminish BJB's ability to hire or retain employees.

2.3 Reputationsrisiko

Die BJB ist dem Reputationsrisiko ausgesetzt. Das Reputationsrisiko beschreibt das Risiko, dass sich das Ansehen von BJB bei seinen Stakeholdern (einschließlich Aufsichtsbehörden, Aktionären, Kunden, Mitarbeitern und der allgemeinen Öffentlichkeit) verschlechtert und das Vertrauen in sein Franchise und seinen Markenwert negativ beeinflusst wird.

BJB's Reputation kann sich dadurch verschlechtern, dass die Wahrnehmung von BJB durch die Interessengruppen negativ von der tatsächlichen Leistungsfähigkeit und der Geschäftspraxis abweicht. Eine negative Publizität zu den Geschäftspraktiken der BJB kann jeden Aspekt ihrer Tätigkeit betreffen, bezieht sich aber in der Regel auf Themen der Geschäftsethik und Integrität oder die Qualität von Produkten und Dienstleistungen, die zurückzuführen sein könnten auf:

- Fehlverhalten von Mitarbeitern der BJB, Fehlverhalten bestehender oder neuer Kunden, Bevollmächtigten oder eines Vertriebspartners;
- Behauptungen, dass die BJB die aufsichtsrechtlichen Anforderungen oder die Regeln gegen Geldwäsche nicht umfassend beachte;
- Mängel des EDV-Systems der BJB, dem Verlust bzw. der Entwendung von Kundendaten oder vertraulichen Informationen, einem Versagen beim Risiko-Management der BJB oder interner Kontrollmassnahmen; und
- von BJB empfohlene Anlagen bzw. Finanzprodukte, die nicht die erwartete Rendite bringen.

Ein Reputationsschaden der BJB könnte:

- bestehende Kunden dazu veranlassen, keine weiteren Geschäfte mit der BJB zu tätigen oder ihr Vermögen und Einlagen bei der BJB abzuziehen (*Bank Run*);
- die Fähigkeit der BJB beeinträchtigen, neue Kunden anzuziehen bzw. Beziehungen mit bestehenden Kunden auszuweiten;
- die BJB dazu veranlassen, mit bestimmten Kunden keine Geschäfte mehr zu tätigen; und
- die Fähigkeit von BJB beeinträchtigen, neue Arbeitnehmer einzustellen bzw. bestehende Arbeitnehmer zu halten.

The capability to retain existing clients or attract new clients of a bank specialised in wealth management, such as BJB, depends substantially on the confidence of its clients. Therefore, BJB considers its reputation as the most important asset and the hardest one to re-establish in case of an unwanted deterioration.

The realisation of Reputational risk could therefore have a material adverse effect on BJB's business, results of operations and its prospects.

2.5 People management risk

People management risk refers to processes and activities of Human Resources that are not adequately designed, set up or performed and therefore leading to an insufficient management of the lifecycle of an employee. Also comprised is the risk of line management not adequately carrying out its people management responsibility and therefore leading to an insufficient performance of supervision and leadership obligations.

BJB's business model relies heavily on experienced client relationship managers attracting and retaining clients. As a result, BJB's ability to recruit and retain experienced relationship managers, and, in turn, the relationship managers' ability to attract and retain clients, is central to BJB's ability to maintain and increase its assets under management and revenues.

Individual relationship managers often maintain strong personal relationships with BJB's clients that are based on the clients' trust in the relationship manager. Accordingly, any loss of client relationship managers could cause a loss of clients. Furthermore, the market for experienced relationship managers and other professionals is competitive, particularly in Asia where growth in private banking has been high and recruitment is often based on hiring relationship managers and other professionals from competitors. In this regard, Asia and other countries contributed 848 million CHF to the total operating income of BJB of 3,038 million CHF in the financial year 2022. The employment agreements BJB has with its employees, including key client relationship managers, generally do not contain non-compete clauses, and therefore, key employees are legally not prevented from leaving BJB to engage in competing business activities.

Die Fähigkeit bestehende Kunden zu halten bzw. neue Kunden anzuziehen hängt für eine auf die Vermögensverwaltung spezialisierte Bank, wie die BJB, massgeblich vom Vertrauen ihrer Kunden ab. Daher betrachtet BJB ihren Ruf als das wichtigste Gut und als das am schwersten wieder herzustellende im Falle einer unerwünschten Verschlechterung.

Die Verwirklichung des Reputationsrisikos könnte daher den Geschäftsbetrieb, die Ertragslage und die Aussichten der BJB wesentlich beeinträchtigen.

2.5 Risiko im Zusammenhang mit dem Personalmanagement

Risiken im Zusammenhang mit Personalmanagement bezieht sich auf Prozesse und Aktivitäten der Personalabteilung, die nicht angemessen konzipiert, eingerichtet oder durchgeführt werden und daher zu einem unzureichenden Management des Lebenszyklus eines Mitarbeiters führen. Dazu gehört auch das Risiko, dass das Linienmanagement seiner Verantwortung für das Personalmanagement nicht angemessen nachkommt und deshalb die Aufsichts- und Führungspflichten nicht ausreichend erfüllt.

Das Geschäftsmodell der BJB beruht stark auf der Fähigkeit erfahrener Kundenbetreuer, Kunden zu gewinnen und zu behalten. Daher ist die Fähigkeit von BJB, erfahrene Kundenberater für sich zu gewinnen und zu halten, sowie die Fähigkeit der Kundenberater, Kunden zu gewinnen und zu halten, zentral für die Fähigkeit von BJB, um das verwaltete Vermögen und die Einnahmen aufrechtzuerhalten und auszubauen.

Einzelne Kundenberater pflegen oft enge persönliche Beziehungen zu den Kunden der BJB, die auf dem persönlichen Vertrauen des Kunden in Kundenberater beruhen. Demzufolge könnte der Verlust von Kundenberater den Verlust von Kunden nach sich ziehen und damit zur Minderung des bei BJB verwalteten Vermögens führen. Des Weiteren ist der Markt für erfahrene Kundenberater und anderer Experten sehr kompetitiv, insbesondere in Asien, wo das Privatbankgeschäft stark gewachsen ist, und die Rekrutierung auf der Abwerbung von Kundenberater und anderem Fachpersonal von Wettbewerbern beruht. In dieser Hinsicht trugen Asien und andere Länder 848 Millionen CHF zum Gesamtbetriebsergebnis von BJB von 3.038 Millionen CHF im Finanzjahr 2022 bei. Die Arbeitsverträge der BJB mit ihren Mitarbeitern einschliesslich wichtiger Kundenberater enthalten grundsätzlich keine Konkurrenzverbote beim

Ausscheiden aus der BJB. Mitarbeiter der BJB unterliegen daher keinen rechtlichen Hindernissen, wenn sie die BJB verlassen, um einer konkurrierenden Tätigkeit nachzugehen.

Therefore, BJB's ability to offer competitive employment terms, including compensation at all times is key to the retention of client relationship managers.

Daher ist die Fähigkeit von BJB, jederzeit wettbewerbsfähige Bedingungen, einschließlich der Vergütung, anzubieten, wesentlich, um wichtige Kundenberater zu halten.

Any failure to recruit or retain suitably experienced relationship managers and other professionals could adversely affect BJB's competitive position and limit BJB’s ability to grow its assets under management and negatively impact its profitability.

Sollte es BJB nicht gelingen, entsprechend erfahrene Kundenberater und andere Fachkräfte zu rekrutieren oder zu halten, könnte dies die Wettbewerbsposition der BJB beeinträchtigen und die Fähigkeit von BJB, die verwalteten Kundenvermögen zu steigern, sowie die Rentabilität negativ beeinflussen.

2.6 Strategic risk

2.6 Strategisches Risiko

BJB defines strategic risk as the risk of employing a strategy that fails to secure the adequate returns available from the capital employed in the long run.

BJB definiert strategisches Risiko als das Risiko der Anwendung einer Strategie, die nicht in der Lage ist, die angemessenen Erträge aus dem eingesetzten Kapital langfristig zu sichern.

BJB pursues a growth strategy and is exposed to strategic risk in the pursuit of its growth strategy. It may arise from strategic decisions such as joint ventures, mergers and acquisitions, the pricing strategy and strategic recruiting or the lack of making timely decisions. Such strategic decisions relate to:

- the products and services that BJB offers;
- the geographies in which it operates;
- the types of clients that it serves; and
- the methods and distribution channels by which it offers products and services.

BJB verfolgt eine Wachstumsstrategie und ist bei der Verfolgung seiner Wachstumsstrategie einem strategischen Risiko ausgesetzt. Es kann sich aus strategischen Entscheidungen wie Joint Ventures, Fusionen und Übernahmen, der Preisstrategie und der strategischen Rekrutierung oder aus dem Fehlen rechtzeitiger Entscheidungen ergeben. Solche strategischen Entscheidungen beziehen sich insbesondere auf:

- die Produkte und Dienstleistungen, welche die BJB anbietet;
- die Jurisdiktionen, in denen die BJB operativ tätig ist;
- die Art von Kunden, welche die BJB bedient; und
- die Methoden und Distributionswege, basierend auf welchen die BJB ihre Produkte und Dienstleistungen anbietet.

In 2023 the Julius Baer Group presented an updated strategy. In the 2023-2025 strategy cycle Julius Baer Group aims to further enhance its wealth management business and focus on creating value for its clients across numerous jurisdictions. To achieve this, the Julius Baer Group will further enhance the digitalization of its business. During the 2023-2025 strategy cycle Julius Baer Group intends to make additional substantial investments in technology. The pursuit of the new strategic programme will be underpinned by an engagement-led sustainability strategy.

Im Jahr 2023 hat die Julius Bär Gruppe eine aktualisierte Strategie veröffentlicht. Im Rahmen des 2023-2025 Strategie-Zyklus strebt die Julius Bär Gruppe eine weitere Verbesserung des Vermögensverwaltungsgeschäfts in verschiedenen Jurisdiktionen an. Um dies zu erreichen, wird die Julius Bär Gruppe die Digitalisierung ihres Geschäftes weiter vorantreiben. Im Rahmen des 2023-2025 Strategie-Zyklus plant die Julius Bär Gruppe weitere substantielle Investitionen in die Technologie. Die Verfolgung des neuen Strategieprogramms wird durch eine auf

Engagement aufbauende Nachhaltigkeitsstrategie untermauert.

Part of the growth strategy of BJB may also be the acquisition of other domestic or foreign banks, asset managers or any other operating companies (or business divisions thereof) in the financial industry. Such acquisitions of companies, business and respective divisions are subject to risks in relation to the value of the acquired company or business segment, the integration of the acquired companies or business segments and synergy potentials related to the respective acquisition may not or not completely be realised.

Bestandteil der Wachstumsstrategie der BJB kann auch die Akquisition von anderen in- oder ausländischen Banken, Vermögensverwaltern oder sonstigen im Finanzbereich tätigen Unternehmen (oder deren Geschäftsbereiche) sein. Solche Akquisitionen von Unternehmen, Geschäften und den jeweiligen Geschäftsbereichen unterliegen Risiken in Bezug auf den Wert des erworbenen Unternehmens oder Geschäftsbereichs, die Integration des erworbenen Unternehmens oder Geschäftsbereichs und Synergie-Potenziale im Zusammenhang mit der jeweiligen Übernahme können nicht oder nicht vollständig realisiert werden.

The realisation of strategic risks can have an adverse effect on the results of operations of BJB.

Die Realisierung strategischer Risiken kann sich nachteilig auf die Ertragslage der BJB auswirken.

2.7 Business risk

2.7 Geschäftsrisiko

BJB defines business risk as the risk arising from a bank's long-term business strategy of pure private banking (including wealth management). It entails the risk of BJB not being able to keep up with changing competition dynamics and/or an unfavourable fiscal, political or regulatory environment. The financial services industry has been subject to substantially increased regulation as a result of the global financial crisis in 2007/08 and this trend is expected to continue in the future. Because BJB operates in a highly regulated industry and its operations are regulated and supervised by regulatory authorities in each jurisdiction in which it conducts business, BJB's business revenues and profitability depends on the regulatory environment in each market in which it operates. Therefore, governmental policies, which are beyond BJB's control, could, require BJB to change its strategy, prevent the continuation of current lines of operations, increase cost of compliance, restrict the type or volume of transactions which may be entered into and/or limit rates and fees that BJB may charge. Furthermore, as a result of the cross-border nature of the BJB's business, it is particularly sensitive to barriers restricting cross-border market access, including, efforts in the EU to harmonize the regime for third-country firms to access the European market and similar efforts in a number of other jurisdictions.

BJB definiert das Geschäftsrisiko als das Risiko, das sich aus der langfristigen Geschäftsstrategie des reinen Private Banking (inklusive Vermögensverwaltung) einer Bank ergibt. Sie trägt das Risiko, dass eine Bank nicht in der Lage ist, mit der sich ändernden Wettbewerbsdynamik und/oder einem ungünstigen steuerlichen, politischen oder regulatorischen Umfeld Schritt zu halten. Die Finanzdienstleistungsbranche war infolge der globalen Finanzkrise 2007/08 Gegenstand einer erheblich verstärkten Regulierung, und es ist zu erwartet, dass sich dieser Trend in Zukunft fortsetzen wird. Da BJB in einer stark regulierten Branche tätig ist und ihre Geschäftstätigkeit von den Aufsichtsbehörden in jeder Jurisdiktion, in der sie Geschäfte tätigt, reguliert und beaufsichtigt wird, hängen die Einnahmen und die Rentabilität von BJB von den regulatorischen Rahmenbedingungen in jedem Markt in dem sie tätig ist ab. Daher könnten staatliche Maßnahmen, die außerhalb des Einflussbereichs von BJB liegen, BJB zu einer Änderung ihrer Strategie zwingen, die Fortführung derzeitiger Geschäftsbereiche verhindern, die Kosten für die Einhaltung der Vorschriften erhöhen, die Art oder das Volumen der Transaktionen, die abgeschlossen werden dürfen, einschränken und/oder die Gebühren, die BJB erheben darf, begrenzen. Darüber hinaus ist die BJB aufgrund des grenzüberschreitenden Charakters ihrer Geschäftstätigkeit besonders empfindlich gegenüber Massnahmen, die den grenzüberschreitenden Marktzugang einschränken, einschließlich der Bestrebungen in der EU, die Regelungen für den Zugang von Unternehmen aus Drittstaaten zum europäischen Markt zu harmonisieren, und ähnlicher Bestrebungen in einer Reihe anderer Rechtsordnungen.

BJB is exposed to additional business risks among other through cost pressure due to the size and complexity of its business, loss of relationship managers and other revenue generating staff, serious market downturn, top margin pressure due to increased pricing transparency and competition.

BJB ist weiteren Geschäftsrisiken ausgesetzt, u.a. durch Kostendruck aufgrund der Größe und Komplexität des Geschäfts, Verlust von Kundenbetreuern und anderen Ertrag generierenden Mitarbeitern, schwerwiegenden Marktabschwung, Druck auf die Gewinnmargen durch erhöhte Preistransparenz und Wettbewerb.

BJB expects that this risk will continue to be intense, or even accelerate. As a private banking group operating internationally with a global client base, BJB is exposed to business risk as a result of changing conditions in the global financial markets.

BJB rechnet damit, dass dieses Risiko sich weiter intensivieren oder sogar beschleunigen wird. Als international tätige Private-Banking-Gruppe mit einem weltweiten Kundenstamm ist die BJB einem Geschäftsrisiko ausgesetzt, das sich aus den veränderten Bedingungen an den globalen Finanzmärkten ergibt.

The financial services industry in which BJB is active is highly competitive. BJB is currently present in around 50 locations worldwide and engages exclusively in private banking activities primarily in Switzerland, Europe, Asia, the Middle East and Latin America. BJB's wealth management business is characterised by increasing competition and accelerating consolidation in private banking in Switzerland. In addition, there has been a growth in competition between international financial centres such as London, Singapore and Switzerland.

Die Finanzdienstleistungsbranche, in der BJB tätig ist, ist sehr wettbewerbsintensiv. BJB ist derzeit an rund 50 Standorten weltweit präsent und betreibt ausschließlich Private-Banking-Aktivitäten vor allem in der Schweiz, in Europa, Asien, im Nahen Osten und in Lateinamerika. BJB´s Vermögensverwaltungsgeschäft ist in der Schweiz durch zunehmenden Wettbewerb und eine beschleunigte Konsolidierung im Private Banking gekennzeichnet. Darüber hinaus hat der Wettbewerb zwischen internationalen Finanzzentren wie London, Singapur und der Schweiz zugenommen.

New competitors in the financial services industry continue to emerge. For example, technological advances have allowed financial institutions and other companies to provide electronic and internet-based financial solutions, including electronic securities trading, payments processing and online automated algorithmic-based investment advice. New technologies have required and could require BJB to spend more to modify or adapt its products to attract and retain clients or to match products and services offered by its competitors, including technology companies and adversely affect BJB's business operations.

Es tauchen vermehrt neue Wettbewerber in der Finanzdienstleistungsindustrie auf. Die technologische Entwicklung erlaubt es bspw. Finanzinstituten und anderen Unternehmen internet-basierte Lösungen anzubieten, insbesondere Online-Handel mit Effekten, Zahlungsabwicklung und Online automatisierte und auf Algorithmen beruhende Anlageberatung. Neue Technologien erfordern aktuell und künftig von der BJB die Tätigung von Investitionen zur Anpassung ihrer Produkte, um neue Kunden anzuziehen und bestehende Kunden zu halten oder um ihre Produkte den Dienstleistungen ihrer Wettbewerber, insbesondere Technologiefirmen, anzupassen. Ein Versäumnis seitens der BJB auf die technologischen Entwicklungen zu reagieren, könnte zu einer Beeinträchtigung der Geschäftstätigkeit führen.

Ongoing or increased competition may put pressure on the pricing for BJB's products and services or may cause BJB to lose market share. This competition may be in respect of quality and variety of products and services offered, transaction execution, innovation, reputation and price. Increased competition also may require BJB to make additional capital investments in its businesses, or to extend more of its capital on behalf of its clients in order to remain competitive.

Ein anhaltender oder erhöhter Wettbewerb könnte zu einem Preisdruck hinsichtlich der von der BJB angebotenen Dienstleistungen und Produkte und zu einem Verlust von Marktanteilen führen. Der Wettbewerb kann sich auf die Qualität und Auswahl der angebotenen Produkte und Dienstleistungen, die Transaktionsabwicklung, Innovation, Reputation und den Preis beziehen. Ein erhöhter Wettbewerb könnte auch zusätzliche Investitionen durch die BJB in ihr Geschäft erfordern oder zu einer Notwendigkeit führen, ihren Kunden mehr Kapital zur Verfügung zu stellen, um zu gewährleisten, dass die BJB wettbewerbsfähig bleibt.

Increased competition in the financial services industry and the failure of BJB to adequately react to the changed competition environment could therefore adversely affect BJB's profitability.

Ein erhöhter Wettbewerb in der Finanzdienstleistungsindustrie und ein Versäumnis der BJB adäquat auf das neue Wettbewerbsumfeld zu reagieren könnte daher die Profitabilität der BJB negativ beeinträchtigen.

2.8 Risks related to the Julius Baer Group

2.8 Risiken in Bezug auf die Julius Bär Gruppe

BJB is controlled by its sole shareholder, Julius Baer Group Ltd and depends on Julius Baer Group Ltd. and/or other Julius Baer Group companies, inter alia, for certain services and intellectual property. Further, BJB has been provided by Julius Baer Group Ltd. with regulatory and other debt capital, which Julius Baer Group Ltd. has raised on the capital market by issuing various bonds.

BJB wird von ihrem Alleinaktionär, der Julius Bär Gruppe AG, kontrolliert und ist von der Julius Bär Gruppe AG und/oder anderen Gesellschaften der Julius Bär Gruppe abhängig, unter anderem für bestimmte Dienstleistungen und geistiges Eigentum. Weiter wurde BJB von der Julius Bär Gruppe AG mit regulatorischem und anderem Fremdkapital ausgestattet, das die Julius Bär Gruppe AG am Kapitalmarkt mittels Ausgabe verschiedener Anleihen aufgenommen hat.

Should Julius Baer Group Ltd. cease to provide such services or funding, BJB may be unable to obtain alternative funding on the capital market or may be unable to acquire such discontinued services from third parties on short notice.

Sollte die Julius Bär Gruppe AG diese Dienstleistungen oder Finanzierungen nicht mehr erbringen, könnte BJB nicht in der Lage sein, sich am Kapitalmarkt alternativ zu finanzieren oder könnte nicht in der Lage sein, die eingestellten Dienstleistungen kurzfristig von Dritten zu erwerben.

The realisation of the risks relating to BJB's dependency on the Julius Baer Group may therefore have a material adverse effect on BJB’s results of operations, capitalisation and financial condition.

Die Realisierung der Risiken in Bezug auf die Abhängigkeit der BJB von der Julius Bär Gruppe könnte die Ertragslage, die Kapitalisierung und die Finanzlage der BJB wesentlich beeinträchtigen.

2.9 Risks related to client concentration

As an institution engaged primarily in private banking, BJB is exposed to client concentration risk. A significant portion of its customers are high net worth and ultra-high net worth individuals. Those individuals and their households have, to a certain degree, similar socio-economic characteristics and they are likewise exposed to comparable macroeconomic and regulatory risks which cannot be influenced by BJB. Also, the geographical mix of BJB's client base may not be sufficiently diversified. In addition, a limited number of ultra-high net worth individuals may continue to be significant to BJB in terms of assets under management. Due to the client concentration inherent to BJB's business model a substantial part of its client base may be affected by the same macroeconomic developments or the realization of identical regulatory risks.

BJB's failure to diversify its client base from a geographical, social and economic perspective may increase the client concentration risk.

BJB's inability to retain these clients, in case of macroeconomic and regulatory developments affecting a substantial part of its client base, may lead to a decrease in its assets under management. The realization of the client concentration risk may therefore adversely affect BJB's results of operations and financial condition.

3. Legal and regulatory risks

In this risk category, specific legal and regulatory risks are described. The most material risks in this category are "Compliance risk" “Risk related to financial crime”, “Business conduct risk” and "Market conduct risk".

3.1 Compliance risk

Compliance risk is the risk of financial loss or damage resulting from a breach of applicable laws and regulations or the non-adherence to internal or external rules and regulations or market practice.

2.9 Risiken in Bezug auf die Kundenkonzentration

Als Institut, das hauptsächlich im Private Banking tätig ist, ist BJB einem Kundenkonzentrationsrisiko ausgesetzt. Ein erheblicher Teil ihrer Kunden sind vermögende und sehr vermögende Privatpersonen. Diese Personen und ihre Haushalte weisen bis zu einem gewissen Grad ähnliche sozioökonomische Merkmale auf und sind ebenfalls vergleichbaren makroökonomischen und regulatorischen Risiken ausgesetzt, die nicht von der BJB beeinflusst werden können. Auch die geografische Zusammensetzung des Kundenstamms von BJB ist möglicherweise nicht ausreichend diversifiziert. Darüber hinaus kann eine begrenzte Anzahl von sehr vermögenden Privatkunden für BJB im Hinblick auf das verwaltete Vermögen weiterhin von Bedeutung sein. Aufgrund der dem Geschäftsmodell der BJB inhärenten Kundenkonzentration kann es sein, dass ein wesentlicher Anteil des Kundenstamms der BJB von den gleichen makroökonomischen Entwicklungen oder der Realisierung von identischen regulatorischen Risiken betroffen ist.

Soweit es der BJB nicht gelingt, ihren Kundenstamm in geografischer, sozialer und wirtschaftlicher Hinsicht zu diversifizieren könnte sich das Kundenkonzentrationsrisiko erhöhen.

Sollte BJB im Falle von makroökonomischen und regulatorischen Entwicklungen, die einen wesentlichen Teil ihres Kundenstammes betreffen, nicht in der Lage sein, diese Kunden zu halten, könnte dies zu einer Verringerung des verwalteten Vermögens führen. Eine Realisierung des Kundenkonzentrationsrisikos, könnte daher die Ertrags- und Finanzlage der BJB negativ beeinflussen.

3. Rechtliche und regulatorische Risiken

In dieser Risikokategorie sind die spezifischen rechtlichen und regulatorischen Risiken der BJB beschrieben. Die wesentlichsten Risiken in dieser Kategorie sind "Compliance Risiko", "Risiko im Zusammenhang mit Finanzkriminalität", "Risiko des Geschäftsbetriebs" und "Marktverhaltensrisiko".

3.1 Compliance Risiko

Das Compliance-Risiko ist das Risiko finanzieller Verluste oder Schäden, die sich aus einem Verstoß gegen geltende Gesetze und Vorschriften oder aus der Nichteinhaltung interner oder externer Regeln und Vorschriften oder der Marktpraxis ergeben.

BJB is subject to compliance risks in particular by providing services to clients and counterparties, by receiving services from third parties and by operating in a regulated industry.

BJB is a financial services firm and has operations in various jurisdictions, in particular in Switzerland, Europe, the Middle East, Asia and Latin America. Consequently, it must comply with the laws and regulations that apply to its business in all of the jurisdictions in which it does business and its operations are subject to supervision by regulatory authorities in multiple jurisdictions. Potential non-compliance with legal and regulatory requirements may result in civil, criminal or regulatory consequences for BJB. The loss or damage in such circumstances may take the form of fines and/or disgorgement imposed by regulatory and/or criminal authorities or other sanctions such as restrictions on business activities, the imposition of mandatory remedial measures (including monitoring) or even the loss or suspension of supervisory licenses.

The realisation of this risk may result in a decline in assets under management and increased costs and hence, materially adversely affect BJB's results of operations and profitability.

3.2 Risk related to financial crime

As a globally acting wealth manager, BJB has an appetite to engage in controlled business with higher risk clients (including politically exposed persons (PEPs)) and clients from sensitive industries and commercial clients. Therefore, BJB is exposed to the risk not complying with Anti-Money Laundering (AML), Counter Financing of Terrorism (CFT), and applicable anti-corruption / bribery laws and regulations as well as sanctions and embargos (e.g. SECO, OFAC, UN, EU and other local applicable sanctions).

Any non-compliance with the applicable laws and regulations may lead to significant reputational and/or financial damage for BJB including fines and penalties, costs related to remediation and external enforcement actions as well as imposed business restrictions.

Insbesondere ist BJB Compliance Risiken ausgesetzt, die bei der Erbringung von Dienstleistungen für Kunden und Gegenparteien, durch den Erhalt von Dienstleistungen von Dritten und durch die Tätigkeit in einer regulierten Branche entstehen.

Die BJB ist ein Finanzdienstleistungsunternehmen, welches in verschiedenen Jurisdiktionen, insbesondere der Schweiz, Mittleren Osten, Europa, Asien und Lateinamerika, operativ tätig ist. Die BJB muss infolgedessen die Gesetze und regulatorischen Anforderungen in sämtlichen Jurisdiktionen einhalten, in denen sie eine operative Tätigkeit ausübt und die jeweiligen Geschäftseinheiten unterliegen der Aufsicht von Behörden in verschiedenen Jurisdiktionen. Eine mögliche Missachtung dieser aufsichtsrechtlichen Anforderungen könnte zu zivilrechtlichen, strafrechtlichen oder behördliche Konsequenzen für BJB führen. Der Verlust oder Schaden kann unter solchen Umständen in Form von Geldstrafen und/oder Geldbußen durch Regulierungs- und/oder Strafbehörden oder anderen Sanktionen wie Beschränkungen der Geschäftstätigkeit, der Verhängung von obligatorischen Abhilfemaßnahmen (einschließlich Überwachung) oder sogar dem Verlust oder die Aussetzung von Aufsichtslizenzen erfolgen.

Das Risiko könnte zu einer Reduktion der verwalteten Vermögen und höheren Kosten führen und demnach die Ertragslage und Profitabilität der BJB wesentlich beeinträchtigen.

3.2 Risiko im Zusammenhang mit Finanzkriminalität

Als ein global agierender Vermögensverwalter geht die BJB kontrollierte Geschäfte mit Kunden mit höherem Risiko (einschließlich politisch exponierter Personen (PEPs)) und Kunden aus sensiblen Branchen und gewerblichen Kunden ein. Daher ist BJB dem Risiko ausgesetzt, die Anti-Geldwäsche (AML), die Bekämpfung der Finanzierung des Terrorismus (CFT) und die geltenden Gesetze und Vorschriften für Korruption/Bestechung sowie Sanktionen und Embargos (z.B. SECO, OFAC, UN, EU und andere lokal geltende Sanktionen) nicht einzuhalten.

Eine Nichteinhaltung der anwendbaren Gesetze und der regulatorischen Anforderungen, kann für BJB zu erheblichen Reputationsschäden und/oder finanziellen Schäden führen, einschließlich Bußgelder und Strafen, Kosten im Zusammenhang mit Abhilfemaßnahmen und externen Durchsetzungsmaßnahmen sowie auferlegten Geschäftsbeschränkungen.

Possible sanctions include:

- the revocation of licences to operate certain businesses,
- the suspension or expulsion from a particular jurisdiction or market of any of BJB's business organizations or their key personnel,
- the imposition or restrictions on certain business activities, or
- the imposition of fines and other administrative sanctions on BJB and its employees.

Mögliche Sanktionen umfassen:

- den Entzug der Bewilligung zur Ausübung bestimmter Geschäftstätigkeiten;
- den vorläufigen Ausschluss bzw. den Verweis der BJB bzw. wichtigen Mitarbeitern aus einem bestimmten Land oder einem Markt;
- die Anordnung von Einschränkungen hinsichtlich der Ausübung bestimmter Geschäftstätigkeiten; und
- die Verfügung von Bussgeldern oder anderer administrativer Sanktionen gegen die BJB oder deren Mitarbeiter.

This measures described above could result in a significant decline in assets under management and increase of costs for complying with laws and regulations and could materially adversely affect BJB's financial condition and results of operations.

Diese oben beschriebenen Maßnahmen könnten zu einer substantiellen Reduktion der verwalteten Vermögen und zu erhöhten Kosten für die Einhaltung der Gesetze führen und könnten somit die Finanz- und Ertragslage der BJB wesentlich beeinträchtigen.

3.3 Business conduct risk

3.3 Risiko des Geschäftsbetriebs

BJB defines business conduct risk as the risk that cross-border activities are in breach of the applicable local regulations, laws and policy requirements or similar requirements in the relevant country, as defined in internal policies, guidelines and procedures (e.g. country manuals). The business conduct risk also entails the risk of failures to adhere to the applicable regulations relating to the development and structuring, documentation distribution and client suitability of new products and services.

BJB definiert das Risiko des Geschäftsbetriebs als das Risiko, dass grenzüberschreitende Aktivitäten gegen geltende lokale Vorschriften, Gesetze und politische Anforderungen oder ähnliche Anforderungen im jeweiligen Land verstoßen, wie sie in internen Grundsätzen, Richtlinien und Verfahren (z.B. Länderhandbüchern) definiert sind. Das Risiko des Geschäftsbetriebs beinhaltet auch das Risiko der Nichteinhaltung der anwendbaren Vorschriften in Bezug auf die Entwicklung und Strukturierung, die Verteilung der Dokumentation und die Kundeneignung neuer Produkte und Dienstleistungen.

The business conduct risk includes potential conflicts of interest, resulting namely from the improper receipt of inducements and retrocessions.

Das Risiko aus Geschäftsverhalten umfasst potenzielle Interessenkonflikte, die durch den unsachgemäßen Erhalt von Zuwendungen und Retrozessionen entstehen.

Further, as BJB's cross-border activities may result in breach of applicable local regulations, laws and policy requirements on cross-border business or similar requirements in the relevant country, as defined in internal policies, guidelines and procedures (e.g. country manuals).

Darüber hinaus könnten die grenzüberschreitenden Aktivitäten von BJB zu Verstößen gegen geltende örtliche Vorschriften, Gesetze und politische Anforderungen an grenzüberschreitende Geschäfte oder ähnliche Anforderungen im jeweiligen Land führen, wie sie in internen Richtlinien und Verfahren (z.B. Länderhandbüchern) definiert sind.

Breaches of foreign law (non- compliant cross-border conduct) have resulted in high fines for BJB in the past. Client reimbursement risk in case client contracts are considered null and void (rescinding of contract) due to violation of foreign law.

Verstöße gegen ausländisches Recht (nicht konformes grenzüberschreitendes Verhalten) haben in der Vergangenheit zu hohen Geldstrafen für BJB geführt. Rückerstattungsrisiko für den Fall, dass Kundenverträge aufgrund von Verstößen gegen ausländisches Recht als nichtig betrachtet werden (Vertragsauflösung).

Further, severe breaches of foreign law (and consequently serious breaches of Swiss supervisory law) can in severe cases lead to a revocation of the banking license by the Financial Market Supervisory

Zudem können schwere Verletzungen ausländischen Rechts (und damit auch schwere Verletzungen des schweizerischen Aufsichtsrechts) im schlimmsten Fall zu einem Entzug der Banklizenz durch die

Authority (FINMA). In case of revocation of the banking license, clients can no longer be served and the bank would be liquidated, including the closure of client accounts. Breaches can also result in an enforcement action of the regulator with public reprimand. Enforcement proceedings made public by regulators may result in major negative press coverage and lead to negative reactions from stakeholders (see reputation risk).

Eidgenössiche Finanzmarktaufsicht (FINMA) führen. Im Falle eines Entzugs der Banklizenz können Kunden nicht mehr länger betreut und die Bank würde liquidiert werden, einschließlich der Schließung von Kundenkonten. Verstöße können auch zu einer Vollzugshandlung der Aufsichtsbehörde mit öffentlicher Rüge führen. Wurden die Vollstreckungsmaßnahmen durch die Aufsichtsbehörde öffentlich gemacht, kann das zu einer erheblichen negativen Berichterstattung in der Presse führen und negative Reaktionen bei den Interessengruppen hervorrufen (siehe auch Reputationsrisiko).

This could lead to a decrease of assets under management and could materially adversely affect BJB's financial condition and result of operations.

Dies könnte zu einem Rückgang des verwalteten Vermögens führen und somit wesentliche Auswirkungen auf die Finanz- und Ertragslage der BJB haben.

3.4 Market conduct risk

3.4 Marktverhaltensrisiko

BJB defines market conduct risk as risk of the BJB's involvement in several types of conduct (such as insider trading, market manipulation) that may constitute market abuse with the ultimate impacts on the integrity and proper functioning of markets, of non-adherence to various financial market rules and regulations, such as financial market infrastructure regulation, exchange rules, internal product specific restrictions and market specific regulations. Due to the wide range of regulations and topics covered by this category, the risks for BJB are equally manifold and can reach from administrative penalties and high imposed fines to a loss of exchange admission or banking license.

Das Marktverhaltensrisiko wird von BJB definiert als das Risiko der Beteiligung der BJB an verschiedenen Verhaltensweisen (z.B. Insiderhandel, Marktmanipulation), die Marktmissbrauch mit den letztendlichen Auswirkungen auf die Integrität und das ordnungsgemäße Funktionieren der Märkte darstellen können, sowie das Risiko der Nichteinhaltung verschiedener Finanzmarktregeln und -vorschriften, wie z.B. Regulierung der Finanzmarktinfrastruktur, Börsenregeln, interne produktspezifische Beschränkungen und marktspezifische Vorschriften. Aufgrund des breiten Spektrums an Vorschriften und Themen, die unter diese Kategorie fallen, sind die Risiken für BJB ebenso vielfältig und können von Verwaltungsstrafen und hohen verhängten Bußen bis hin zum Verlust der Börsenzulassung oder Banklizenz reichen.

Non-adherence to various financial market rules and regulations, such as financial market infrastructure regulation, exchange rules, internal product specific restrictions and market specific regulations, may result in fines and/or disgorgement imposed by regulatory and/or criminal authorities or even the loss of license.

Die Nichteinhaltung verschiedener Finanzmarktregeln und -vorschriften, wie z.B. der Regulierung der Finanzmarktinfrastruktur, der Börsenregeln, interner produktspezifischer Beschränkungen und marktspezifischer Vorschriften, kann in Form von Geldstrafen und/oder Geldbußen durch Regulierungs- und/oder Strafbehörden oder sogar im Verlust der Lizenz erfolgen.

This could result in a material loss for BJB and could have a material adverse effect on BJB's financial condition and result of operations.

Dies könnte zu einem materiellen Verlust für BJB führen und somit wesentliche Auswirkungen auf die Finanz- und Ertragslage der BJB haben.

3.5 Litigation risk

3.5 Prozessrisiko

BJB defines litigation risk as risk of undue financial losses, regulatory/criminal sanctions and reputational exposure resulting out of inadequate management, risk

BJB definiert das Prozessrisiko als das Risiko unangemessener finanzieller Verluste, regulatorischer/strafrechtlicher Sanktionen und der assessment, supervision and reporting of litigation, investigation cases and client complaints.

BJB is involved in various legal, regulatory and administrative proceedings concerning matters arising within the course of normal business operations. Such proceedings include for example litigation in relation to certain investment schemes, tax schemes and further litigation related to the banking activities of BJB.

These may be costly to defend and could result in large monetary losses, including punitive damage awards. In particular, BJB is involved in a number of litigation proceedings in which claims from third parties have been made against BJB. As a participant in the financial services industry, it is likely that BJB will continue to experience a high level of litigation and regulatory investigations related to its businesses and operations. In addition, legal, regulatory and administrative proceedings against other Julius Baer Group companies may have a negative effect on BJB, even if BJB is not directly involved, including through reputational damage of the Julius Baer brand or large monetary losses of other Julius Baer Group companies, which in turn could reduce capital available for BJB.

For the reasons set out above, legal, regulatory and administrative proceedings against BJB, may require BJB to restructure its operations and activities or to cease offering certain products or services.

All of these potential outcomes could impact the financial condition and profitability of BJB.

Gefährdung des guten Rufs, die sich aus unangemessenem Management, Risikobewertung, Überwachung und Berichterstattung von Rechtsstreitigkeiten, Untersuchungsfällen und Kundenbeschwerden ergeben

BJB ist an verschiedenen Rechts-, Regulierungs- und Verwaltungsverfahren beteiligt, die Angelegenheiten betreffen, die sich im Rahmen des normalen Geschäftsbetriebs ergeben. Solche Verfahren umfassen zum Beispiel Rechtsstreitigkeiten in Bezug auf bestimmte Investitionsprogramme, Steuerprogramme und weitere Rechtsstreitigkeiten im Zusammenhang mit den Bankaktivitäten von BJB.

Im Rahmen dieser Verfahren kann die Vertretung kostenintensiv sein und die Verfahren können zu erheblichen finanziellen Einbussen einschliesslich Strafschadensersatz führen. Die BJB ist Gegenstand verschiedener Verfahren, in denen Dritte gegen die BJB Ansprüche geltend machen. Als Finanzmarktteilnehmer und Finanzdienstleister ist es wahrscheinlich, dass die BJB im Zusammenhang mit ihrem Geschäftsbetrieb weiterhin mit einer Vielzahl von Gerichtsverfahren und aufsichtsrechtlichen Untersuchungen konfrontiert sein wird. Darüber hinaus können gerichtliche, regulatorische und administrative Verfahren gegen andere Gesellschaften der Julius Bär Gruppe negative Auswirkungen auf BJB haben, auch wenn BJB nicht direkt involviert ist, unter anderem durch Reputationsschäden der Marke Julius Bär oder große monetäre Verluste anderer Gesellschaften der Julius Bär Gruppe, die wiederum das für BJB verfügbare Kapital reduzieren könnten.

Aus den oben genannten Gründen können gerichtliche, regulatorische und administrative Verfahren dazu führen, dass die BJB gewisse Geschäftsaktivitäten restrukturieren muss oder bestimmte Dienstleistungen und Produkte nicht mehr anbieten kann.

Der Ausgang der gerichtlichen und aufsichtsrechtlichen Verfahren könnte Einfluss auf die finanzielle Lage und Profitabilität der BJB haben.

II. BANK JULIUS BAER & CO. LTD., ZURICH

1. General Information about BJB

As depicted in below chart, BJB, together with the group companies Bank Julius Bär Deutschland AG, Frankfurt a.M., Bank Julius Baer (Monaco) S.A.M., Bank Julius Baer Europe S.A., Luxembourg and others, is a fully owned subsidiary of Julius Baer Group Ltd. (Julius Baer Group Ltd. together with its subsidiaries the "**Julius Baer Group**"). Julius Baer Group was formed in 2009 out of a split-up of business segments of Julius Baer Holding Ltd. The Julius Baer Group mainly comprises banks and finance companies.

As of the date of this Registration Document BJB itself holds 100 % of shares in Bank Julius Baer Nominees (Singapore) Pte. Ltd., Singapore.

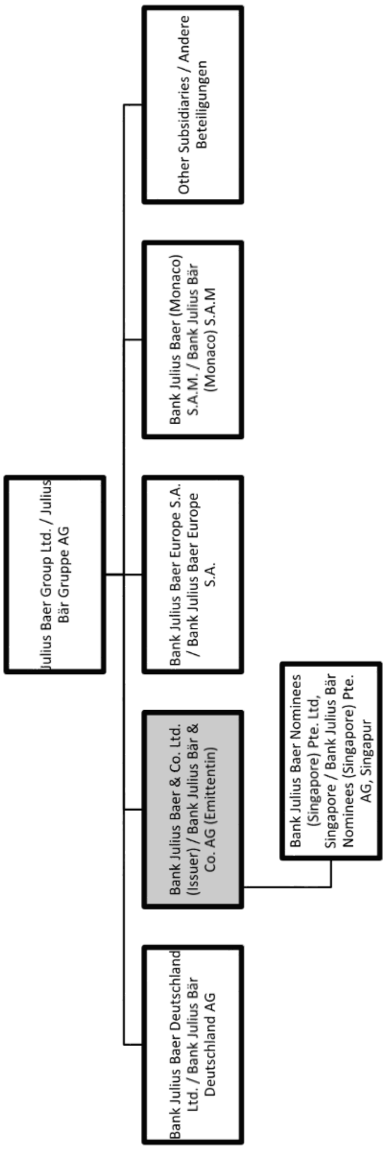
II. BANK JULIUS BÄR & CO. AG, ZÜRICH

1. Allgemeine Informationen über BJB

Wie im untenstehenden Diagramm dargestellt, ist BJB, zusammen mit den Gruppengesellschaften Bank Julius Bär Deutschland AG, Frankfurt a.M., Bank Julius Baer (Monaco) S.A.M., Bank Julius Baer Europe S.A., Luxemburg und anderen, eine hundertprozentige Tochtergesellschaft der Julius Bär Gruppe AG (Julius Bär Gruppe AG zusammen mit allen Tochtergesellschaften die "**Julius Bär Gruppe**"). Die Julius Bär Gruppe ist 2009 aus der Aufteilung der Geschäftsbereiche der ehemaligen Julius Bär Holding AG hervorgegangen. Die Julius Bär Gruppe besteht hauptsächlich aus Banken und Finanzgesellschaften.

BJB hält zum Datum dieses Registrierungsformulars 100% der Anteile an Bank Julius Baer Nominees (Singapore) Pte. Ltd., Singapur.

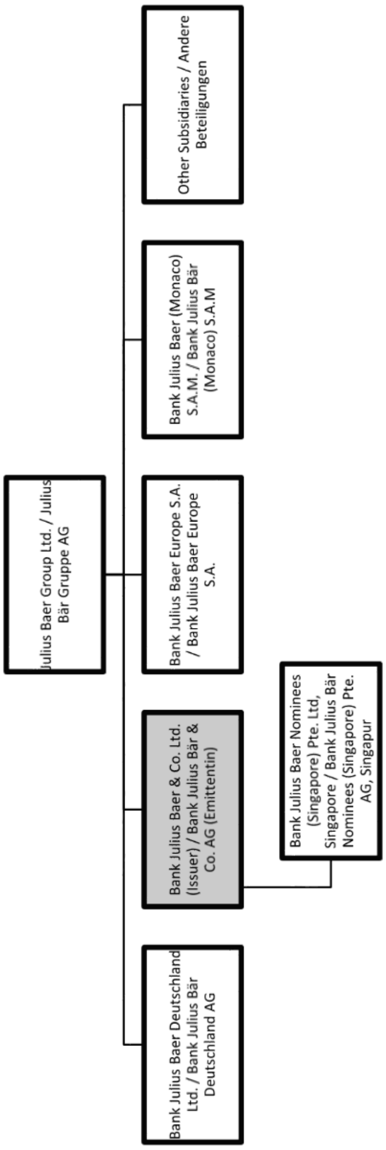
II. BANK JULIUS BAER & CO. LTD., ZURICH



BJB is dependent on its sole shareholder, Julius Baer Group Ltd, and thus on its business strategy for the entire Julius Baer Group.

BJB is registered with the names Bank Julius Bär & Co. AG, Banque Julius Baer & Cie. SA, Bank Julius Baer & Co. Ltd. and Banca Julius Baer & Co. SA in the Commercial Register of the Canton of Zurich under the number CH-020.3.902.727-1 since 31 December 1974 and in the UID-Register under CHE-105.940.833. Those names refer to one and the same entity. BJB has no commercial names. The Legal Entity Identifier of BJB (LEI) is:

II. BANK JULIUS BÄR & CO. AG, ZÜRICH



BJB ist abhängig von seinem einzigen Aktionär, der Julius Bär Gruppe AG, und damit auch von deren Geschäftsstrategie für die gesamte Julius Bär Gruppe.

BJB ist mit der Firma Bank Julius Bär & Co. AG, Banque Julius Baer & Cie. SA, Bank Julius Baer & Co. Ltd. und Banca Julius Baer & Co. SA im Handelsregister des Kantons Zürich unter der Nummer CH-020.3.902.727-1 seit 31. Dezember 1974 und im UID-Register unter der Nummer CHE-105.940.833 eingetragen. Die genannten Namen beziehen sich auf ein und dieselbe juristische Person. BJB hat keinen kommerziellen Namen. Der Legal Entity Identifier (LEI) der BJB ist:

II. BANK JULIUS BAER & CO. LTD., ZURICH

II. BANK JULIUS BÄR & CO. AG, ZÜRICH

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PNWU8O0BLT17BBV61Y18.

BJB is a stock corporation with limited liability under the laws of Switzerland and was founded in Switzerland on 31 December 1974. It is acting through its head office or a designated branch. BJB took over the banking operations of its predecessor, the private bank Julius Baer & Co., which began its operations in the 1890s.

BJB ist eine Aktiengesellschaft nach Schweizer Recht und wurde am 31. Dezember 1974 in der Schweiz gegründet. Sie handelt durch ihre Hauptniederlassung oder eine dazu bestimmte Zweigniederlassung. BJB übernahm das Bankgeschäft der vormaligen Privatbank Julius Bär & Co., deren Anfänge in die 90er Jahre des 19. Jahrhunderts zurückreichen.

BJB´s registered office is at Bahnhofstrasse 36, 8001 Zurich, Switzerland (telephone number: +41 (0) 58 888 1111). The website of BJB is https://www.juliusbaer.com (whereby the information on this website does not form part of this Registration Document unless information from this website is incorporated by reference into this Registration Document as set out in "6. Information Incorporated by Reference" below). As of 31 December 2022 BJB has branch offices in Basle, Berne, Crans-Montana, Geneva, Guernsey, Hong Kong, Lausanne, Lucerne, Lugano, Singapore, Sion, St. Gallen, St. Moritz, Verbier and Zurich. It also has representations in Abu Dhabi, Bogota, Istanbul, Johannesburg, Mexico City, Santiago de Chile and Shanghai.

Der Sitz der BJB ist an der Bahnhofstrasse 36, 8001 Zürich, Schweiz (Telefonnummer: +41 (0) 58 888 1111). Die Website der BJB ist: https://www.juliusbaer.com (wobei die Angaben auf dieser Website nicht Teil des Registrierungsformulars sind, mit Ausnahme der Angaben, die mittels Verweis in dieses Registrierungsformular aufgenommen wurden, wie im Abschnitt "6. Mittels Verweis Aufgenommene Angaben" dargestellt). Per 31. Dezember 2022 hat die BJB Niederlassungen in Basel, Bern, Crans-Montana, Genf, Guernsey, Hongkong, Lausanne, Lugano, Luzern, Singapur, Sion, St. Gallen, St. Moritz, Verbier, und Zürich. Sie hat Vertretungen in Abu Dhabi, Bogota, Istanbul, Johannesburg, Mexico City, Santiago de Chile und Shanghai.

BJB's branch in Guernsey has its registered office No. 1, The Plaza, Elizabeth Avenue, Admiral Park, P.O. Box 87, St. Peter Port, GBG-Guernsey GY1 4 BS (telephone number: +44 (0) 1 481 726 618). It is licensed in Guernsey under the Banking Supervision (Bailiwick of Guernsey) Law 1994 and The Protection of Investors (Bailiwick of Guernsey) Law 1987.

Die Zweigniederlassung der BJB in Guernsey hat ihren Sitz in No. 1, The Plaza, Elizabeth Avenue, Admiral Park, P.O. Box 87, St. Peter Port, GBG-Guernsey GY1 4 BS (Telefonnummer: +44 (0) 1 481 726 618). Sie ist lizenziert in Guernsey unter dem Banking Supervision (Bailiwick of Guernsey) Law 1994 und The Protection of Investors (Bailiwick of Guernsey) Law 1987.

2. Auditors of BJB

2. Abschlussprüfer der BJB

For the financial years ended 31 December 2021 and 31 December 2022, the independent auditors of BJB were KPMG AG, Badenerstrasse 172, 8004 Zurich, Switzerland, acting in terms of the provisions of company and banking law as well as BJB's articles of association. KPMG AG have audited the consolidated financial statements of BJB for the financial years ended 31 December 2021 and 31 December 2022 and the financial statements of BJB for the financial year ended 31 December 2022. KPMG AG is a member of the Swiss Institute of Certified Accountants and Tax Consultants with registered office in Zurich.

Für die am 31. Dezember 2021 und am 31. Dezember 2022 beendeten Geschäftsjahre war KPMG AG Badenerstrasse 172, 8004 Zürich, Schweiz der unabhängige Abschlussprüfer der BJB gemäss Gesellschafts- und Bankrecht sowie den Statuten der BJB. KPMG AG hat die konsolidierten Finanzberichte der BJB für die am 31. Dezember 2021 und am 31. Dezember 2022 beendeten Geschäftsjahre und die Finanzberichte der BJB für das am 31. Dezember 2022 beendete Geschäftsjahr geprüft. KPMG AG ist Mitglied der Treuhandkammer mit Sitz in Zürich.

3. Business overview of BJB

Principal Activities

BJB operates a bank and may, in accordance with Article 2 of its articles of incorporation dated 26 March 2021, execute all transaction which are directly or indirectly related to the purpose of BJB as well as all transactions which may further the purpose of BJB; such transactions may be executed for BJB 's own account or for third parties. BJB may purchase real estate, pledge it as security and sell it. BJB may be active domestically and abroad. BJB may establish branches and agencies domestically and abroad.

BJB's core business is wealth management and investment advice for private clients, family offices and external asset managers from around the world. In cooperation with other companies of the Julius Baer Group, comprehensive services are offered i.a. in the areas of wealth and tax planning, foreign exchange, equity, precious metals and fund trading, custody and execution services and other, complementary business fields. BJB is also active in the Lombard credit business for portfolio management and trading clients and provides straight residential mortgages to its private clients, predominantly in Switzerland, but also in high-end market areas of other European countries. Within the Julius Baer Group, BJB operates as the central underwriter for traditional and innovative derivative investment products. BJB also engages in securities lending and borrowing.

At the date of this Registration Document, the BJB´s activities are largely financed by client sight deposits. In addition, the BJB is financed by Julius Baer Group Ltd. with debt capital, which Julius Baer Group. Has raised on the capital market by issuing various bonds. Given its active participation in the interbank market, BJB is quickly able to access additional sources of refinancing at any time.

Principal Markets

The most important markets for BJB are the home market in Switzerland, Asia and Europe. In 2022, BJB achieved (according to the audited BJB Consolidated Financial Information 2022 which has been prepared in accordance with International Financial Reporting Standards ("**IFRS**")

3. Geschäftsüberblick der BJB

Haupttätigkeiten

BJB betreibt eine Bank und kann, entsprechend Artikel 2 ihrer Statuten vom 26. März 2021, alle mit diesem Zweck direkt oder indirekt im Zusammenhang stehenden Geschäfte sowie alle Geschäfte, die diesen Zweck zu fördern geeignet sind, für eigene oder fremde Rechnung tätigen. Die Gesellschaft kann Grundstücke erwerben, belasten und veräussern. Der Geschäftsbereich erstreckt sich auf das In- und Ausland. BJB darf Niederlassungen und Agenturen im In- und Ausland eröffnen.

Das wichtigste Geschäftsgebiet der BJB ist die Vermögensverwaltung und Anlageberatung für Privatkunden, Familienunternehmen und unabhängige Vermögensverwalter aus aller Welt. In Zusammenarbeit mit anderen Gesellschaften der Julius Bär Gruppe werden umfassende Dienstleistungen u.a. in den Bereichen Wealth & Tax Planning, Devisen- und Wertschriftenhandel, Edelmetall- und Fondshandel, Depot- und Abwicklungsleistungen sowie in weiteren ergänzenden Geschäftsfeldern angeboten. Für ihre Portfolio-Management- und Handelskunden ist die BJB ausserdem im Lombard-Kreditgeschäft tätig. Sie bietet ihren Privatkunden, vor allem in der Schweiz, aber auch in High-end-Märkten in anderen europäischen Ländern, Hypotheken für Wohnimmobilien an. Innerhalb der Julius Bär Gruppe übernimmt BJB die zentrale Funktion als Emissionshaus für traditionelle und innovative derivative Anlageprodukte wahr. Zudem ist die BJB aktiv im Wertpapierleihgeschäft (*Securities Lending and Borrowing*).

Die Finanzierung der Aktivitäten der BJB wird zum Zeitpunkt dieses Registrierungsformulars maßgeblich durch die Kundenguthaben auf Sicht bereitgestellt. Zusätzlich wird die BJB durch die Julius Bär Gruppe AG mittels Fremdkapital finanziert, welches die Julius Bär Gruppe AG mittels der Emission von verschiedenen Anleihen am Kapitalmarkt aufgenommen hat. Durch die aktive Partizipation im Interbankenmarkt ist BJB jederzeit und kurzfristig in der Lage, weitere Refinanzierungsquellen bereitzustellen.

Wichtigste Märkte

Die wichtigsten Märkte für BJB sind der Heimatmarkt Schweiz sowie Asien und Europa. 2022 erreichte BJB gemäß den geprüften BJB Konsolidierten Finanzinformationen 2022, die gemäß den internationalen Rechnungslegungsstandards IFRS ("**IFRS**") erstellt

(See "*II.8. Historical Financial Information of BJB*" on page 34 below) an operating income of CHF 3,038 million, thereof CHF 2,161 million in Switzerland, CHF 172 million in Europe (excluding Switzerland), CHF 848 million in Asia and other countries and CHF -143 million consolidation items (on BJB's branches and representative offices See "*II. 1. General Information about BJB*" above).

wurden, (siehe "*II.8. Historische Finanzinformationen der BJB*" nachstehend auf Seite 34) ein Betriebsertrag in Höhe von CHF 3.038 Millionen, davon CHF 2.161Millionen in der Schweiz, CHF 172 Millionen in Europa (ohne Schweiz), CHF 848 Millionen in Asien und anderen Ländern sowie CHF -143 Million Konsolidierungsposten (zu BJB's Niederlassungen und Repräsentanzen siehe "*II. 1. Allgemeine Informationen über BJB*" oben).

Competitive Position

The following information on the BJB´s competitive position is based on BJB's own assessment of the situation:

The BJB is well established in the market as an international offeror with a tailor-made and versatile range of products and is currently present in some 50 locations worldwide. BJB engages exclusively in private banking activities primarily in Switzerland, Europe, Asia, the Middle East and South America.

BJB's asset management business is characterised by increasing competition and accelerating consolidation in private banking in Switzerland. The consolidation is not least being forced along by the rising costs of information technology and increasing regulation, which are growing ever more burdensome for smaller institutions. In addition, there has been a growth in competition between international financial centres such as London, Singapore and Switzerland. In view of these circumstances, BJB is striving to further strengthen its private banking position in Switzerland and to selectively develop its private banking activities abroad.

Wettbewerbsposition

Die nachfolgende Information über die Wettbewerbsposition der BJB basiert auf der eigenen Einschätzung der BJB:

Die BJB ist als internationaler Anbieter einer maßgeschneiderten und vielfältigen Produktpalette gut im Markt etabliert und ist derzeit an rund 50 Standorten weltweit präsent. Die BJB konzentriert sich ausschließlich auf Private Banking Aktivitäten, und zwar vorwiegend in der Schweiz, in Europa, in Asien, im Mittleren Osten und in Lateinamerika.

BJBs Vermögensverwaltungsgeschäft ist durch zunehmenden Wettbewerb und fortschreitende Konsolidierung des Private Banking-Sektors in der Schweiz geprägt. Die Konsolidierung wird nicht zuletzt beschleunigt durch steigende Kosten für Informationstechnologien und zunehmende Regulierung, welche auf kleineren Institutionen noch stärker lasten. Zusätzlich nimmt der Wettbewerb zwischen internationalen Finanzzentren wie London, Singapur und der Schweiz zu. Vor dem Hintergrund dieser Umstände bemüht sich BJB, ihre Private Banking Position in der Schweiz weiter zu stärken und seine Private Banking Tätigkeiten im Ausland gezielt zu entwickeln.

4. Trend Information

There has been no material adverse change in the prospects of BJB since the date of its last published audited financial statements (31 December 2022).

Due to the uncertainties in particular areas of the banking sector, the first four months of the year 2023 were challenging for wealth management banks, such as BJB.

After a slow start, net new money inflows of BJB accelerated and enhanced recruiting efforts resulted in an increased relationship manager onboarding as well as a strong hiring pipeline for the remainder of the year. Looking ahead, actual and forthcoming growth in BJB's relationship

4. Trendinformationen

Seit dem Datum des letzten veröffentlichten geprüften Abschlusses (31. Dezember 2022) hat es keine wesentliche Verschlechterung der Aussichten der BJB gegeben.

Die ersten vier Monate des Jahres 2023 waren aufgrund der Unsicherheiten in bestimmten Bereichen des Bankensektors für Vermögensverwaltungsbanken, wie die BJB, herausfordernd.

Nach einem langsamen Start in das Jahr beschleunigten sich jedoch die Netto-Neugeldzuflüsse der BJB und die intensivierten Rekrutierungsbemühungen führten zu einer Zunahme bei der Einstellung von Kundenberatern sowie zu einer starken Rekrutierungspipeline für das weitere manager base is expected to benefit the generation of net new money in the second half of the year 2023.

An intermittent rebound in both stock and bond markets supported the valuation of assets under management, offsetting the impact of a weaker US dollar. Nevertheless, clients' investment stance remained relatively cautious. The decline in market volatility from the levels seen in the second half of 2022 constrained the overall contribution from the activity-driven revenue components.

The successful shift to profitable growth achieved in the 2020–2022 strategic cycle has put BJB in a strong position to increase investments in growth in the current 2023–2025 cycle. Despite the start of this investment cycle, operating performance was largely stable, with the gross margin, adjusted cost/income ratio, and adjusted pre-tax margin close to the levels achieved in the second half of 2022.

5. Management of BJB

BJB has a Board of Directors and an Executive Board. The Executive Board is appointed by the Board of Directors. The Executive Board and Board of Directors are, as required by Swiss banking law, kept strictly separate from each other. The Board of Directors is responsible for the supreme management and strategic orientation of BJB and for the supervision of the Executive Board. The Executive Board is responsible for the operational management of the company.

The members of the Board of Directors and of the Executive Board of BJB are identical to those of Julius Baer Group Ltd. The members of the Board of Directors are newly elected or re-elected by the ordinary general meeting of shareholders for a 1 year-term. Except for the election of the Chairman of the Board of Directors and the members of the Compensation Committee by the general meeting of shareholders, the Board of Directors constitutes itself. The maximum (cumulative) term of office for the members of the Board of Directors is generally twelve years. Members of the Board of Directors shall as a general rule not stand for re-election as from the year in which they reach the age of 75 years.

Jahr. Es wird erwartet, dass das gegenwärtige und bevorstehende Wachstum der Kundenberater-Basis der BJB die Generierung von Netto-Neugeld im zweiten Halbjahr 2023 begünstigen wird.

Eine zwischenzeitliche Erholung an den Aktien- und Anleihemärkten unterstützte die Bewertung der verwalteten Vermögen und glich die Auswirkungen des schwächeren US-Dollars aus. Nichtsdestotrotz blieb das Anlageverhalten der Kunden eher zurückhaltend. Der Rückgang der Marktvolatilität im Vergleich zu den Niveaus des zweiten Halbjahres 2022 schränkte den Gesamtbeitrag der aktivitätsabhängigen Ertragskomponenten ein.

Die im Strategiezyklus 2020–2022 erreichte erfolgreiche Verlagerung auf profitables Wachstum hat BJB auf eine solide Basis gestellt, um im aktuellen Zyklus 2023–2025 verstärkt in Wachstum zu investieren. Trotz Start dieses Investitionszyklus war die operative Performance weitgehend stabil, wobei die Bruttomarge, die adjustierte Cost/Income Ratio und die adjustierte Vorsteuermarge nahe bei den Niveaus des zweiten Halbjahres 2022 lagen.

5. Geschäftsführung der BJB

BJB hat einen Verwaltungsrat und eine Geschäftsleitung. Der Verwaltungsrat ernennt die Geschäftsleitung. Die Geschäftsleitung und der Verwaltungsrat sind gemäss Schweizer Bankrecht, streng voneinander getrennt. Der Verwaltungsrat ist verantwortlich für die oberste Führung des Geschäfts und für die strategische Ausrichtung der BJB sowie für die Aufsicht über die Geschäftsleitung. Die Geschäftsleitung ist verantwortlich für die operative Führung des Unternehmens.

Die Mitglieder des Verwaltungsrats und der Geschäftsleitung der BJB sind identisch mit den Mitgliedern des Verwaltungsrats der Julius Bär Gruppe AG. Neu zu wählende sowie wieder zu wählende Verwaltungsratsmitglieder werden von der ordentlichen Generalversammlung der Aktionäre für die Dauer von 1 Jahr gewählt. Mit Ausnahme der Wahl des Präsidenten des Verwaltungsrates sowie der Mitglieder des Compensation Committee durch die Generalversammlung der Aktionäre, konstituiert sich der Verwaltungsrat selbst. Die maximale (kumulierte) Amtsdauer für die Mitglieder des Verwaltungsrates beträgt in der Regel zwölf Jahre. Mitglieder des Verwaltungsrats stellen sich in der Regel ab jenem Jahr nicht mehr zur Wiederwahl, in welchem sie ihr 75. Lebensjahr vollenden.

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Board of Directors of BJB

All members of the Board of Directors of BJB are non-executive members.

As of the date of this Registration Document the Board of Directors of BJB consists of the following members:

Name and Position held	Significant outside activities
Dr. Romeo Lacher Chairman	Vice-Chairman of the Bank Council and member of the Nomination Committee and Chairman of the Compensation Committee of the Swiss National Bank
	Member of the Board of Directors of Economiesuisse, Zurich, Switzerland
	Vice-Chairman of the Board of Directors of Swiss Finance Institute Stiftung, Zurich, Switzerland
	Member of the Board of Trustees of think tank avenir Suisse, Zurich, Switzerland
Gilbert Achermann Member of the Board of Directors	Chairman of the Board of Directors of Straumann Group, Basle, Switzerland
	Member of the Board of Directors and of the Compensation Committee of Ypsomed Holding AG, Burgdorf, Schwitzerland
	Member of the Board of Swiss Medtech Basle, Switzerland
	Member of the Board of Directors of the ITI Association and ITI Foundation, Basle, Switzerland
	Member of the Committee and Executive of the Chamber of Commerce of both Basle, Basle, Switzerland
	Member of the Supervisory Board of IMD International Institute for Management Development, Lausanne, Switzerland

Verwaltungsrat der BJB

Alle Mitglieder des Verwaltungsrates der BJB sind nicht exekutive Mitglieder.

Zum Datum dieses Registrierungsformulars gehören folgende Personen dem Verwaltungsrat der BJB an:

Name und Ausgeübte Position	Wesentliche externe Tätigkeiten
Dr. Romeo Lacher Präsident des Verwaltungsrates	Vizepräsident des Bankrats und Mitglied des Nominations-ausschusses und Präsident des Kompensationsausschusses der Schweizerischen Nationalbank
	Mitglied des Verwaltungsrates der Economiesuisse, Zürich, Schweiz
	Vizepräsident des Verwaltungsrates des Swiss Finance Institute Stiftung, Zürich, Schweiz
	Mitglied des Stiftungsrats der think tank avenir Suisse, Zürich, Schweiz
Gilbert Achermann Mitglied des Verwaltungsrats	Präsident des Verwaltungsrates der Straumann Gruppe, Basel, Schweiz
	Mitglied des Verwaltungsrates und des Kompensationsausschusses der Ypsomed Holding AG, Burgdorf, Schweiz
	Mitglied des Verwaltungsrats der Swiss Medtech Basel, Schweiz
	Mitglied des Verwaltungsrates der ITI Association und ITI Foundation, Basel, Schweiz
	Mitglied des Ausschusses und Vorstandes der Handelskammer beider Basel, Basel, Schweiz
	Mitglied des Stiftungsrates von IMD, International Institute for Management Development, Lausanne, Schweiz

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Jürg Hunziker Member of the Board of Directors	Chairman of the board of directors of Adcubum AG	Jürg Hunziker Mitglied des Verwaltungsrats	Präsident des Verwaltungsrates der Adcubum AG
	Member of the board of directors of Swisspeers AG		Mitglied des Verwaltungsrates der Swisspeers AG
	Member of the board of directors of HEH Holding / n-chain		Mitglied des Verwaltungsrates der HEH Holding / n-chain
David Nicol Member of the Board of Directors	Non-Executive member and Chairman of the Multrees Investor Services Limited, London, UK	David Nicol Mitglied des Verwaltungsrats	Nicht-exekutives Mitglied und Präsident der Multrees Investor Services Limited, London, VK
	Trustee of The Urology Foundation, London, UK		Trustee der The Urology Foundation, London, VK
	Member of the Board and Chairman of the Appointments Committee of the Federated Hermes Property Unit Trust, London, UK		Mitglied des Verwaltungsrats und Präsident des Appointments Committee des Federated Hermes Property Unit Trust, London, VK
	Chairman of the Apppointments Committee		Präsident des Apppointments Committee
Kathryn Shih Member of the Board of Directors	Member of the Council of Advisors of the Hong Kong University of Science and Technology Business School, Hong Kong	Kathryn Shih Mitglied des Verwaltungsrats	Mitglied des Beraterrates der Hong Kong University of Science and Technology Business School, Hong Kong
	Temasek Fellow at the Wealth Management Institute, Singapore		Temasek Fellow der Wealth Management Institute, Singapur
	Director of Shih Co Charitable Foundation Ltd., Hong Kong		Direktor der Shih Co Charitable Foundation Ltd., Hong Kong
	Member of the Foundation Board of Swiss Foundation for Work and Further Education, Brugg, Switzerland		Mitglied des Stiftungsrates der Stiftung Swiss Foundation for Work and Further Education, Brugg, Schweiz
Richard M. Campbell-Breeden Member of the Board of Directors	Founder and Chairman of the Board of Directors of Omeshorn Capital Advisors, London, UK	Richard M. Campbell-Breeden Mitglied des Verwaltungsrats	Gründer und Präsident des Verwaltungsrates der Omeshorn Capital Advisors, London, Grossbritannien
	Director of Omeshorn Holdings Ltd., British Virgin Islands		Direktor der Omeshorn Holdings Ltd., Britische Jungferninseln
	Chairman of the Board of Directors of Arq Limited (incl. Arq International Limited, Arq UK Management Limited and Arq IP Limited), London, UK		Präsident des Verwaltungsrates, Arq Limited (inkl. Arq International Limited, Arq UK Management Limited und Arq IP Limited), London, Grossbritannien
Eunice Zehnder-Lai Member of the	Member of the Board of Directors of DKSH Holding Ltd, Zurich, Switzerland	Eunice Zehnder-Lai Mitglied des	Mitglied des Verwaltungsrates der DKSH Holding AG, Zürich, Schweiz

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Board of Directors	Member of the Board of Directors of Geberit Group AG, Rapperswil-Jona, Switzerland	Verwaltungsrats	Mitglied des Verwaltungsrates der Geberit Group AG, Rapperswil-Jona, Schweiz
	President of the Foundation Board of Friends of Asia Society Switzerland Arts & Culture Foundation, Zurich, Switzerland		Präsidentin des Stiftungsrates der Friends of Asia Society Switzerland Arts & Culture Stiftung, Zürich, Schweiz
	Member of the Board of Directors of Asia Society Switzerland, Zurich, Switzerland		Mitglied des Verwaltungsrates der Asia Society Schweiz Stiftung, Zürich, Schweiz
	Member of the Foundation Board of Insights for Education, Zurich, Switzerland		Mitglied des Gründungsrates der Insights for Education, Zürich, Schweiz
	Member of the Global board of Trustees, Asia Society, New York, USA		Mitglied des Global Board of Trustees, Asia Society, New York, Vereinigte Staaten von Amerika
Olga Zoutendijk Member of the Board of Directors	Member of the Board of Governors and Chair of the Audit Committee of Leiden University, the Netherlands	Olga Zoutendijk Mitglied des Verwaltungsrats	Mitglied des Stiftungsrates sowie Vorsitzende des Audit Committee der Universität Leiden, Niederlande
Tomas Varela Muiña Member of the Board of Directors	Fundación de Estudios Financieros (Spanish Foundation of Financial Studies), Madrid Trustee	Tomas Varela Muiña Mitglied des Verwaltungsrats	Fundación de Estudios Financieros (Spanische Stiftung für Finanzstudien), Madrid Trustee

The Business address of the Board of Directors of BJB is Bank Julius Bär & Co. AG, Bahnhofstrasse 36, 8001 Zurich, Switzerland.

Die Geschäftsadresse des Verwaltungsrats der BJB ist Bank Julius Bär & Co. AG, Bahnhofstrasse 36, 8001 Zürich, Schweiz.

Executive Board of BJB

Geschäftsleitung der BJB

As of the date of this Registration Document the members of the Executive Board of BJB of were:

Zum Datum dieses Registrierungsformulars gehören folgende Personen der Geschäftsleitung der BJB an:

Name and Position held	Significant outside activities	Name und Ausgeübte Position	Wesentliche externe Tätigkeiten
Philipp Rickenbacher Chief Executive Officer	Chairman of the Association of Swiss Asset and Wealth Management Banks, Zurich, Switzerland	Philipp Rickenbacher Chief Executive Officer	Präsident der Vereinigung Schweizerischer Assetmanagement und Vermögens-verwaltungsbanken, Zürich, Schweiz
	Member of the Foundation Board of IMD – International Institute for Management Development, Lausanne, Switzerland		Mitglied des Stiftungsrates des IMD – International Institute for Management Development, Lausanne, Schweiz
	Councilor of Masayoshi Son Foundation for Scholarship,		Ratsmitglied der Masayoshi Son Foundation for

	Tokyo, Japan		Scholarship, Tokyo, Japan
	Member of the Advisory Board of Beijing International Wealth Management Institute Co. Ltd, Beijing, China		Mitglied des Beirats der Beijing International Wealth Management Institute Co. Ltd, Peking, China
	Member of the Board of Directors of the Swiss Bankers Association, Basle, Switzerland		Mitglied des Verwaltungsrats der Schweizerischen Bankiervereinigung, Basel, Schweiz
	Member of the Advisory Board of >>venture>> Foundation, Zurich, Switzerland		Mitglied des Beirats der >>venture>> Foundation, Zürich, Schweiz
Evangelia (Evie) Kostakis Chief Financial Officer	Member of the Board of Directors of SEBA Bank AG, Zug, Switzerland	Evangelia (Evie) Kostakis Chief Financial Officer	Mitglied des Verwaltungsrates von SEBA Bank AG, Zug, Schweiz
Nic Dreckmann Chief Operating Officer / Head Intermediaries	Member of the Council of the Institute of Marketing and Analytics, Luzern, Switzerland	Nic Dreckmann Chief Operating Officer / Head Intermediaries	Mitglied des Rates des Institute of Marketing and Analytics, Luzern, Schweiz
	Member of the Steering Committee of digitalswitzerland, Zurich, Switzerland		Mitglied des Steering Committee der digitalswitzerland, Zürich, Schweiz
Dr. Oliver Bartholet Chief Risk Officer	Vice-Director and Lecturer at the IFF, Institute of public finance science, finance law and law and economics, University of St. Gallen (HSG), Switzerland	Dr. Oliver Bartholet Chief Risk Officer	Vizedirektor und Lehrbeauftragter am IFF, Institut für Finanzwirtschaft und Finanzrecht, Universität St. Gallen (HSG), Schweiz
	Member of the Board of the Europa Institut at the University Zurich, Switzerland		Mitglied des Vorstands des Europa Institut an der Universität Zürich, Schweiz
Beatriz Sanchez Head Americas	Chair of the Advisory Board of Georgetown Institute for Women, Peace and Security, Washington DC, United States	Beatriz Sanchez Head Americas	Vorsitzender des Beirats des Georgetown Institute for Women, Peace and Security, Washington DC, Vereinigte Staaten von Amerika
	Member of the Advisory Board of Foundation for Human Rights in Cuba, Miami, United States		Mitglied des Beirats der Foundation for Human Rights in Cuba, Miami, Vereinigte Staaten von Amerika
	Member of the Advisory Board of The Ideas Center at Miami Dade College, Miami, United States		Mitglied des Beirats für The Ideas Center at Miami Dade College, Miami, Vereinigte Staaten von Amerika

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Jimmy Lee Kong Eng Head Asia Pacific	Member of the Board of Directors of Beijing International Wealth Management Institute Co. Ltd., Beijing, China; Member of the Advisory Board for Wealth Management at the Singapore Management University, Singapore Member of the Board of Director of SCB-Julius Baer Securities Co., Ltd. (Thailand).
Yves Robert-Charrue Head Switzerland & Europe, Middle East, Africa	Member of the CEO Action Group for the European Green Deal of the World Economic Forum
Yves Henri Bonzon Investment & Wealth Management Solutions, Chief Investment Officer	Member of the Board of Directors of ISREC Foundation, Lausanne, Switzerland Member of the Foundation Board of Verbier Festival, Verbier, Switzerland
Nicolas de Skowronski Investment & Wealth Management Solutions, Head of Wealth Management Solutions	
Luigi Vignola Head Markets	none

The Business address of the Executive Board of BJB of BJB is Bank Julius Bär & Co. AG, Bahnhofstrasse 36, 8001 Zurich, Switzerland.

Conflicts of interest

At the date of this Registration Document there are no potential conflicts of interest between any duties to BJB of the members of its Board of Directors or its Executive Board and their private interest and/or other duties.

II. BANK JULIUS BÄR & CO. AG, ZÜRICH

Jimmy Lee Kong Eng Head Asia Pacific	Mitglied des Verwaltungsrates der Beijing International Wealth Management Institute Co. Ltd., Peking, China; Mitglied des Beirats for Wealth Management at the Singapore Management University; Singapore Mitglied des Verwaltungsrates der SCB-Julius Baer Securities Co., Ltd. (Thailand)
Yves Robert-Charrue Head Switzerland & Europe, Middle East, Africa	Mitglied der CEO Action Group for the European Green Deal of the World Economic Forum
Yves Henri Bonzon Investment & Wealth Management Solutions, Chief Investment Officer	Mitglied des Verwaltungsrates der ISREC Foundation, Lausanne, Schweiz Miglied der Foundation Board of Verbier Festival, Verbier, Schweiz
Nicolas de Skowronski Investment & Wealth Management Solutions, Head of Wealth Management Solutions	
Luigi Vignola Head Markets	keine

Die Geschäftsadresse der Geschäftsleitung der BJB ist Bank Julius Bär & Co. AG, Bahnhofstrasse 36, 8001 Zürich, Schweiz.

Interessenkonflikte

Zum Datum dieses Registrierungsformulars gibt es keine potenziellen Interessenkonflikte zwischen den Verpflichtungen gegenüber der BJB seitens der Mitglieder ihres Verwaltungsrats oder ihrer Geschäftsleistung und deren privaten Interessen und/oder sonstigen Verpflichtungen.

6. Share Capital of BJB and Main Shareholders of Julius Baer Group

BJB is a company limited by shares under Swiss law. As at the date of this Registration Document, the share capital of the Issuer amounts to CHF 575 million. The share capital is now divided into 5,750,000 fully paid-up registered shares, each with a nominal amount of CHF 100. There is no category of shares that carry preferential rights. At the general meeting, each share carries one vote. BJB has neither authorised nor conditional capital. BJB does not hold any of its own shares. There is no capital made up of participation certificates or profit-sharing certificates. As at the date of this Registration Document, there are no debentures outstanding within the meaning of Art. 1156 ff. of the Swiss Code of Obligations.

BJB is a one hundred per cent subsidiary of Julius Baer Group Ltd.

Julius Baer Group Ltd. is the parent and public company of the Julius Baer Group, which is active in the financial services industry operating on a global basis. Julius Baer Group evolved from the split-up of business segments of the former Julius Baer Holding Ltd.

As far as BJB is aware, the following persons/groups are as the date of this Registration Document the main shareholders in Julius Baer Group Ltd:

Name	Portion of the Share Capital
MFS Investment Management, Boston, USA	9.98%
BlackRock, Inc., New York, USA	5.06%
T. Rowe Price Associates Inc.	4.98%
UBS Fund Management (Switzerland) AG, Basel, Switzerland	3.09%

6. Aktienkapital der BJB und Hauptgesellschafter der Julius Bär Gruppe

BJB ist eine Aktiengesellschaft nach Schweizer Recht. Zum Datum dieses Registrierungsformulars betrug das Aktienkapital CHF 575 Millionen. Das Aktienkapital ist eingeteilt in 5.750.000 vollständig einbezahlte Namenaktien, jede mit einem Nennwert von CHF 100. Es gibt keine Aktien mit Vorzugsrechten. Auf jede Aktie entfällt eine Stimme in der Generalversammlung. Es gibt weder genehmigtes noch bedingtes Kapital. BJB hält keine eigenen Aktien. Es gibt keine Partizipationsscheine oder Genussscheine. Zum Datum dieses Registrierungsformulars stehen keine Anleihensobligationen im Sinne von Art. 1156 ff. des Schweizerischen Obligationenrechts aus.

BJB ist eine hundertprozentige Tochter der Julius Bär Gruppe AG.

Die Julius Bär Gruppe AG ist die Konzernobergesellschaft der Julius Bär Gruppe, welche weltweit in der Finanzindustrie tätig ist. Julius Bär Gruppe ist aus der Aufteilung der Geschäftsbereiche der ehemaligen Julius Bär Holding AG hervorgegangen.

Soweit BJB bekannt, waren zum Datum dieses Registrierungsformulars die folgenden Personen/Gruppen die wesentlichen Aktionäre der Julius Bär Gruppe AG:

Name	Anteil am Aktienkapital
MFS Investment Management, Boston, USA	9.98%
BlackRock, Inc., New York, USA	5.06%
T. Rowe Price Associates Inc.	4.98%
UBS Fund Management (Switzerland) AG, Basel, Schweiz	3.09%

7. Audit Committee of BJB

Thomas Varela

Jürg Hunziker

Eunice Zehnder-Lai

Olga Zoutendijk

8. Historical Financial Information of BJB*

For the financial year ended 31 December 2021, BJB has published consolidated financial information including the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, Notes to the consolidated financial statements and the Auditors' report (the "**BJB Consolidated Financial Statements 2021**"). The BJB Consolidated Financial Statements 2021 are hereby incorporated by reference into this Registration Document. A list setting out all information incorporated by reference is provided in section "6. Information Incorporated by reference" on page 43 below.

For the financial year ended 31 December 2022, BJB has published consolidated financial information including the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, Notes to the consolidated financial statements and the Auditors' report (the "**BJB Consolidated Financial Statements 2022**"). The BJB Consolidated Financial Statements 2022 are included in pages L-1 to K-97 of section IV. to this Registration Document.

For the financial year ended 31 December 2022, BJB has published financial information including the Income statement, balance sheet, notes to the financial statements and the Auditors' report (the "**BJB Financial Statements 2022**"). The BJB Financial Statements 2022 are included in pages M-1 to M-79 of section V. to this Registration Document.

The BJB Consolidated Financial Statements 2021 and the BJB Consolidated Financial Statements 2022 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The BJB Financial Statements 2022 have been prepared in accordance with the Guidelines of the FINMA Circular 2020/1 "Accounting

7. Audit Committee der BJB

Thomas Varela

Jürg Hunziker

Eunice Zehnder-Lai

Olga Zoutendijk

8. Historische Finanzinformationen der BJB*

Für das am 31. Dezember 2021 beendete Geschäftsjahr hat BJB konsolidierte Finanzinformationen einschließlich konsolidierter Erfolgsrechnung, konsolidierter Gesamtergebnisrechnung, konsolidierter Bilanz, konsolidierter Eigenkapitalentwicklung und konsolidierter Mittelflussrechnung, einen Anhang zu den konsolidierten Finanzinformationen sowie den Bericht der Abschlussprüfer (die "**BJB Konsolidierten Finanzinformationen 2021**") veröffentlicht. BJB Konsolidierten Finanzinformationen 2021 werden hiermit mittels Verweis in dieses Registrierungsformulars aufgenommen. Eine Liste, die alle mittels Verweis aufgenommenen Informationen enthält, ist im nachfolgenden Abschnitt "6. Mittels Verweis Aufgenommene Angaben" auf Seite 43 enthalten.

Für das am 31. Dezember 2022 beendete Geschäftsjahr hat BJB konsolidierte Finanzinformationen einschließlich konsolidierter Erfolgsrechnung, konsolidierter Gesamtergebnisrechnung, konsolidierter Bilanz, konsolidierter Eigenkapitalentwicklung und konsolidierter Mittelflussrechnung, einen Anhang zu den konsolidierten Finanzinformationen sowie den Bericht der Abschlussprüfer (die "**BJB Konsolidierten Finanzinformationen 2022**") veröffentlicht. BJB Konsolidierten Finanzinformationen 2022 sind auf den Seiten L-1 bis L-97 im Abschnitt IV. dieses Registrierungsformulars enthalten.

Für das am 31. Dezember 2022 beendete Geschäftsjahr hat BJB Finanzinformationen einschliesslich Erfolgsrechnung, Bilanz, einen Anhang zu den Finanzinformationen sowie den Bericht der Abschlussprüfer (die "**BJB Finanzinformationen 2022**") veröffentlicht. Die BJB Finanzinformationen 2022 sind auf den Seiten M-1 bis M-97 im Abschnitt V. dieses Registrierungsformulars enthalten.

Die BJB Konsolidierten Finanzinformationen 2021, und die BJB Konsolidierten Finanzinformationen 2022 sind gemäß den internationalen Rechnungslegungsgrundsätzen IFRS ("**IFRS**") erstellt worden. Die BJB Finanzinformationen 2022 wurden in Übereinstimmung mit den Richtlinien des FINMA-Rundschreibens 2020/1 "Rechnungslegung

Banks".

* The Income Statement in the BJB Consolidated Financial Statements 2021, the BJB Consolidated Financial Statements 2022 and the BJB Financial Statements 2022 include the figure "Operating Income". This is an Alternative Performance Measure. For Banks, the operating income comprises the net income from the banking business (including investing, financing and interest business), before deduction of the operating expenses. BJB considers the presentation of operating income to be useful and meaningful to investors because it provides purposeful information regarding BJB's financial and operating performance. In addition, Operating Income supports the direct comparison of BJB vis-à-vis its closest peers.

Auditing of Historical Financial Information

The responsible auditors of BJB (See *"II.2. Statutory Auditors of BJB*" above) have audited the historical financial information of BJB for financial years ended 31 December 2021 and 31 December 2022 as mentioned above and have issued an unqualified opinion in each case.

9. Significant changes in the financial position of BJB and its consolidated subsidiaries

There has been no significant change in the financial position of BJB and its consolidated subsidiaries since 31 December 2022.

10. Significant changes in the financial performance of BJB and its consolidated subsidiaries

There has been no significant change in the financial performance of BJB and its consolidated subsidiaries since 31 December 2022.

11. Legal and arbitration proceedings relating to BJB

Save as disclosed in the following, during the period covering the last previous 12 months no governmental, legal or arbitration proceedings (including any such proceedings, which are pending or threatened of which BJB is aware) may have, or have had in the recent past significant effects on the financial position or profitability of BJB and/or its consolidated subsidiaries.

Banken" erstellt.

* Die Gewinn- und Verlustrechnung den BJB Konsolidierten Finanzinformationen 2021, den BJB Konsolidierten Finanzinformationen 2022 und den BJB Finanzinformationen 2022 enthalten die Kennzahl "Operativer Gewinn". Dabei handelt es sich um eine Alternative Leistungskennzahl. Für Banken umfasst der Operative Gewinn den Nettoertrag aus dem Bankgeschäft (einschließlich Anlage-, Finanzierungs- und Zinsgeschäft) vor Abzug der Betriebsausgaben. BJB hält die Darstellung des Operativen Gewinns für Investoren für nützlich und sinnvoll, da es zielgerichtete Informationen über die finanzielle und betriebliche Leistung von BJB liefert. Darüber hinaus unterstützt der Operativer Gewinn den direkten Vergleich von BJB mit seinen engsten Konkurrenten.

Prüfung der historischen Finanzinformationen

Die verantwortlichen Abschlussprüfer (siehe oben "*II.2. Abschlussprüfer/Gesetzliche Revisionsstelle der BJB*") haben die historischen Finanzinformationen der BJB für die am 31. Dezember 2021 und 31. Dezember 2022 geendeten Geschäftsjahre geprüft und jeweils ein uneingeschränktes Prüfungsurteil erteilt.

9. Wesentliche Veränderungen in der Finanzlage von BJB und ihren konsolidierten Tochtergesellschaften

Die Finanzlage der BJB und ihrer konsolidierten Tochtergesellschaften hat sich seit dem 31. Dezember 2022 nicht wesentlich verändert.

10. Wesentliche Änderungen in der Finanz- und Ertragslage von BJB und ihren konsolidierten Tochtergesellschaften

Die Finanz- und Ertragslage der BJB und ihrer konsolidierten Tochtergesellschaften hat sich seit dem 31. Dezember 2022 nicht wesentlich verändert.

11. Gerichts- und Schiedsverfahren betreffend die BJB

Mit Ausnahme der im folgenden offengelegten Verfahren bestanden im Zeitraum der letzten 12 Monate keine staatlichen Interventionen, Gerichts- oder Schiedsgerichtsverfahren (einschließlich derjenigen Verfahren, die nach Kenntnis von BJB noch anhängig sind oder eingeleitet werden könnten) bzw. wurden solche abgeschlossen, die sich erheblich auf die Finanzlage oder die Rentabilität von BJB und/oder ihrer konsolidierten Tochtergesellschaften auswirken bzw. in jüngster Zeit ausgewirkt haben.

II. BANK JULIUS BAER & CO. LTD., ZURICH

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

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

In rare cases in which the amount cannot be estimated reliably due to the early stage of the proceedings, the complexity of the proceedings and/or other factors, no provision is recognized but the case is disclosed as a contingent liability as of 31 December 2022. These contingent liabilities might have a material effect on BJB.

Described below are certain proceedings that might have a material effect on BJB.

In 2010 and 2011, litigation was commenced against BJB and numerous other financial institutions by the liquidators of the Fairfield funds (the "**Fairfield Liquidators**"), having acted as feeder funds for the Madoff fraudulent investment schemes. In the direct claims against BJB, the Fairfield Liquidators are seeking to recover a total amount of approximately USD 64 million in the courts of New York (including USD 17 million that relates to redemption payments made to clients of ING Bank (Suisse) SA, which merged with BJB in 2010 and USD 25 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with BJB in 2013. These claims have also been raised by BJB in connection with acquisition-related representation and warranties). The proceedings in the courts of the British Virgin Islands, where an amount of approximately USD 8.5 million have been claimed from BJB, were finally dismissed in favour of BJB with a ruling of the Privy Council, the highest court of appeals for the British Virgin Islands. In addition to the direct claims against BJB, the Fairfield Liquidators have made combined claims in the amount of approximately USD 1.8 billion against more than 80 defendants. Only a fraction of this amount is sought against BJB and its beneficial owners. The combined claims aggregate the damages asserted against all defendants, such that a reliable allocation of the claimed amounts between BJB and the other defendants cannot be made at this time.

II. BANK JULIUS BÄR & CO. AG, ZÜRICH

BJB ist im Rahmen des normalen Geschäftsgangs in verschiedene rechtliche, regulatorische und Schiedsgerichtsverfahren involviert. Das gegenwärtige Geschäftsumfeld birgt substanzielle rechtliche und regulatorische Risiken, deren Einfluss auf die finanzielle Stärke oder Profitabilität der BJB - je nach Stand der entsprechenden Verfahren - schwierig abzuschätzen ist.

BJB bildet für laufende und drohende Verfahren Rückstellungen, konkret dann, wenn nach Meinung des Managements die Wahrscheinlichkeit besteht, dass solche Verfahren eine finanzielle Verpflichtung oder einen Verlust nach sich ziehen oder dass finanzielle Konflikte ohne Anerkennung einer Rechtspflicht seitens BJB beigelegt werden können, und wenn der Betrag einer solchen Verpflichtung oder eines Verlusts verlässlich abgeschätzt werden kann.

In vereinzelten Fällen, in welchen der Betrag nicht verlässlich abgeschätzt werden kann, dies z.B. auf Grund des frühen Stadiums der Verfahren, der Komplexität der Verfahren und/oder anderer Faktoren, wird keine Rückstellung gebildet, sondern eine Eventualverbindlichkeit per 31. Dezember 2022 für den Fall ausgewiesen. Diese Eventualverbindlichkeiten können eine erhebliche Auswirkung auf BJB haben.

Nachstehend sind bestimmte Verfahren aufgeführt, die möglicherweise eine erhebliche Auswirkung auf BJB haben können.

In den Jahren 2010 und 2011 wurde gegen BJB sowie zahlreiche weitere Finanzinstitute von den Insolvenzverwaltern der Fairfield-Fonds (die "**Fairfield Liquidatoren**", letztere agierten als Feeder-Fonds für das betrügerische Anlagevehikel von B. Madoff) in New York und auf den Britischen Jungferninseln Klage eingereicht. Mit den direkt gegen BJB gerichteten Klagen verlangen die Fairfield Liquidatoren einen Gesamtbetrag von rund USD 64 Millionen vor Gerichten in New York (inklusive USD 17 Millionen welche mit Bezug auf Rückzahlungen an Kunden der ING Bank (Suisse) SA, welche 2010 mit BJB fusioniert wurde, geltend gemacht werden und inklusive USD 25 Millionen welche mit Bezug auf Rückzahlungen an Kunden der Merrill Lynch Bank (Suisse) SA, welche 2013 mit BJB fusioniert wurde, geltend gemacht werden. Diese Forderungen sind ebenfalls Gegenstand von vertragsrechtlichen Gewährleistungsansprüchen, welche die BJB geltend macht). Die Verfahren auf den Britischen Jungferninseln, im Rahmen deren ca. USD 8,5 Millionen von BJB gefordert werden, wurden zugunsten der BJB durch das höchste Gericht der Britischen Jungferninseln, das Privy Council, abgewiesen. Zusätzlich zu den direkten Klagen gegen BJB machen die Fairfield Liquidatoren kombinierte Ansprüche in Höhe von über USD 1,8 Milliarden gegenüber mehr als 80 Beklagten geltend. BJB und die Begünstigten werden nur auf einen Bruchteil dieses Betrags verklagt. Die kombinierten Ansprüche

Finally, in further proceedings, the trustee of Madoff's broker-dealer company (the "**Trustee**") seeks to recover over USD 110 million in the courts of New York (including USD 46 million which relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with BJB in 2013, such claims being subject to the acquisition-related representations and warranties provisions), largely in relation to the same redemption payments which are the subject matter of the claims asserted by the Fairfield Liquidators. BJB is challenging these actions on procedural and substantive grounds and has taken further measures to protect its interests.

beinhalten die kumulierten Forderungen gegenüber allen Beklagten, sodass eine verlässliche Zuordnung der geltend gemachten Ansprüche zwischen BJB und den übrigen Beklagten derzeit nicht möglich ist. Schliesslich macht der Liquidator von Madoffs Effektenhändler-Gesellschaft (der "**Liquidator**") in weiteren Verfahren vor Gerichten in New York einen Anspruch von über USD 110 Millionen geltend (inklusive USD 46 Millionen, welche mit Bezug auf Rückzahlungen an Kunden der Merrill Lynch Bank (Suisse) SA, welche 2013 mit BJB fusioniert wurde, geltend gemacht werden, und welche Gegenstand vertragsrechtlicher Gewährleistungsansprüche der BJB sind), dies hauptsächlich im Zusammenhang mit denselben Rückzahlungen, welche auch von den Fairfield Liquidatoren eingeklagt wurden. BJB ficht die Klagen basierend auf verfahrensrechtlichen und materiellen Gründen an und hat weitere Maßnahmen zum Schutz ihrer Interessen ergriffen.

In the proceedings initiated by the Trustee, the Bankruptcy Court in New York dismissed the case against BJB and other defendants based on extraterritoriality principles in November 2016. The Trustee has appealed this decision and in February 2019, the Court of Appeal has reversed the decision by the Bankruptcy Court. The Supreme Court denied reviewing such decision, therefore the proceedings continue with the Bankruptcy Court. In the proceedings initiated by the Liquidators, the Bankruptcy Court in New York has decided on certain aspects in December 2018, which have been appealed by the Liquidators. The Bankruptcy Court has additionally decided on certain other aspects in BJB's favour in late 2020. That decision has been appealed as well. Both appeals have been consolidated and remain pending. In August 2022, the U.S. District Court for the Southern District of New York ruled on the pending appeals and confirmed the Bankruptcy Court's decision. The Liquidators have appealed the decision to the Court of Appeals, where the appeal is currently pending. Further, in October 2021, BJB filed a motion to dismiss for lack of personal jurisdiction. In response, the Liquidators requested jurisdictional discovery, the scope of which is yet to be defined.

Das vom Liquidator initiierte Verfahren wurde vom Konkursgericht in New York im November 2016 aufgrund extraterritorialer Grundätze abgewiesen. Dieser Entscheid wurde vom Liquidator angefochten und im Februar 2019 hob das Appellationsgericht den Entscheid des Konkursgerichts auf. Der Supreme Court verweigerte eine Überprüfung des Entscheides, entsprechend wird das Verfahren vor dem Konkursgericht weitergeführt. In dem von den Liquidatoren initiierten Verfahren hat das Konkursgericht New York im Dezember 2018 erste Teilentscheide gefällt, welche wiederum angefochten wurden. Das Verfahren ist zwar noch hängig aber das Konkursgericht hat zusätzlich gewisse Teilentscheide zugunsten der BJB gefällt. Dieser Entscheid wurde ebenfalls angefochten. Beide Beschwerden wurden vereint und sind weiterhin hängig. Im August 2022 entschied das US-Bezirksgericht für den südlichen Bezirk von New York über die anhängigen Berufungen und bestätigte die Entscheidung des Konkursgerichts. Die Liquidatoren haben gegen die Entscheidung Berufung beim Berufungsgericht eingelegt, die derzeit noch anhängig ist. Darüber hinaus hat BJB im Oktober 2021 einen Antrag zur Abweisung der Klage wegen fehlender persönlicher Zuständigkeit eingereicht. Daraufhin beantragten die Liquidatoren eine gerichtliche Offenlegung, deren Umfang noch zu definieren ist.

In the context of an investigation against a former client regarding alleged participation in an environmental certificate trading related tax fraud in France, a formal procedure into suspected lack of due diligence in financial transactions has been initiated against BJB in June 2014 and been dismissed for formal reasons by a Court Order in March 2017. The deposit in the amount of EUR 3.75 million made in October 2014 by BJB with the competent French court as a precautionary measure representing the maximal possible fine was accordingly reimbursed to BJB. However, in July 2019, the same amount was deposited again, as in July 2017, a new procedure with respect to

In Frankreich wurde im Zusammenhang mit Untersuchungen gegen einen ehemaligen Kunden wegen möglicher Beteiligung an einem Abgabebetrug im Zusammenhang mit dem Handel von Umweltzertifikaten im Juni 2014 ein formelles Verfahren gegen BJB wegen Verdachts auf mangelnde Sorgfalt bei Finanzgeschäften eröffnet und aus verfahrensrechtlichen Gründen durch einen Gerichtsentscheid im März 2017 abgewiesen. Die von BJB im Oktober 2014 beim zuständigen Gericht hinterlegte Kaution im Betrag von EUR 3,75 Millionen als vorsorgliche Massnahme, im Umfang der höchstmöglichen Busse, wurde an BJB zurückbezahlt. Im the same matter was initiated against BJB. In May 2020, following an application by the prosecutor, the court admitted a new indictment against BJB in this matter. A trial in the matter took place in December 2021 at which a fine of EUR 5 million and a restitution amount of EUR 2 million was proposed to be charged against BJB. The competent court of First Instance issued its decision on 14 March 2022 and found the Bank guilty of aggravated money laundering and confirmed the fine of EUR 5 million but reduced the claimed restitution amount to EUR 0.4 million. The Bank has appealed this decision and continues to protect its interests.

Juli 2019 wurde jedoch derselbe Betrag erneut hinterlegt, als im Juli 2017 ein neues Verfahren in gleicher Sache gegen BJB eingeleitet wurde. Im Mai 2020 nach einem Antrag der Strafverfolgungsbehörde hat das Gericht eine neue Anklage gegen die BJB in dieser Sache zugelassen. Im Dezember 2021 fand ein Verfahren in dieser Angelegenheit statt, bei der eine Geldstrafe in Höhe von EUR 5 Millionen und eine Ersatzzahlung von EUR 2 Millionen gegen BJB beantragt wurde. Das zuständige Gericht erster Instanz erließ seinen Entscheid am 14. März 2022 und befand die Bank der schweren Geldwäsche für schuldig und bestätigte die Geldstrafe von EUR 5 Millionen., reduzierte jedoch den geforderten Rückerstattungsbetrag auf EUR 0.4 Millionen. Die Bank hat gegen diese Entscheidung Berufung eingelegt und verteidigt weiterhin ihre Interessen.

BJB is confronted with a claim by a former client arguing that BJB initiated transactions without appropriate authorizations and that BJB has not adhered to its duties of care, trust, information and warnings. In April 2015, the former client presented a complaint for an amount of USD 70 million (plus accrued interest) and Brazilian Real (BRL) 24 million, which, in January 2017, he supported with a payment order ("*Betreibungsbegehren*") in various currencies filed against BJB in the total amount of approximately CHF 139 million (plus accrued interest), which has been renewed yearly thereafter. BJB is contesting the claim whilst taking appropriate measures to defend its interests.

Ein ehemaliger Kunde der BJB macht geltend, dass die BJB ohne gültige Aufträge Transaktionen vorgenommen und ihre Sorgfalts-, Treue- sowie Informations- und Abmahnungspflichten verletzt habe. In diesem Zusammenhang machte der ehemalige Kunde im April 2015 eine Forderung in der Höhe von USD 70 Millionen (plus Zinsen) und Brasilianische Real (BRL) 24 Millionen geltend. Im Januar 2017 reichte er diesbezüglich ein Betreibungsbegehren in verschiedenen Währungen gegen BJB im Gesamtbetrag von ca. CHF 139 Millionen (zuzüglich aufgelaufenen Zinsen), welches seither jährlich erneuert wurde. BJB bestreitet die Forderung und hat angemessene Massnahmen zum Schutz ihrer Interessen getroffen.

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

Ein Investmentfonds, handelnd in eigenem Namen und im Auftrag dreier anderer betroffener Fonds hat die BJB im November 2014 in Genf in der Höhe von insgesamt rund USD 29 Millionen (plus Zinsen) eingeklagt. Die Fonds waren ehemalige Kunden der Bank of China (Suisse) SA, die in 2012 von der BJB übernommen wurde. Zusätzlich reichte der Kläger im Oktober 2015 eine Klageänderung ein, mittels welcher weitere rund USD 39 Millionen gefordert wurden. Im März 2017 hat der Kläger den Gesamtbetrag der Klage auf USD 44,6 Millionen reduziert. Der Kläger macht geltend, dass die Bank of China (Suisse) SA nicht nur als Depotbank kollektivanlagerechtlich, sondern auch als besicherter Gläubiger und Verwalter der Fonds, übermässige Hebelwirkung (Leverage) zugelassen habe. Weiter behauptet der Kläger, dass der Fonds auf Grund der Liquidation des beinahe ganzen Portfolios im Mai 2010 bedeutende Verluste erlitten habe und diese Liquidation durch die Bank of China (Suisse) S.A. ohne Zustimmung der Direktoren des Fonds unzeitgemäss, ordnungswidrig und in aussergewöhnlich unüblichen Marktverhältnissen erfolgt sei. BJB bestreitet die Forderung und hat Massnahmen zum Schutz ihrer Interessen getroffen. Zusätzlich sind diese Forderungen grundsätzlich Gegenstand von akquisitionsbezogenen, vertragsrechtlichen Gewährleistungsansprüchen aufgrund

Similarly BJB has received inquiries from, and has been cooperating with, authorities in Switzerland and the USA investigating corruption and bribery allegations surrounding Petróleos de Venezuela S.A. (PDVSA). These requests in particular focus on persons named in the indictment 'United States of America v. Francisco Convit Guruceaga, et al.' of 23 July 2018. The authorities in Switzerland and abroad have, in addition to the corruption and bribery allegations against third parties, opened investigations and are inquiring whether financial institutions failed to observe due diligence standards as applied in financial services and in particular in the context of anti-money laundering laws in relation to suspicious and potentially illegal transactions. FINMA's related enforcement procedure against BJB was closed by an order as published on 20 February 2020. BJB has been supporting related inquiries and investigations and has been cooperating with the competent authorities. In the meantime, FINMA also lifted an acquisition ban at the end of March 2021 initially imposed with the closing of the enforcement procedure in February 2020. This ban was lifted as consequence of BJB's material progress in the implementation of remediation measures, which was completed at the end of 2022. Related to the PDVSA matter, in November 2019, a former employee has filed a labour law-based claim in the amount of USD 34.1 million in Venezuela against several Julius Baer companies combined with a respective precautionary seizure request in the double amount. BJB is contesting the claim and seizure request while taking appropriate measures to defend its interests.

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

12. Material Contracts

There are no material contracts that are not entered into in the ordinary course of BJB's business which could result in BJB (including its affiliates) being under an obligation or entitlement that is material to BJB's ability to meet its

durch die Verkäuferin abgegebener Zusicherungen.

BJB hat ebenfalls Anfragen von Behörden erhalten, welche die Korruptions- und Bestechungsvorwürfe um die Petróleos de Venezuela S.A. (PDVSA) in der Schweiz und den USA untersuchen. Die Anfragen beziehen sich insbesondere auch auf Personen, die im sogenannten Indictment 'United States of America v. Francisco Convit Guruceaga, et al.' of 23 July 2018 genannt sind. Die Behörden in der Schweiz und im Ausland untersuchen, ob Finanzinstitute im Zusammenhang mit verdächtigen und potenziell widerrechtlichen Transaktionen die anwendbaren Sorgfaltsstandards insbesondere mit Bezug auf die Geldwäschevorschriften eingehalten haben. Das betreffende FINMA Enforcement-Verfahren gegen die BJB wurde mit der am 20. Februar 2020 veröffentlichten Verfügung abgeschlossen. BJB hat die damit verbundenen Ermittlungen und Untersuchungen unterstützt und mit den zuständigen Behörden kooperiert. Darüber hinaus hob die FINMA Ende März 2021 ein ursprünglich im Zusammenhang mit dem Abschluss des Enforcement Verfahrens im Februar 2020 verhängtes Akquisitionsverbot auf. Nachdem die BJB wesentliche Fortschritte bei der Umsetzung von Sanierungsmassnahmen, die Ende 2022 abgeschlossen waren, erzielt hatte, wurde dieses Verbot aufgehoben. Im Zusammenhang mit dem PDSVA Fall hat ein ehemaliger Mitarbeiter eine arbeitsrechtliche Klage mit einer Forderung von USD 34.1 Millionen und ein vorsorgliches Arrestbegehren in doppelter Höhe in Venezuela gegen verschiedene Julius Bär Gruppengesellschaften einegereicht. BJB bestreitet die Forderung und das Arrestbegehren und hat angemessene Maßnahmen zum Schutz ihrer Interessen getroffen.

Im Mai 2021 erlangte BJB davon Kenntnis, dass beim erstinstanzlichen High Court of the Hong Kong Special Administrative Region eine Klage (die "Klage") gegen sie eingereicht wurde. Die Klage wurde von SRC International (Malaysia) Limited ("SRC") eingereicht, mit der die SRC einen Betrag von USD 112 Millionen fordert und geltend macht, die BJB habe ihre Sorgfaltspflicht verletzt, indem sie in der Zeit zwischen 25. Oktober 2013 und September 2016 verschiedene Zahlungsaufträge akzeptierte und ausführte. Am 4. Mai 2022 wurden der Bank das geänderte Schreiben und die Klageschrift in Höhe von USD 112,5 Mio. zugestellt. BJB bestreitet die Forderung und wird angemessene Maßnahmen zum Schutz ihrer Interessen treffen.

12. Wesentliche Verträge

Es gibt keine wesentlichen Verträge, die nicht im Rahmen der normalen Geschäftstätigkeit abgeschlossen wurden und die dazu führen könnten, dass BJB (einschließlich ihrer Tochtergesellschaften) eine Verpflichtung oder ein obligations to security holders in respect of the securities being issued.

13. Rating

As of the date of this Registration Document, Moody's assigned ratings to BJB is as follows:

Long-Term Senior Unsecured and Issuer Rating: A2.

If above reference is made to the "long-term" rating then this expresses an opinion of the ability of BJB to honor long-term senior unsecured financial obligations and contracts. The rating has the following meaning:

Moody's: A*: Obligations rated A are considered upper-medium grade and are subject to low credit risk.

* Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Moody's is a credit rating agency established in the European Union and is registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011, and is listed in the list of registered rating agencies of the European Securities and Markets Authority at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs.

Recht erlangt, die bzw. das für die Fähigkeit der BJB, ihren Verpflichtungen gegenüber den Wertpapierinhabern in Bezug auf die ausgegebenen Wertpapiere nachzukommen, von wesentlicher Bedeutung ist.

13. Rating

Zum Datum dieses Registrierungsformulars, bewertet Moody's die Bank Julius Bär & Co. AG wie folgt:

Rating für langfristige, nicht nachrangige, ungesicherte Schuldtitel und Emittentenrating: A2.

Sofern sich das vorgenannte Rating auf "langfristig" bezieht, wird damit eine Meinung über die Fähigkeit der BJB, ihre langfristigen vorrangigen unbesicherten Finanzverbindlichkeiten und vertraglichen Verpflichtungen aus Finanzgeschäften zu erfüllen, ausgedrückt. Das Rating hat die folgende Bedeutung:

Moody's: A*: A geratete Verbindlichkeiten werden der "oberen Mittelklasse" zugerechnet und bergen ein geringes Kreditrisiko.

* Moody's verwendet in den Ratingkategorien "Aa" bis "Caa" zusätzlich numerische Unterteilungen. Der Zusatz "1" bedeutet, dass eine entsprechend bewertete Verbindlichkeit in das obere Drittel der jeweiligen Ratingkategorie einzuordnen ist, während "2" und "3" das mittlere bzw. untere Drittel anzeigen.

Moody's ist eine Ratingagentur mit Sitz in der Europäischen Union und ist im Einklang mit der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, abgeändert durch die Verordnung (EU) Nr. 513/2011, registriert und in der Liste der registrierten Ratingagenturen der Europäischen Wertpapier- und Marktaufsichtsbehörde unter http://www.esma.europa.eu/page/List-registered-and-certified-CRAs aufgeführt.

III. GENERAL INFORMATION

1. Statement on the BaFin approval

BJB hereby states that:

a) this Registration Document has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**"), as competent authority under Regulation (EU) 2017/1129;

b) BaFin only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129;

c) such approval should not be considered as an endorsement of BJB that is the subject of this Registration Document.

2. Responsibility statement

Bank Julius Baer & Co. Ltd., Bahnhofstrasse 36, 8001 Zurich, Switzerland (acting itself or acting through its Guernsey Branch, No. 1, The Plaza, Elizabeth Avenue, Admiral Park, P.O. Box 87, St. Peter Port, GBG-Guernsey GY1 4 BS), as BJB accepts responsibility for the information provided in this Registration Document pursuant to Section 8 WpPG in connection with Article 11 paragraph 1 sentence 2 of the Prospectus Regulation.

BJB declares that, to the best of its knowledge, the information contained in this Registration Document is in accordance with the facts and that the Registration Document makes no omission likely to affect its import.

3. Notification

BJB has requested BaFin to notify the competent authority in Austria, Lichtenstein, Luxembourg and Ireland in relation to this Registration Document with a certificate of approval (a "**Notification**") attesting that this Registration Document has been drawn up in accordance with the Prospectus Regulation and providing it with an electronic copy of this Registration Document. BJB may request BaFin to provide a Notification to competent authorities in additional member states within the European Economic Area.

III. ALLGEMEINE INFORMATIONEN

1. Hinweis zur Billigung durch die BaFin

BJB erklärt hiermit, dass

a) dieses Registrierungsformular durch die Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") als zuständige Behörde gemäß der Verordnung (EU) 2017/1129 gebilligt wurde;

b) die BaFin dieses Registrierungsformular nur bezüglich der Standards der Vollständigkeit, Verständlichkeit und Kohärenz gemäß der Verordnung (EU) 2017/1129 billigt;

c) eine solche Billigung nicht als eine Befürwortung der BJB, die Gegenstand dieses Registrierungsformulars ist, erachtet werden sollte.

2. Verantwortlichkeitserklärung

Die Bank Julius Bär & Co. AG, Bahnhofstrasse 36, 8001 Zürich, Schweiz (selbst handelnd oder durch ihre Zweigniederlassung Guernsey, No. 1, The Plaza, Elizabeth Avenue, Admiral Park, P.O. Box 87, St. Peter Port, GBG-Guernsey GY1 4 BS), BJB übernimmt nach § 8 WpPG i.V.m Artikel 11 Absatz 1 Satz 2 der Prospektverordnung die Verantwortung für die in diesem Registrierungsformular gemachten Angaben.

Die BJB erklärt, dass nach ihrem Wissen die in diesem Registrierungsformular enthaltenen Angaben richtig sind und keine Auslassungen enthält, die die Aussage des Registrierungsformulars verzerren können.

3. Notifizierung

Die BJB hat bei der BaFin die Übermittlung einer Bescheinigung über die Billigung (eine "**Notifizierung**") an die zuständigen Behörden in Österreich, Liechtenstein und Luxemburg in Bezug auf dieses Registrierungsformulars, aus dem hervorgeht, dass dieses Registrierungsformular im Einklang mit der Prospektverordnung erstellt wurde sowie die Übermittlung einer elektronischen Kopie dieses Registrierungsformulars, beantragt. Die BJB kann bei der BaFin eine Notifizierung an die zuständigen Behörden in weiteren Mitgliedstaaten des Europäischen Wirtschaftsraums beantragen.

4. Publication and validity of the Registration Document

This Registration Document shall be valid for twelve (12) months after its approval by BaFin; this Registration Document solely represents the status of the information contained in it at the time of its approval.

BJB may choose to produce a new registration document to replace this Registration Document whenever significant new information regarding the Issuer is available.

This Registration Document does not constitute an offer to sell or the solicitation of an offer to buy any security or to enter into any agreement and BJB is not soliciting any action based upon it. Nobody has been authorised by BJB to release more information or confirmations than provided in this Registration Document. If those information and confirmations are still given, investors should not rely on them as if they were authorised by BJB.

5. Documents Available

Copies of the following documents can be ordered free of charge from or will be available, during usual business hours, for inspection at Bank Julius Baer & Co.Ltd., Bahnhofstrasse 36, 8001 Zurich, Switzerland and may be inspected on the respective website indicated below:

- Articles of Association of Bank Julius Baer & Co. Ltd.*;
- BJB Consolidated Financial Statements 2021**;
- BJB Consolidated Financial Statements 2022**; and
- BJB Financial Statements 2022**.

* The document may be inspected on the following website: https://derivatives.juliusbaer.com/home/restricted/de/basisprospekte

** The document may be inspected on the following website:https://www.juliusbaer.com/en/media-investors/financial-information/financial-reporting/

4. Veröffentlichung und Gültigkeit des Registrierungsformulars

Dieses Registrierungsformular ist gültig für einen Zeitraum von zwölf (12) Monaten nach seiner Billigung durch die BaFin. Das Registrierungsformular gibt lediglich den Stand der in ihm enthaltenen Informationen zum Zeitpunkt seiner Billigung wieder.

Die BJB kann zu jeder Zeit, zu der maßgebliche neue Informationen über die Emittentin verfügbar sind, ein neues Registrierungsformular erstellen, um dieses Registrierungsformular zu ersetzen.

Das Registrierungsformular beinhaltet weder ein Angebot zum Verkauf noch eine Aufforderung zur Abgabe eines Angebots, Wertpapiere zu kaufen, oder einen Vertrag abzuschließen und BJB fordert zu keiner darauf basierenden Handlung auf. Keine andere Person ist von BJB autorisiert worden, über dieses Registrierungsformular hinausgehende Informationen oder Bestätigungen zu veröffentlichen. Sollten solche Informationen oder Bestätigungen dennoch erteilt werden, sollten Investoren auf diese nicht so vertrauen, als wären sie von BJB genehmigt.

5. Verfügbare Dokumente

Kopien der folgenden Dokumente können zu den üblichen Geschäftszeiten bei Bank Julius Bär & Co. AG, Bahnhofstrasse 36, 8001 Zürich, Schweiz eingesehen oder kostenfrei angefordert werden und kann auf den nachfolgend aufgeführten Webseiten eingesehen werden:

- Statuten der Bank Julius Bär & Co. AG*,
- BJB Konsolidierte Finanzinformationen 2021**,
- BJB Konsolidierte Finanzinformationen 2022**, und
- BJB Finanzinformationen 2022**.

* Das Dokument kann auf der folgenden Website eingesehen werden: https://derivatives.juliusbaer.com/home/restricted/de/basisprospekte

** Das Dokument kann auf der folgenden Website eingesehen werden: https://www.juliusbaer.com/en/media-investors/financial-information/financial-reporting/

6. Information Incorporated by reference

The following information contained in the Registration Document of BJB dated 10 June 2022 is incorporated by reference into this Registration Document in accordance with Article 19 (1)(a) of the Prospectus Regulation and forms part of this Registration Document:

Information*	Page of the Registration Document dated 10 June 2022**	Incorporated into this Registration Document on the following pages:
BJB Consolidated Financial Statements 2021		**34**
Consolidated Income Statement	K-1	34
Consolidated Statement of Comprehensive Income	K-2	34
Consolidated Balance Sheet	K-3 and K-4	34
Consolidated Statement of Changes in Equity	K-5 and K-6	34
Consolidated Statement of Cash Flows	K-7 and K-8	34
Notes	K-22 to K-90	34
Auditor's Report	K-91 to K-96	34

* The non-incorporated parts of the document are either not relevant for the investor or are covered elsewhere in this Registration Document.

** The Registration Document of the Issuer dated 10 June 2022 has been approved by BaFin and has been published on the website of BJB (https://derivatives.juliusbaer.com/ in section "Base Prospectus", "Programme for the issuance of derivatives 2022/2023") and can be downloaded by clicking on this link.

6. Mittels Verweis Aufgenommene Angaben

Die folgenden Angaben aus dem Registrierungsformular der BJB vom 10. Juni 2022 werden gemäß Artikel 19 (1)(a) der Prospektverordnung mittels Verweis in dieses Registrierungsformular aufgenommen und sind Bestandteil dieses Registrierungsformulars:

Information*	Seite des Registrierungs-formulars vom 10. Juni 2022**	Aufgenommen in dieses Registrierungs-formular auf den folgenden Seiten
BJB Konsolidierte Finanz-informationen 2021		**34**
Konsolidierte Gewinn- und Verlustrechnung	K-1	34
Konsolidierte Gesamtergebnis-rechnung	K-2	34
Konsolidierte Bilanz	K-3 und K-4	34
Konsolidierte Eigenkapital-veränderungs-rechnung	K-5 und K-6	34
Konsolidierte Kapitalflussrechnung	K-7 und K-8	34
Anhang	K-22 bis K-90	34
Bestätigungsvermerk der Abschlussprüfer	K-91 bis K-96	34

* Die nicht mittels Verweis aufgenommenen Teile eines Dokuments sind entweder für den Anleger nicht relevant oder sind an anderer Stelle im Prospekt enthalten.

** Das Registrierungsformular vom 10. Juni 2022 wurde von der BaFin gebilligt und wurde im Internet auf der Seite der BJB veröffentlicht (https://derivatives.juliusbaer.com/ unter "Basisprospekte", "Emissionsprogramme für Derivate 2022/2023") und kann durch klicken auf diesen Link heruntergeladen werden.

IV.
BJB Consolidated Financial Statements as at 31 December 2022

IV.
BJB Konsolidierte Finanzinformationen zum 31. Dezember 2022

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Note	**2022** CHF m	2021 CHF m	Change %
Interest income on financial instruments measured at amortised cost or FVOCI		**1,128.4**	670.4	68.3
Interest expense on financial instruments measured at amortised cost		**397.4**	93.1	326.9
Net interest income	1	**731.0**	577.3	26.6
Commission and fee income		**1,800.7**	2119.9	-15.1
Commission expense		**509.0**	576.5	-11.7
Net commission and fee income	2	**1,291.7**	1543.4	-16.3
Net income from financial instruments measured at FVTPL		**941.5**	834.4	12.8
Net credit losses/(recoveries) on financial assets		**21.1**	7.1	197.2
Other ordinary results	3	**95.2**	*106.8*	-10.9
Operating income		**3,038.3**	3,054.8	-0.5
Personnel expenses	4	**1,243.9**	1,207.3	3.0
General expenses	5	**764.0**	698.5	9.4
Depreciation of property and equipment	11	**65.8**	66.5	-1.1
Amortisation of customer relationships	12	**21.9**	32.2	-32.0
Amortisation and impairment of intangible assets	12	**104.8**	97.1	7.9
Operating expenses		**2,200.4**	2,101.6	4.7
Profit before taxes		**837.9**	953.2	-12.1
Income taxes	6	**110.2**	145.5	-24.3
Net profit attributable to the shareholder of Bank Julius Baer & Co. Ltd.		**727.7**	807.7	-9.9

	Note	**2022** CHF	2021 CHF	Change %
Share information				
Basic earnings per share (EPS)	17	**126.56**	140.47	-9.9
Diluted earnings per share (EPS)	17	**126.56**	140.47	-9.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022 *CHF m*	2021 *CHF m*
Net profit recognised in the income statement	**727.7**	807.7
Other comprehensive income (net of taxes):		
Items that may be reclassified to the income statement		
Net unrealised gains/(losses) on debt instruments measured at FVOCI	**-584.4**	-101.2
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	**-0.8**	-9.3
Effective portion of changes in fair value of hedging instruments designated as cash flow hedges	**-45.8**	-8.7
Cost of hedging related to cash flow hedges	**1.7**	-
Items that will not be reclassified to the income statement		
Net unrealised gains/(losses) on equity instruments designated at FVOCI	**-0.6**	31.5
Gains/(losses) from own credit risk on financial liabilities designated at fair value	**0.8**	3.1
Remeasurement of defined benefit obligation	**-3.3**	53.4
Other comprehensive income	**-632.4**	-31.2
Total comprehensive income attributable to the shareholder of Bank Julius Baer & Co. Ltd.	**95.3**	776.5

CONSOLIDATED BALANCE SHEET

	Note	**31.12.2022** *CHF m*	31.12.2021 *CHF m*
Assets			
Cash and balances at central banks		**8,236.4**	17,275.4
Due from banks	24	**4,382.6**	5,077.4
Receivables from securities financing transactions	21/24	**1,300.0**	24.1
Loans	24	**40,979.2**	46,399.0
Financial assets measured at FVTPL	8/23	**12,919.9**	14,681.2
Derivative financial instruments	22	**2,860.8**	2,097.0
Financial assets designated at fair value	23	**277.7**	306.9
Financial assets measured at FVOCI	9/24	**13,349.9**	13,231.5
Other financial assets measured at amortised cost	10/24	**3,802.3**	-
Property and equipment	11	**513.2**	425.2
Goodwill and other intangible assets	12	**2,263.6**	2,244.0
Accrued income and prepaid expenses		**455.2**	333.9
Deferred tax assets	6	**25.5**	2.4
Other assets	16	**6,480.6**	7,354.7
Total assets		**97,846.9**	109,452.7

	Note	**31.12.2022** CHF m	31.12.2021 CHF m
Liabilities and equity			
Due to banks		**5,762.4**	7,654.7
Payables from securities financing transactions	21/23	**339.6**	356.9
Due to customers		**68,900.0**	75,458.6
Financial liabilities measured at FVTPL	8/23	**601.8**	749.5
Derivative financial instruments	22	**3,047.5**	2,681.4
Financial liabilities designated at fair value	7/23	**11,571.4**	14,459.0
Debt issued	14	**724.2**	774.3
Accrued expenses and deferred income		**656.7**	563.6
Current tax liabilities		**252.2**	263.8
Deferred tax liabilities	6	**53.7**	66.0
Provisions	15	**42.5**	73.8
Other liabilities	16	**336.2**	266.6
Total liabilities		**92,288.2**	103,368.2
Share capital	17	**575.0**	575.0
Capital reserves		**1,931.0**	1,931.1
Retained earnings		**3,526.8**	3,423.5
Other components of equity		**-474.1**	154.9
Total equity attributable to shareholder of Bank Julius Baer & Co. Ltd.		**5,558.7**	6,084.5
Total liabilities and equity		**97,846.9**	109,452.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital *CHF m*	Capital reserves *CHF m*	Retained earnings *CHF m*
At 1 January 2021	575.0	1931.1	2925.2
Net profit	-	-	807.7
Items that may be reclassified to the income statement	-	-	-
Items that will not be reclassified to the income statement	-	-	53.4
Total other comprehensive income	-	-	53.4
Total comprehensive income	-	-	861.1
Dividend payment	-	-	-360.0
Share-based payments expensed for the year	-	-	63.1
Distribution to the parent related to share-based payments for the year	-	-	-65.9
At 31 December 2021	575.0	1931.1	3423.5
At 1 January 2022	**575.0**	**1931.1**	**3423.5**
Net profit	**-**	**-**	**727.7**
Items that may be reclassified to the income statement	**-**	**-**	**-**
Items that will not be reclassified to the income statement	**-**	**-**	**-3.3**
Total other comprehensive income	**-**	**-**	**-3.3**
Total comprehensive income	**-**	**-**	**724.4**
Dividend payment	**-**	**-**	**-620.0**
Share-based payments expensed for the year	**-**	**-**	**59.0**
Distribution to the parent related to share-based payments for the year	**-**	**-**	**-60.0**
At 31 December 2022	**575.0**	**1931.1**	**3526.9**

[1] Includes effective portion of changes in fair value of hedging instruments designated as cash flow hedges as well as cost of hedging related to cash flow hedges.

			Other components of equity	
OCI related to equity instruments at FVOCI *CHF m*	OCI related to debt instruments at FVOCI *CHF m*	Cash Flow hedges[1] *CHF m*	Own credit risk on financial liabilities designated at FV *CHF m*	Total equity attributable to shareholder of Bank Julius Baer & Co. Ltd. *CHF m*
120.4	123.0	-	-3.9	5670.8
-	-	-	-	807.7
-	-110.5	-8.7	-	-119.2
31.5	-	-	3.1	88.0
31.5	-110.5	-8.7	3.1	-31.2
31.5	-110.5	-8.7	3.1	776.5
-	-	-	-	-360.0
-	-	-	-	63.1
-	-	-	-	-65.9
151.9	12.5	-8.7	-0.8	6084.5
151.9	**12.5**	**-8.7**	**-0.8**	**6084.5**
-	**-**	**-**	**-**	**727.7**
-	**-585.2**	**-44.1**	**-**	**-629.3**
-0.6	**-**	**-**	**0.8**	**-3.1**
-0.6	**-585.2**	**-44.1**	**0.8**	**-632.4**
-0.6	**-585.2**	**-44.1**	**0.8**	**95.3**
-	**-**	**-**	**-**	**-620.0**
-	**-**	**-**	**-**	**59.0**
-	**-**	**-**	**-**	**-60.0**
151.3	**-572.7**	**-52.8**	**0.0**	**5558.8**

CONSOLIDATED STATEMENT OF CASH FLOWS

	2022 *CHF m*	2021 *CHF m*
Net profit	**727.7**	807.7
Adjustments to reconcile net profit to cash flow from/(used in) operating activities:		
Non-cash items included in net profit and other adjustments:		
- Depreciation of property and equipment	**65.8**	66.5
- Amortisation and impairment of intangible assets	**126.7**	129.3
- Change in loss allowance	**21.1**	7.1
- Deferred tax expense/(benefit)	**7.8**	-5.0
- Net loss/(gain) from investing activities	**-22.1**	-4.3
- Net loss/(gain) from financing activities	**0.4**	0.2
- Other non-cash income and expenses	**59.0**	63.1
Net increase/decrease in operating assets and liabilities:		
- Net due from/to banks	**-1,940.2**	325.9
– Net financial assets measured at FVTPL and derivative financial instruments	**1,244.1**	-873.6
- Net loans/due to customers	**-1,227.7**	2,592.6
- Issuance and repayment of financial liabilities designated at fair value	**-2,885.7**	1,306.2
- Accrued income, prepaid expenses and other assets	**752.8**	-1,054.8
- Accrued expenses, deferred income, other liabilities and provisions	**9.8**	-88.3
Adjustment for income tax expenses	**102.4**	150.5
Income taxes paid	**-117.9**	-78.7
Cash flow from operating activities	**-3,076.0**	3,344.4
Purchase of property and equipment and intangible assets	**-182.6**	-187.6
Net (investment in)/divestment of financial assets measured at FVOCI	**-276.6**	-
Net (investment in)/divestment of other financial assets measured at amortised cost	**-3,785.7**	1,280.9
Cash flow from investing activities	**-4,244.9**	1,093.3
Dividend payments	**-620.0**	-360.0
Distribution to the parent related to share-based payments for the year	**-60.0**	-65.9
Issuance of long-term debt, including financial liabilities designated at fair value	**-**	807.0
Cash flow from financing activities	**-680.0**	381.1
Net (decrease)/increase in cash and cash equivalents	**-8,000.9**	4,818.8
Cash and cash equivalents at the beginning of the year	**24,462.0**	19,660.8
Cash flow from operating activities	**-3,076.0**	3,344.4
Cash flow from investing activities	**-4,244.9**	1,093.3
Cash flow from financing activities	**-680.0**	381.1
Effects of exchange rate changes on cash and cash equivalents	**501.9**	-17.6
Cash and cash equivalents at the end of the year	**16,963.0**	24,462.0

Cash and cash equivalents are structured as follows:

	31.12.2022 *CHF m*	31.12.2021 *CHF m*
Cash and balances at central banks	**8,236.4**	17,275.4
Debt instruments measured at FVOCI (original maturity of less than three months)	**3,677.1**	2,687.8
Due from banks (original maturity of less than three months)	**3,749.4**	4,474.7
Receivables from securities financing transactions (original maturity of less than three months)	**1,300.0**	24.1
Total	**16,962.9**	24,462.0

Additional information	**31.12.2022** *CHF m*	31.12.2021 *CHF m*
Interest received in cash	**1,017.3**	617.1
Interest paid in cash	**475.3**	50.8
Dividends on equities received	**228.0**	207.8

Leasing	**31.12.2022** *CHF m*	31.12.2021 *CHF m*
Cash payments – leases	**39.7**	38.9
Cash payments – interest paid	**3.7**	3.8
Short-term lease payments	**0.4**	0.6
Total	**43.8**	43.3

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Bank Julius Baer & Co. Ltd. is a Swiss corporation. All of its shares are owned by Julius Baer Group Ltd., the ultimate parent company of the Julius Baer Group. Bank Julius Baer & Co. Ltd. is the central underwriter for traditional and innovative banking products. The Board of Directors approved these financial statements on 1 February 2023. In addition, they are submitted for approval at the Annual General Meeting on 23 March 2023.

Amounts in the consolidated financial statements are stated in Swiss francs. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Generally, the historical cost principle is applied, with the exception of financial assets measured at fair value through profit or loss or at fair value through other comprehensive income, derivative financial instruments, as well as certain financial liabilities that are measured at fair value, and precious metals that are measured at fair value less costs to sell.

USE OF ESTIMATES IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent liabilities. Actual results in future periods could differ from such estimates.

Estimates and assumptions are used mainly in the following areas of the consolidated financial statements and are in part discussed in the corresponding notes: determination of the fair values of financial instruments, assessment of the business model when classifying financial instruments, uncertainties in measuring provisions and contingent liabilities, loss allowances (measurement of expected credit losses), pension assets and liabilities (measurement of defined benefit obligation), income taxes (judgment regarding the interpretation of the applicable tax laws and the respective tax practice, such as transfer pricing or deductible versus non-deductible items, and anticipation of tax audit issues), share-based payments, goodwill and other intangible assets (determination in a business combination and measurement of recoverable amount) and contingent considerations.

ACCOUNTING POLICIES

All Bank companies apply uniform accounting and measurement principles, which have remained the same as in the previous year.

Business combinations
In a business combination, the acquirer obtains control over one or more businesses. The business combination is accounted for using the acquisition method. This involves recognising the identifiable assets, including previously unrecognised intangible assets, and liabilities of the acquired business, at acquisition-date fair value. Any excess of the consideration provided, such as assets or equity instruments issued and measured at acquisition-date fair value, over the identifiable net assets acquired, is recognised as goodwill. Transaction costs are expensed as incurred.

Foreign currency translation
In the individual financial statements of the Bank companies, income and expenses denominated in foreign currencies are translated at the exchange rate on the date of the respective transaction. Assets and liabilities are translated at the closing exchange rate on the balance sheet date. The resulting gains and losses on monetary assets and liabilities are recognised in the income statement as foreign exchange gains/losses.

The following exchange rates are used for the major currencies:

	Year-end rates		Average exchange rates for the year	
	31.12.2022	31.12.2021	**2022**	2021
USD/CHF	**0.9252**	0.9111	**0.9539**	0.9150
EUR/CHF	**0.9875**	1.0362	**1.0020**	1.0795
GBP/CHF	**1.1129**	1.2341	**1.1729**	1.2580

Revenue recognition
The Bank uses a model for the recognition of revenues which features a contract-based five-step analysis of transactions to determine whether, to what extent and when revenue is recognised:

- identify the contract(s) with a customer (step 1);
- identify the performance obligations in the contract (step 2);
- determine the transaction price (step 3);
- allocate the transaction price to the performance obligations in the contract (step 4);
- recognise revenue when (or as) the Bank satisfies a performance obligation (step 5).

The Bank recognises fee and commission income related to its wealth management-related services either at the time the service is performed, i.e. upon execution of a transaction, or in the corresponding periods over the life of a contract if services are provided over a certain period of time. In all cases, the fees and commissions must be based on a legally enforceable contract. Income and income components that are based on performance are recognised to the extent that it is highly probable that a significant reversal will not occur.

Financial instruments
Recognition
All financial instruments are initially measured at fair value; for financial instruments not at fair value through profit or loss, eligible transaction costs are included.

Foreign exchange, securities and derivatives transactions are recorded in the balance sheet on trade date. All other financial instruments are recorded on settlement date.

Measurement
Two criteria are used to determine how financial assets should be classified and subsequently measured:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

A business model refers to how an entity manages its financial assets in order to achieve a particular business objective and to generate cash flows:

- by collecting contractual cash flows, i.e. cash flows stem primarily from interest payments and repayment of principal;
- by selling the financial assets, i.e. cash flows stem primarily from buying and selling the financial asset; or
- by a combination of the two models above.

The additional criterion for determining the classification of a financial asset is whether the contractual cash flows are solely payments of principal and interest (SPPI criterion). Interest under this model mainly comprises returns for the time value of money, credit risk, administration costs and a profit margin. Interest is accounted for under the effective interest method.

Based on the analysis of the business model and the nature of the contractual cash flows, a financial asset is allocated at initial recognition to one of the three principal classification categories and subsequently measured at either:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

Amortised cost: A debt instrument is measured at amortised cost if the following conditions are fulfilled:

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- it meets the SPPI criterion.

The Bank originates Lombard and mortgage loans related to its business with wealth management clients. Such loans are held to maturity and to collect the contractual interests during the loan term and they also fulfil the SPPI criterion. The Bank's loans are therefore measured at amortised cost.

The Bank holds balances with other banks, which are accounted for at amortised cost if the above conditions are fulfilled.

As part of its treasury activities, the Bank holds a portfolio of bonds which are accounted for at amortised cost.

Fair value through other comprehensive income (FVOCI): A debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met:

- it is held within a business model in which assets are managed both in order to collect contractual cash flows and for sale; and
- it meets the SPPI criterion.

The Bank acquires debt instruments (bonds, money market instruments) for its asset and liability management purposes, i.e. to collect the contractual cash flows and/or for sale. The Bank's debt instruments in this portfolio are therefore measured at fair value through other comprehensive income if the SPPI criterion is fulfilled as well.

Fair value through profit or loss (FVTPL): All financial assets that do not meet the SPPI criterion and/or are not held in a business model 'held to collect' or 'held to collect or for sale' are measured at fair value through profit or loss.

The Bank applies this measurement principle to its trading portfolio, its derivatives and some financial instruments mandatorily measured at FVTPL.

In addition, at initial recognition, an entity has the option to irrevocably designate financial instruments as at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities, or recognise the gains or losses on them, on different bases.

The Bank applies this fair value option to certain financial assets related to its issued structured notes.

Equity instruments: Equity instruments are generally accounted for at fair value through profit or loss. However, at initial recognition, an entity may make an irrevocable election, on an instrument-by-instrument basis, to present in other comprehensive income (OCI) changes in the fair value of the equity instrument that is not held for trading.

The Bank applies the OCI option to its investments in service providers that are necessary to run the Bank's daily business. All other equity investments, including the equities held for trading purposes, are measured at FVTPL.

Financial liabilities: Financial liabilities are classified and subsequently measured at amortised cost, except for instruments that are held for trading (including derivatives) which are recognised at FVTPL.

The Bank applies this measurement principle to its amounts due to banks and customers (deposits) and its debt issued (bonds).

Financial liabilities may initially be designated as at fair value through profit or loss (the fair value option – see conditions above).

This fair value option for financial liabilities requires that the amount of change in fair value attributable to changes in the own credit risk of the liability be presented in other comprehensive income (OCI) without reclassification to the income statement. The remaining amount of total gain or loss is included in the income statement.

The Bank applies the fair value option to its issued structured notes.

Expected credit losses (ECL)

General ECL model: An entity is required to recognise expected credit losses at initial recognition of any financial instrument and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of the respective instruments.

In general, the expected credit loss model uses a dual measurement approach:

– if the credit risk of a debt instrument has not increased significantly since its initial recognition, the debt instrument will attract a loss allowance equal to the 12-month expected credit losses ('stage 1' ECL);
– if the credit risk of a debt instrument has increased significantly since its initial recognition, the debt instrument will attract a loss allowance equal to lifetime expected credit losses ('stage 2' ECL) or the debt instrument is impaired ('stage 3' ECL).

At initial recognition, the Bank classifies all financial assets in stage 1 since it does not acquire or originate credit-impaired debt instruments.

Significant increase: If a significant increase in credit risk has occurred to the financial instrument, the instrument moves from stage 1 to stage 2. The threshold applied varies depending on the original credit quality of the counterparty. For assets with lower default probabilities at origination due to good credit quality of the counterparty, the threshold for a significant increase in credit risk is set at a higher level than for assets with higher default probabilities at origination. This implies that for financial assets with initially lower default probabilities a relatively higher deterioration in credit quality is needed to trigger a significant increase than for those assets with originally higher probabilities of default.

The model is symmetric, meaning that if the transfer condition (significant increase) is no longer met, the financial asset is transferred back into the 12-month expected credit losses category (stage 1).

Measurement of ECL: An entity should measure expected credit losses of a financial instrument in a way that reflects:

– an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, i.e. based on probability of default;
– the time value of money; and
– reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

Generally, ECL calculations are based on four components:

- probability of default (PD)
- exposure at default (EAD)
- loss given default (LGD)
- discount rate (IR)

These four components are used in the following basic formula: ECL = PD * EAD * LGD * IR

Recognition of the loss allowance and write-offs: The impairment loss recognised in the income statement (net losses/(recoveries) on financial assets) is the amount required to adjust the loss allowances from the previous reporting date to the current reporting date due to the periodic detailed ECL calculation.

In the balance sheet, the loss allowance related to debt instruments measured at amortised cost is deducted directly from the asset. For debt instruments measured at FVOCI, the loss allowance is recognised in other comprehensive income (equity) and therefore does not reduce the carrying amount of the asset in the balance sheet. This ensures that the carrying amount of these assets is always measured at the fair value.

The gross carrying amount of a financial asset is written off when there is no reasonable expectation of recovery of the amount, i.e. the amount outstanding is deemed uncollectible or forgiven. The time of each write-off is individually determined on a case-by-case basis once the Credit Department decides that there is no reasonable expectation of recovery. For collateralised loans, it is only after a foreclosure sale of the pledged assets that a write-off takes place for any remaining uncovered balance.

Cash
Cash includes notes and coins on hand, as well as balances held with central banks.

Securities lending and borrowing transactions
Securities lending and borrowing transactions are collateralised by securities or cash. The transactions are usually conducted under standard agreements employed by the market participants; the counterparties are subject to the Bank's normal credit risk process.

Securities borrowed as well as securities received by the Bank as collateral under securities lending transactions are only recorded in the balance sheet if the Bank obtains control of the contractual rights (risks and rewards of ownership) associated with these securities. Similarly, securities lent as well as securities provided by the Bank as collateral under securities borrowing transactions are only derecognised from the balance sheet if the Bank relinquishes control of the contractual rights associated with these securities. Securities lent and securities provided as collateral that remain in the balance sheet are remeasured according to the respective position they are recorded in. The fair values of securities received or provided are monitored daily in order to provide or request additional collateral in accordance with the underlying agreements.

Cash collateral received is recognised with a corresponding obligation to return it, and cash collateral provided is derecognised and a corresponding receivable reflecting the Bank's right to receive it back is recognised.

Fees received or paid in connection with securities lending and borrowing transactions are recognised as commission income or commission expenses on an accrual basis.

Repurchase and reverse repurchase transactions
Reverse repurchase transactions and repurchase transactions are considered secured financing transactions and are recorded at the value of the cash provided or received. The transactions are generally conducted under standard agreements employed by the market participants; the counterparties are subject to the Bank's normal credit risk process.

Securities received and securities delivered are only recorded in the balance sheet or derecognised from the balance sheet if control of the contractual rights (risks and rewards of ownership) associated with these securities is relinquished as well. The fair values of the securities received or delivered are monitored daily in order to provide or request additional collateral in accordance with the underlying agreements.

Cash received is recognised with a corresponding obligation to return it, and cash provided is derecognised and a corresponding receivable reflecting the Bank's right to receive it back is recognised.

Interest income from reverse repurchase transactions and interest expenses from repurchase transactions are accrued in the corresponding periods over the life of the underlying transactions in the respective interest positions.

Derivative financial instruments
Derivative financial instruments held for trading, including foreign exchange products, interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options (written options as well as purchased options), are recognised at fair value through profit or loss. In order to calculate the fair value, corresponding stock exchange prices, discounted cash flow models and option pricing models are employed. Derivatives are reported as an asset position if their fair value is positive and as a liability position if their fair value is negative. Changes in fair value on trading positions are recognised in net income from financial instruments measured at FVTPL.

Hedging
An entity may choose to designate a hedging relationship between a hedging instrument and a hedged item in order to achieve hedge accounting. Prior to the application of hedge accounting, all of the following steps must have been completed:

- identification of eligible hedged item(s) and hedging instruments;
- identification of an eligible hedged risk;
- verification that the hedge relationship meets the definition of one of the permitted types (see below);
- verification that the qualifying criteria for hedge accounting are met; and
- formal designation of the hedge relationship.

The Bank applies the following hedge accounting models:

Fair value hedge (FVH) accounting: The risk being hedged in a fair value hedge is a change in the fair value of an asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect the income statement. The changes in fair value might arise through changes in interest rates, foreign exchange rates or equity prices, i.e. the item to hedge is 'some fixed item', which however underlies variability due to market changes, which shall be prevented.

For an FVH, an adjustment is made to the carrying value of the hedged item to reflect the change in the value due to the hedged risk, with an offset to the income statement for the change in value of the hedging instrument. Where the offset is not complete, this will result in ineffectiveness to be recorded in the income statement.

Cash flow hedge (CFH) accounting: The risk being hedged in a cash flow hedge is the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, an unrecognised firm commitment or a highly probable forecast transaction, and could affect the income statement. The item to hedge is 'some variable item', i.e. producing some variable cash amount, which shall be stabilised (the amount shall be fixed).

For a CFH, the carrying amount of the hedged item, which may not even be recognised yet, is unchanged. The effect of hedge accounting is to defer the effective portion of the change in value of the hedging instrument in other comprehensive income. Any ineffective portion remains in the income statement as ineffectiveness.

Remaining hedge accounting under IAS 39: As permitted under IFRS 9, the Bank continues to apply the hedge accounting requirements of IAS 39 to fair value hedges of portfolio interest rate risk related to Lombard loans.

Economic hedges: Certain derivative transactions represent financial hedging transactions and are in line with the risk management principles of the Bank. However, in view of the strict and specific guidelines of IFRS, they do not fulfil the criteria to be treated as hedging transactions for accounting purposes. They are therefore reported as trading positions. Changes in value are recorded in the income statement in the corresponding period.

Property and equipment
Property and equipment includes bank premises, IT, communication systems, leasehold improvements as well as other equipment. They are carried at cost less accumulated depreciation and impairment losses. Items of property and equipment are depreciated over their estimated useful lives using the straight-line method.

Bank premises are depreciated over a period of 66 years. Leasehold improvements are depreciated over the shorter of the residual lease term or useful life. IT hardware is depreciated over three years and other items of property and equipment generally over five to ten years.

Leasehold improvements are investments made to customise buildings and offices occupied under lease contracts to make them suitable for the intended purpose. If a leased property must be returned to its original condition at the end of the lease term, the present value of the estimated reinstatement costs is capitalised as part of the total leasehold improvement costs. At the same time, a liability for reinstatement costs is recognised to reflect the obligation incurred. The reinstatement costs are recognised in the income statement through depreciation of the capitalised leasehold improvements over their useful life.

Subsequent expenditure on an item of property and equipment is recognised in the carrying value of the item if it is probable that the Bank will profit from the future economic benefits of the investment. Current maintenance and servicing costs are recognised in general expenses.

On each balance sheet date, the items of property and equipment are reviewed for indications of impairment. If such indications exist, it is determined whether the carrying amount of the item is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

Leases
A lessee recognises right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the respective lease payments during the lease term. The lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability in the income statement.

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

As the implicit rate in leases is generally not available, the Bank as a lessee applies its incremental borrowing rate. This rate is determined based on the Bank's actual funding rate (by currency and term), which is provided to the Bank by external sources on a regular basis.

The Bank is lessor in a very limited number of lease contracts only, with all the leases qualifying as operating leases, meaning that the underlying assets remain on the balance sheet of the lessor and the lease payments are recognised on a straight-line basis.

Goodwill and intangible assets
Goodwill and intangible assets are classified into the following categories:

Goodwill: In a business combination, the acquiree's identifiable assets and liabilities are recognised at their respective fair value at acquisition date. Goodwill is measured as the difference between the sum of the fair value of consideration transferred and the recognised amount of the identifiable assets acquired and liabilities assumed. Goodwill is not amortised; it is tested for impairment annually at the cash-generating-unit level, and an impairment loss is recognised if the recoverable amount is less than its carrying amount.

Customer relationships: This position comprises long-term customer relationship intangibles from recent business combinations that are initially recognised at fair value at the date of acquisition. Customer relationships are amortised over their estimated useful life not exceeding ten years, using the straight-line method.

Software: The Bank capitalises costs relating to the acquisition, installation and development of software if it is probable that the future economic benefits that are attributable to the asset will flow to the Bank and that the costs of the asset can be identified and measured reliably. The capitalised software is amortised using the straight-line method over its useful life not exceeding ten years.

On each balance sheet date, the intangible assets with a finite life (customer relationships, software) are reviewed for indications of impairment. If such indications exist, it is determined whether the carrying amount of the intangible assets is fully recoverable, and an impairment loss is recognised if the carrying amount exceeds the recoverable amount.

Provisions
A provision is recognised if, as a result of a past event, the Bank has a legal or constructive present obligation existing on the balance sheet date that will probably lead to an outflow of resources and whose amount can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation as at the balance sheet date, taking into account the risks and uncertainties related to the obligation. The recognition and release of provisions are recorded in the income statement through general expenses.

Income taxes
Income tax expense comprises current and deferred taxes. The Bank is subject to income taxes in numerous countries. Current income taxes are calculated on the basis of the applicable tax laws of the respective countries and are recognised as expense in the financial year in which the related taxable income arises. Liabilities related to current taxes are recognised in the balance sheet as current tax liabilities.

Deferred tax assets and deferred tax liabilities are taken into account for the expected future tax consequences of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax values.

Deferred tax assets arising from temporary differences and from loss carryforwards eligible for offsetting are capitalised if it is likely that sufficient taxable profits will be available against which those differences or loss carryforwards can be offset. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are calculated at tax rates expected to apply in the period in which the tax assets will be realised, or the tax liabilities settled.

Current tax assets and tax liabilities are offset against each other when they refer to the same taxable entity, concern the same tax authority, and an enforceable right to offset exists. The same rule applies to deferred tax assets and liabilities.

Current and deferred taxes are credited or charged directly to equity if the taxes refer to items that are credited or charged directly to equity.

Post-employment benefits
For defined benefit plans, the net defined benefit liability recognised in other liabilities in the balance sheet is the present value of the defined benefit obligation less the fair value of the plan assets as of the reporting date. If the fair value of the plan's assets is higher than the present value of the defined benefit obligation, the recognition of the resulting net asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan ('asset ceiling').

The Bank applies the projected unit credit method to determine the present value of the defined benefit obligation and the current and past service cost. The corresponding calculations are carried out by independent qualified actuaries.

All changes in the present value of the defined benefit obligation and in the fair value of the plan assets are recognised in the financial statements immediately in the period they occur. Service costs, including past service costs, and net interest on the net defined benefit liability are recognised in the income statement in personnel expenses. The Bank determines the net interest expense based on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation. The remeasurement of the net defined benefit liability which comprises movements in actuarial gains and losses and return on plan assets (excluding net interest cost) is recognised in other comprehensive income.

For defined contribution pension plans, the contributions are expensed when the employees render the corresponding service to the Bank.

Share-based payments
The Bank maintains various share-based payment plans in the form of share plans for its employees. When such payments are made to employees, the fair value of these payments at grant date serves as the basis for calculating the personnel expenses. Share-based payments that are not subject to any further conditions are expensed immediately at grant date. Share-based payments that are subject to the completion of a service period or to other vesting conditions are expensed over the respective vesting period. The amount recognised as an expense is adjusted to reflect the number of share awards for which the related services and non-market performance vesting conditions are expected to be met.

Share-based payment plans that are settled in equity instruments of the parent (i.e. Julius Baer Group Ltd. shares) qualify as equity-settled share plans and are not remeasured for subsequent changes in the fair value of the underlying equity instruments. The difference between the grant-date fair value of the plan and the actual purchase price of the shares is recognised as a capital contribution from, or a capital refund to the parent, respectively.

Share capital
The share capital comprises all issued, fully paid shares of Bank Julius Baer & Co. Ltd.

Capital reserves
Capital reserves represent the additional proceeds (premium) received from the issue of shares by Bank Julius Baer & Co. Ltd. and from the exercise of conversion rights and warrants on Bank Julius Baer & Co. Ltd.

Earnings per share (EPS)
Basic consolidated earnings per share is calculated by dividing the net profit for the reporting period attributable to shareholders of Bank Julius Baer & Co. Ltd. by the weighted average number of shares outstanding during the reporting period.

Segment reporting
Determination of the operating segments is based on the management approach. The management approach reflects the way in which management organises the entity for making operating decisions and for assessing performance, based on discrete financial information. Therefore, the adoption of the management approach results in the disclosure of information for segments in substantially the same manner as they are reported internally and used by the entity's chief operating decision maker for the purposes of evaluating performance and making resource allocation decisions.

Contingent liabilities and irrevocable commitments
Contingent liabilities and irrevocable commitments are not recognised in the balance sheet. However, if an outflow of resources becomes probable and is a present obligation from a past event that can be reliably measured, a respective liability is recognised.

CHANGES IN ACCOUNTING POLICIES

As of 1 January 2022, the Bank did not apply any material new or amended standards.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new standards, revisions and interpretations of existing standards were published that must be applied in future financial periods. The Bank plans not to adopt these in advance. A number of these changes may have an impact on the Bank's consolidated financial statements, as outlined below.

The following amendments may be relevant to the Bank:

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
These amendments regarding the application of materiality to disclosure of accounting policies require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of an entity's financial statements make on the basis of those financial statements.

The amendments are effective as of 1 January 2023. They are not expected to have a material impact on the Bank's financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty, meaning that the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy.

The amendments are effective as of 1 January 2023. They are not expected to have a material impact on the Bank's financial statements.

COMMENT ON RISK MANAGEMENT

The Content in the Consolidated Financial Statement of

Bank Julius Baer & Co. Ltd set out under this heading was deleted

COMMENT ON CAPITAL MANAGEMENT

MANAGEMENT OF CAPITAL INCLUDING REGULATORY CAPITAL

For information about capital management including regulatory capital, refer to the respective section in the Annual Report 2022 of Julius Baer Group Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTE 1 NET INTEREST INCOME

	2022 *CHF m*	2021 *CHF m*	Change *%*
Interest income on amounts due from banks	**27.7**	1.3	-
Interest income on loans	**844.9**	521.1	62.1
Interest income on debt instruments at FVOCI	**179.0**	114.1	56.9
Interest income on debt instruments at amortised costs	**57.1**	-	-
Negative interest received on financial liabilities	**19.7**	33.9	-41.9
Interest income on financial instruments measured at amortised cost or FVOCI	**1,128.4**	670.4	68.3
Interest expense on amounts due to banks	**26.3**	2.9	-
Interest expense on amounts due to customers	**322.3**	41.2	-
Interest expense on debt issued	**0.7**	0.4	75.0
Negative interest paid on financial assets	**44.4**	44.9	-1.1
Interest expense on lease liabilities	**3.7**	3.7	-
Interest expense on financial instruments measured at amortised cost	**397.4**	93.1	-
Total	**731.0**	577.3	26.6

NOTE 2 NET COMMISSION AND FEE INCOME

	2022 *CHF m*	2021 *CHF m*	Change *%*
Advisory and management fees	**1,243.0**	1,282.2	-3.1
Brokerage commissions and income from securities underwriting	**522.2**	776.9	-32.8
Commission and fee income on other services	**35.5**	60.8	-41.6
Total commission and fee income	**1,800.7**	2,119.9	-15.1
Commission expense	**509.0**	576.5	-11.7
Total	**1,291.7**	1,543.4	-16.3

NOTE 3 OTHER ORDINARY RESULTS

	2022 *CHF m*	2021 *CHF m*	Change *%*
Dividend income on equity instruments at FVOCI	**11.9**	21.0	-43.3
Result from disposal of debt instruments at FVOCI	**0.2**	9.8	-98.0
Real estate income	**6.3**	5.5	14.5
Other ordinary income	**76.8**	70.5	8.9
Other ordinary expenses	**0.0**	0.0	-
Total	**95.2**	106.8	-10.9

NOTE 4 PERSONNEL EXPENSES

	2022 *CHF m*	2021 *CHF m*	Change %
Salaries and bonuses	**962.8**	954.0	0.9
Contributions to staff pension plans (defined benefits)	**86.0**[1]	75.8	13.5
Contributions to staff pension plans (defined contributions)	**22.0**	23.4	-6.0
Other social security contributions	**78.8**	74.0	6.5
Share-based payments	**59.0**	63.1	-6.5
Other personnel expenses	**35.3**	17.0	107.6
Total	**1,243.9**	1,207.3	3.0

[1] Includes the loss from a plan amendment to the Swiss pension plan in the amount of CHF 6.6 million.

NOTE 5 GENERAL EXPENSES

	2022 *CHF m*	2021 *CHF m*	Change %
Occupancy expense	**22.7**	21.4	6.1
IT and other equipment expense	**81.8**	75.3	8.6
Information, communication and advertising expense	**156.3**	140.4	11.3
Service expense, fees and taxes	**392.5**	395.4	-0.7
Provisions and losses	**109.5**	63.1	73.5
Other general expenses	**1.2**	2.9	-58.6
Total	**764.0**	698.5	9.4

NOTE 6A INCOME TAXES

	2022 *CHF m*	2021 *CHF m*
Income tax on profit before taxes (statutory tax expense)	**167.4**	190.7
Effect of tax rate differences in foreign jurisdictions	**-18.7**	-23.5
Effect of domestic tax rate differences	**-5.5**	-5.1
Income subject to a reduced tax rate	**-24.5**	5.0
Adjustments related to prior years	**-16.7**	-33.7
Non-deductible expenses	**10.6**	14.6
Other	**-2.4**	-2.5
Actual income tax expense	**110.2**	145.5

The basis for the above table is the statutory income tax rate of 19.0% (2021: 19%) which corresponds to the average Bank tax rate in Switzerland.

There are no unrecognized accumulated loss carryforwards in the Bank.

The Bank applies management judgement in identifying uncertainties related to income tax treatments and the respective interpretations by local tax authorities. The Bank operates in an international tax environment that has become more complex and challenging in recent years because of multinational (e.g., Base Erosion and Profit Shifting project by OECD/G20) and unilateral initiatives. Among others, the Bank applies transfer pricing arrangements among different Bank entities due to its cross-border operations to correctly align taxable profits with value creation. Therefore, the Bank entities' tax filings in different jurisdiction include deductions related to such transfer pricing arrangements and the local tax authorities may challenge the applied tax treatment. However, based on its ongoing analysis of the tax regulations and the respective application in the different locations as well as the benchmarking process, the Bank is of the opinion that its transfer pricing arrangements will be accepted by the tax authorities. Moreover, the tax treatment of various items requires an interpretation of local tax law and practice in many jurisdictions to the best of the Bank's knowledge. In addition, the Bank books provisions where adequate to cover future potential tax. After considering the above, the Bank is of the opinion that the tax expense and tax liabilities in the financial statements are adequate and based on reasonable judgements by tax professionals.

The OECD/G20 plans to introduce a new minimum taxation regime under GloBE Model Rules (Global Anti-Base Erosion – Pillar 2), which applies to multinational groups that have consolidated revenues of EUR 750 million or more. The Bank is expected to be in scope of this new regime. No countries have finalised changes to their tax law (incl. Switzerland which will hold the public vote on 18 June 2023) and many aspects under the GloBE Model Rules are unclear. The effective date is expected to be 1 January 2024 or later. Additionally, it may be unclear how the top-up tax will be accounted for under IAS 12 Income Taxes. The Bank is currently assessing the draft rules, but the quantitative impact is not yet known and cannot reasonably be estimated at present.

	2022 *CHF m*	2021 *CHF m*	Change *%*
Domestic income taxes	**66.1**	88.5	-25.3
Foreign income taxes	**44.1**	57.0	-22.6
Total	**110.2**	145.5	-24.3

Current income taxes	**102.4**	150.5	-32.0
Deferred income taxes	**7.8**	-5.0	-
Total	**110.2**	145.5	-24.3

NOTE 6B TAX EFFECTS RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

			2022
	Before-tax amount *CHF m*	Tax (expense)/ benefit *CHF m*	Net of tax amount *CHF m*
Items that may be reclassified to the income statement			
Net unrealised gains/(losses) on debt instruments measured at FVOCI	-626.6	42.2	-584.4
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	-0.9	0.1	-0.8
Cash flow hedges	-45.8	-	-45.8
Cost of hedging related to cash flow hedges	1.7	-	1.7
Items that will not be reclassified to the income statement			
Net unrealised gains/(losses) on equity instruments designated at FVOCI	-0.7	0.1	-0.6
Own credit on financial liabilities designated at fair value	0.8	-	0.8
Remeasurement of defined benefit obligation	-4.1	0.8	-3.3
Other comprehensive income	**-675.6**	**43.2**	**-632.4**

			2021
	Before-tax amount *CHF m*	Tax (expense)/ benefit *CHF m* *restated*	Net of tax amount *CHF m*
Items that may be reclassified subsequently to the income statement			
Net unrealised gains/(losses) on debt instruments measured at FVOCI	-108.4	7.2	-101.2
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	-9.6	0.3	-9.3
Cash flow hedges	-8.7	0.0	-8.7
Items that will not be reclassified to the income statement			
Net unrealised gains/(losses) on equity instruments designated at FVOCI	38.9	-7.4	31.5
Own credit on financial liabilities designated at fair value	3.1	-	3.1
Remeasurement of defined benefit obligation	65.9	-12.5	53.4
Other comprehensive income	-18.8	-12.4	-31.2

NOTE 6C DEFERRED TAX ASSETS

	31.12.2022 *CHF m*	31.12.2021 *CHF m*
Balance at the beginning of the year	**2.4**	-
Income statement - credit	**3.6**	-
Translation differences and other adjustments	**19.5**	2.4
Balance at the end of the year	**25.5**	2.4

The components of deferred tax assets are as follows:

Employee compensation and benefits	**6.2**	7.3
Financial assets at FVOCI	**34.3**	0.6
Property and equipment	**0.1**	0.5
Other	**4.5**	1.8
Deferred tax assets before set-off[1]	**45.1**	10.2
Offset	**-19.6**	-7.8
Total	**25.5**	2.4

[1] For balance sheet purposes, the Bank recognises either a deferred tax asset or a deferred tax liability as per entity if that entity is allowed to net its deferred tax assets and deferred tax liabilities in line with the local tax rules. Disaggregation of these net balances (in this case deferred tax assets) into the single components may result in negative amounts (in this case deferred tax liabilities) which are disclosed as offsetting amounts.

NOTE 6D DEFERRED TAX LIABILITIES

	31.12.2022 *CHF m*	31.12.2021 *CHF m*
Balance at the beginning of the year	**66.0**	56.1
Income statement - charge	**11.5**	0.4
Income statement - credit	**-0.1**	-5.3
Recognised directly in OCI	**-43.2**	12.4
Translation differences and other adjustments	**19.5**	2.4
Balance at the end of the year[1]	**53.7**	66.0

The components of deferred tax liabilities are as follows:

Property and equipment	**28.5**	27.3
Financial assets at FVOCI	**42.6**	43.9
Intangible assets	**0.2**	1.9
Pension liability taxes	**2.0**	0.7
Deferred tax liability before set-off	**73.3**	73.8
Offset	**-19.6**	-7.8
Total	**53.7**	66.0

[1] For balance sheet purposes, the Bank recognises either a deferred tax asset or a deferred tax liability as per consolidated entity if that entity is allowed to net its deferred tax assets and deferred tax liabilities in line with the local tax rules. Disaggregation of these net balances (in this case deferred tax liabilities) into the single components may result in negative amounts (in this case deferred tax assets) which are disclosed as offsetting amounts.

NOTE 7 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Mandatory at FVTPL *CHF m*	Designated as at FVTPL *CHF m*	FVOCI – Debt instruments *CHF m*	FVOCI – Equity instruments *CHF m*	Amortised cost *CHF m*	**31.12.2022** **Total** *CHF m*
Financial assets						
Cash and balances at central banks	-	-	-	-	8,236.4	**8,236.4**
Due from banks	-	-	-	-	4,382.6	**4,382.6**
Receivables from securities financing transactions	-	-	-	-	1,300.0	**1,300.0**
Lombard loans	-	-	-	-	34,835.2	**34,835.2**
Mortgages	-	-	-	-	6,144.0	**6,144.0**
Financial assets measured at FVTPL	12,919.9	-	-	-	-	**12,919.9**
Derivative financial instruments	2,860.8	-	-	-	-	**2,860.8**
Financial assets designated at fair value	-	277.7	-	-	-	**277.7**
Financial assets measured at FVOCI	-	-	13,011.3	338.6	-	**13,349.9**
Other financial assets measured at amortised cost	-	-	-	-	3,802.3	**3,802.3**
Accrued income	-	-	-	-	386.0	**386.0**
Other assets	-	-	-	-	7.7	**7.7**
Total	**15,780.7**	**277.7**	**13,011.3**	**338.6**	**59,094.2**	**88,502.5**
Financial liabilities						
Due to banks	-	-	-	-	5,762.4	**5,762.4**
Payables from securities financing transactions	-	-	-	-	339.6	**339.6**
Due to customers	-	-	-	-	68,900.0	**68,900.0**
Financial liabilities measured at FVTPL	601.8	-	-	-	-	**601.8**
Derivative financial instruments	3,047.5	-	-	-	-	**3,047.5**
Financial liabilities designated at fair value	-	11,571.4	-	-	-	**11,571.4**
Debt issued	-	-	-	-	724.2	**724.2**
Accrued expense	-	-	-	-	286.9	**286.9**
Other liabilities	-	-	-	-	5.3	**5.3**
Total	**3,649.3**	**11,571.4**	**-**	**-**	**76,018.4**	**91,239.1**

						31.12.2021
	Mandatory at FVTPL *CHF m*	Designated as at FVTPL *CHF m*	FVOCI – Debt instruments *CHF m*	FVOCI – Equity instruments *CHF m*	Amortised cost *CHF m*	Total *CHF m*
Financial assets						
Cash	-	-	-	-	17,275.4	17,275.4
Due from banks	-	-	-	-	5,077.4	5,077.4
Receivables from securities financing transactions	-	-	-	-	24.1	24.1
Lombard loans	-	-	-	-	40,329.4	40,329.4
Mortgages	-	-	-	-	6,069.6	6,069.6
Financial assets measured at FVTPL	14,681.2	-	-	-	-	14,681.2
Derivative financial instruments	2,097.0	-	-	-	-	2,097.0
Financial assets designated at fair value	-	306.9	-	-	-	306.9
Financial assets measured at FVOCI	-	-	12,892.2	339.3	-	13,231.5
Accrued income	-	-	-	-	281.3	281.3
Other assets	-	-	-	-	9.1	9.1
Total	16,778.2	306.9	12,892.2	339.3	69,066.3	99,382.9
Financial liabilities						
Due to banks	-	-	-	-	7,654.7	7,654.7
Payables from securities financing transactions	-	-	-	-	356.9	356.9
Due to customers	-	-	-	-	75,458.6	75,458.6
Financial liabilities measured at FVTPL	749.5	-	-	-	-	749.5
Derivative financial instruments	2,681.4	-	-	-	-	2,681.4
Financial liabilities designated at fair value	-	14,459.0	-	-	-	14,459.0
Debt issued	-	-	-	-	774.3	774.3
Accrued expense	-	-	-	-	173.1	173.1
Other liabilities	-	-	-	-	4.9	4.9
Total	3,430.9	14,459.0	-	-	84,422.5	102,312.4

NOTE 8 FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FVTPL

	31.12.2022 *CHF m*	31.12.2021 *CHF m*	Change *CHF m*
Financial assets measured at FVTPL			
Trading securities – debt FVTPL	**4,286.1**	3,263.8	1,022.3
of which quoted	***2,139.6***	*2,136.0*	*3.6*
of which unquoted	***2,146.5***	*1,127.8*	*1,018.7*
Trading securities – equity FVTPL	**8,633.8**	11,417.4	-2,783.6
of which quoted	***7,027.0***	*9,180.1*	*-2,153.1*
of which unquoted	***1,606.8***	*2,237.3*	*-630.5*
Total	**12,919.9**	14,681.2	-1,761.3
Financial liabilities measured at FVTPL			
Short positions - debt instruments	**113.7**	174.0	-60.3
of which quoted	***106.2***	*133.0*	*-26.8*
of which unquoted	***7.5***	*41.0*	*-33.5*
Short positions - equity instruments	**488.1**	575.5	-87.4
of which quoted	***429.4***	*548.3*	*-118.9*
of which unquoted	***58.7***	*27.2*	*31.5*
Total	**601.8**	749.5	-147.7

NOTE 9 FINANCIAL ASSETS MEASURED AT FVOCI

	31.12.2022 *CHF m*	31.12.2021 *CHF m*	Change *CHF m*
Government and agency bonds	**4,419.4**	4,430.7	-11.3
Financial institution bonds	**5,951.8**	5,232.4	719.4
Corporate bonds	**2,640.1**	3,229.1	-589.0
Debt instrument at FVOCI	**13,011.3**	12,892.2	119.1
of which quoted	***8,155.2***	*8,831.9*	*-676.7*
of which unquoted	***4,856.1***	*4,060.3*	*795.8*
Equity instruments at FVOCI	**338.6**	339.3	-0.7
of which unquoted	***338.6***	*339.3*	*-0.7*
Total	**13,349.9**	13,231.5	118.4

NOTE 10 OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST

	31.12.2022 *CHF m*	31.12.2021 *CHF m*	Change *CHF m*
Government and agency bonds	**2,098.1**	-	2,098.1
Financial institution bonds	**1,334.5**	-	1,334.5
Corporate bonds	**369.7**	-	369.7
Debt instruments at amortised cost	**3,802.3**	-	3,802.3
of which quoted	***3,287.3***	-	*3,287.3*
of which unquoted	***515.0***	-	*515.0*

NOTE 11 PROPERTY, EQUIPMENT AND LEASES

	Bank premises *CHF m*	Leases *CHF m*	Other property and equipment *CHF m*	**Total property and equipment** *CHF m*
Historical cost				
Balance on 01.01.2021	425.0	240.6	171.9	837.5
Additions	6.3	3.1	13.3	22.7
Disposals/transfers[1]	-	0.6	46.8	47.4
Balance on 31.12.2021	431.3	243.1	138.4	812.8
Additions	5.2	117.5	31.1	153.8
Disposals/transfers[1]	-	12.3	23.0	35.3
Balance on 31.12.2022	436.5	348.3	146.5	931.3
Depreciation and impairment				
Balance on 01.01.2021	147.9	81.5	139.1	368.5
Charge for the period	9.1	40.3	17.1	66.5
Disposals/transfers[1]	-	0.6	46.8	47.4
Balance on 31.12.2021	157.0	121.2	109.4	387.6
Charge for the period	8.8	40.0	17.0	65.8
Disposals/transfers[1]	-	12.3	23.0	35.3
Balance on 31.12.2022	165.8	148.9	103.4	418.1
Carrying value				
Balance on 31.12.2021	274.3	121.9	29.0	425.2
Balance on 31.12.2022	**270.7**	**199.4**	**43.1**	**513.2**

[1] Includes also derecognition of fully depreciated assets.

The following information relates to the Bank's lease activities:

	31.12.2022 *CHF m*	31.12.2021 *CHF m*
Amounts recognised in the income statement		
Depreciation charge	**40.0**	40.3
Interest expense on lease liability	**3.7**	3.8
Expense related to short-term/low-value leases	**0.4**	0.6
Total	**44.1**	44.7
Total cash outflows for leases (excluding short-term/low-value leases)	**43.4**	42.7
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**42.7**	42.1
One to five years	**112.6**	64.4
More than five years	**129.7**	46.9
Total undiscounted lease liabilities	**285.0**	153.4

NOTE 12 GOODWILL AND INTANGIBLE ASSETS

	Goodwill CHF m	Customer relationships CHF m	Software CHF m	**Total intangible assets** CHF m
Historical cost				
Balance on 01.01.2021	1,501.7	1,185.5	1,109.8	3,797.0
Additions	-	-	168.0	168.0
Disposals/transfers[1]	-	-	66.0	66.0
Balance on 31.12.2021	1,501.7	1,185.5	1,211.8	3,899.0
Additions	-	-	146.3	146.3
Disposals/transfers[1]	-	-	12.9	12.9
Balance on 31.12.2022	1,501.7	1,185.5	1,345.2	4,032.4
Amortisation and impairment				
Balance on 01.01.2021	-	1,125.2	466.5	1,591.7
Charge for the period	-	32.2	97.1[2]	129.3
Disposals/transfers[1]	-	-	66.0	66.0
Balance on 31.12.2021	-	1,157.4	497.6	1,655.0
Charge for the period	-	21.9	104.8[3]	126.7
Disposals/transfers[1]	-	-	12.9	12.9
Balance on 31.12.2022	-	1,179.3	589.5	1,768.8
Carrying value				
Balance on 31.12.2021	1,501.7	28.1	714.2	2,244.0
Balance on 31.12.2022	**1,501.7**	**6.2**	**755.7**	**2,263.6**

[1] Includes also derecognition of fully amortised assets.
[2] Includes impairment of CHF 14.5 million related to software not used anymore.
[3] Includes impairment of CHF 1.8 million related to software not used anymore.

Goodwill – Impairment testing

To identify any indications of impairment on goodwill, the recoverable amount based on the value in use is determined for the respective cash-generating unit (i.e. for the smallest identifiable group of assets that generates cash inflows independently from other assets) and is subsequently compared to the carrying amount of that unit. Within the Bank, cash inflows are not attributable to either any dimension (e.g. geographical areas, booking centres, clients or products) or group of assets. In addition, management makes operating decisions based on information on the Bank level (see also Note 19 regarding the determination of the segments). Therefore, the goodwill is allocated to and tested at the level of the Bank.

The Bank uses a proprietary model based on the discounted cash flow method to calculate the recoverable amount. The Bank estimates the free cash flows expected to be generated from the continuing use of the cash-generating unit based on its regular financial planning, taking into account the following key parameters and their single components:

- assets under management;
- return on assets (RoA) on the average assets under management (driven by fees and commissions, trading income and net interest income);
- operating income and expenses; and
- tax rate applicable.

To each of these key parameters, reasonably expected growth assumptions are applied in order to calculate the projected cash flows for the next five years, whereof the first three years are based on the detailed budgeting and the remaining two years on the less detailed mid-term planning (particularly net new money). The Bank expects in the medium and long term a favourable development of the wealth management activities which is reflected in the respective growth of the key parameters, although the Bank cannot exclude short-term market disruptions. The Bank also takes into consideration its relative strength as a pure wealth management provider vis-à-vis its peers, which should result in a better-than-average business development in the respective market. Additionally, the estimates of the expected free cash flows take into account the projected investments that are necessary to maintain the level of economic benefits expected to arise from the underlying assets in their current condition. The resulting free cash flows are discounted to present value, using a pre-tax discount rate of 9.9% (2021: 9.8%). The discount rate used in the calculation represents the Bank's specific risk-weighted rate based on factors such as the risk-free rate, market risk premium, adjusted Beta, size premium and country risk premium.

The Bank's approach to determine the key assumptions and related growth expectations is based on management's knowledge and reasonable expectations of future business, using internal and external market information, planned and/or started business initiatives and other reasonable intentions of management. For that purpose, the Bank uses historical information by taking into consideration the current and expected market situations as well as the current and expected future relative market position of the Bank vis-à-vis its respective competitors and in its industry. The long-term growth rate beyond management's planning horizon of five years for assets under management is assumed at 1%. This growth rate is considerably below the actual average rate of the last five years.

Changes in key assumptions

Deviations of future actual results achieved vs. forecast/planned key assumptions, as well as future changes of any of the key assumptions based on a future different assessment of the development of relevant markets, and/or businesses, may occur. Such deviations may result from changes in products and client mix, profitability, required types and intensity of personnel resources, general and company-specific personnel cost development and/or changes in the implementation of known, or the addition of new business initiatives and/or other internal and/or external factors. These changes may cause the value of the business to alter and therefore either increase or reduce the difference between the carrying value in the balance sheet and the Bank's recoverable amount, or may even lead to a partial impairment of goodwill.

Management has performed sensitivity analyses on the discount rate and growth rates applied to a forecast period. Under these scenarios, the reasonably possible changes in key assumptions (i.e. discount rate and growth rate) would not result in the carrying amount exceeding the Bank's recoverable amount.

Therefore, no impairment resulted from the ordinary analyses. However, there remains a degree of uncertainty involved in the determination of these assumptions due to the general market and business-specific environment.

NOTE 13 FINANCIAL ASSETS PLEDGED OR CEDED

	31.12.2022 Carrying value CHF m	31.12.2022 Effective commitment CHF m	31.12.2021 Carrying value CHF m	31.12.2021 Effective commitment CHF m
Securities	**2,674.7**	**2,674.7**	3,408.3	3,408.3
Other	**17.5**	**17.5**	15.6	15.6
Total	**2,692.2**	**2,692.2**	3,423.9	3,423.9

The assets are mainly pledged for Lombard limits at central banks, stock exchange securities deposits and collateral in over-the-counter (OTC) derivatives trading. Not included in these numbers are financial assets provided as collateral in securities transactions (refer to Note 21 for details).

NOTE 14 DEBT ISSUED

	Stated interest rate / effective interest rate %		Currency	Notional amount m	31.12.2022 Carrying value CHF m	31.12.2021 Carrying value CHF m
Bank Julius Baer & Cie Ltd.						
2021	0.125/0.103	Senior unsecured bond	CHF	260.0	231.1	257.4
Bank Julius Baer & Cie Ltd.						
2021	0.000/0.092	Senior unsecured bond	EUR	500.0	493.1	516.9
Total					**724.2**	774.3

Changes in debt issued

	31.12.2022 CHF m	31.12.2021 CHF m
Balance at the beginning of the year	**774.3**	-
Changes from financing cash flows:		
– Proceeds from issuance of new bonds	**-**	807.0
Total changes from financing cash flows	**-**	807.0
Changes related to amortisation of premiums/discounts	**0.4**	0.2
Changes related to foreign exchange	**-24.3**	-29.9
Changes related to hedge accounting	**-26.2**	-3.0
Balance at the end of the year	**724.2**	774.3

Senior unsecured issues

2021 issues

The senior unsecured bond, which is denominated in CHF, was issued by the Bank on 27 April 2021. The bonds have a final maturity on 27 April 2028 and pay interest at a fixed rate of 0.125% interest per annum payable annually in arrears on 27 April.

The senior unsecured bond, which is denominated in EUR, was issued by the Bank on 25 June 2021. The bonds have a final maturity on 25 June 2024 and pay interest at a fixed rate of 0.000% interest per annum.

NOTE 15 PROVISIONS

	Legal risks *CHF m*	Other *CHF m*	**2022** **Total** *CHF m*	2021 Total *CHF m*
Balance at the beginning of the year	**72.2**	**1.6**	**73.8**	90.4
Utilised during the year	**-129.1**	-	**-129.1**	-74.5
Provisions made during the year	**101.0**	-	**101.0**	57.2
Provisions reversed during the year	**-3.2**	-	**-3.2**	-1.0
Translation differences	**0.0**	-	**0.0**	1.7
Balance at the end of the year	**40.9**	**1.6**	**42.5**	73.8

Maturity of provisions				
Up to one year	**29.8**	**0.5**	**30.3**	6.2
Over one year	**11.1**	**1.1**	**12.2**	67.6

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

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

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

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

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

In rare cases in which the amount cannot be reasonably estimated due to the early stage of the proceedings, the complexity of the proceedings and/ or other factors, no provision is recognised but the case is recorded as a contingent liability as of 31 December 2022. The contingent liabilities may result in a materially adverse effect on the Group or may for other reasons be of interest to investors and other stakeholders.

In 2010 and 2011, litigation was commenced against the Bank and numerous other financial institutions by the liquidators of the Fairfield funds (the 'Fairfield Liquidators'), which funds had served as feeder funds for the Madoff fraudulent investment schemes. In the direct claims against the Bank, the Fairfield Liquidators are seeking to recover a total amount of approximately USD 64 million in the courts of New York (including approximately USD 17 million that relates to redemption payments made to clients of ING Bank (Suisse) SA, which merged with the Bank in 2010, and approximately USD 25 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions). The proceedings in the courts of the British Virgin Islands, where an amount of approximately USD 8.5 million had been claimed from the Bank, were finally dismissed in favour of the Bank with a ruling of the Privy Council, the highest court of appeals for the British Virgin Islands. In addition to the direct claims against the Bank, the Fairfield Liquidators have made combined claims in the amount of approximately USD 1.8 billion against more than 80 defendants, with only a fraction of this amount being sought from the Bank (and ultimately its clients concerned). The combined claims aggregate the damages asserted against all defendants, such that a reliable allocation of the claimed amounts between the Bank and the other defendants cannot be made at this time. Finally, in further proceedings, the trustee of Madoff's broker-dealer company (the 'Trustee') seeks to recover approximately USD 110 million in the courts of New York (including approximately USD 46 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions), largely in relation to the same redemption payments which are the subject matter of the claims asserted by the Fairfield Liquidators. The Bank is challenging these actions on procedural and substantive grounds and has taken further measures to defend and protect its interests. In the proceedings initiated by the Trustee, the Bankruptcy Court in New York dismissed the case against the Bank and other defendants based on extraterritoriality principles in November 2016. The Trustee has appealed this decision, and, in February 2019, the Court of Appeal has reversed the decision by the Bankruptcy Court. The Supreme Court denied reviewing such decision, therefore the proceedings continue with the Bankruptcy Court. In the proceedings initiated by the Liquidators, the Bankruptcy Court in New York decided in December 2018 on certain aspects, which have been appealed by the Liquidators. The Bankruptcy Court has additionally decided on certain other aspects in the Bank's favour in late 2020. That decision has been appealed as well by the Liquidators. Both appeals have been consolidated. In August 2022, the U.S. District Court for the Southern District of New York ruled on the pending appeals and confirmed the Bankruptcy Court's decision. The Liquidators have appealed the decision to the Court of Appeals, where the appeal is currently pending. Further, in October 2021, the Bank filed a motion to dismiss for lack of personal jurisdiction. In response, the Liquidators requested jurisdictional discovery, which has been completed.

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

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

The Bank has been confronted with a claim by a former client arguing that the Bank initiated transactions without appropriate authorisations and that the Bank has not adhered to its duties of care, trust, information and warnings. In April 2015, the former client presented a complaint for an amount of USD 70 million (plus accrued interest) and BRL 24 million, which between 2017 and 2021was supported with yearly payment orders ('Betreibungsbegehren') in various currencies filed against the Bank in the total amount of approximately CHF 139 million (plus accrued interest). The Bank has been contesting the claim whilst taking appropriate measures to defend its interests.

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

In 2018 and 2019, the Bank had received inquiries from, and has been cooperating with, authorities in Switzerland and the USA investigating corruption and bribery allegations surrounding Petróleos de Venezuela S.A. (PDVSA). These requests in particular focused on persons named in the indictment 'United States of America v. Francisco Convit Guruceaga, et al.' of 23 July 2018. The authorities in Switzerland and abroad had, in addition to the corruption and bribery allegations against third parties, opened investigations and inquired whether financial institutions failed to observe due diligence standards as applied in financial services and in particular in the context of anti-money laundering laws in relation to suspicious and potentially illegal transactions. FINMA's related enforcement procedure against the Bank and Julius Baer Group Ltd. was closed by an order as published on 20 February 2020. Julius Baer has been supporting related inquiries and investigations and has been cooperating with the competent authorities. At the end of March 2021, FINMA lifted an acquisition ban that had initially been imposed with the closing of the enforcement procedure. This ban was lifted as a consequence of the Bank's material progress in the implementation of remediation measures, which was completed at the end of 2022. Related to the PDVSA matter, in November 2019, a former employee filed a labour law-based claim in the amount of USD 34.1 million in Venezuela against several Julius Baer companies combined with a respective precautionary seizure request in the double amount. Julius Baer has been contesting the claim and seizure request while taking appropriate measures to defend its interests.

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

NOTE 16A OTHER ASSETS

	31.12.2022 *CHF m*	31.12.2021 *CHF m*
Precious metals (physical)	**3,340.4**	4,108.1
Tax receivables	**2,971.9**	3,051.9
Accounts receivable	**7.7**	9.1
Pension asset	**10.7**	3.8
Other	**149.9**	181.8
Total	**6,480.6**	7,354.7

NOTE 16B OTHER LIABILITIES

	31.12.2022 *CHF m*	31.12.2021 *CHF m*
Lease liability	**210.0**	131.6
Other tax payable	**38.6**	41.5
Accounts payable	**5.3**	4.9
Other	**82.3**	88.6
Total	**336.2**	266.6

NOTE 17 EARNINGS PER SHARE AND SHARES OUTSTANDING

	2022	2021
Basic earnings per share		
Net profit (CHF m)	**727.7**	807.7
Weighted average number of shares outstanding	**5,750,000**	5,750,000
Basic earnings per share (CHF)	**126.56**	140.47

	31.12.2022	31.12.2021
Shares outstanding		
Total shares issued (par value CHF 100)	**5,750,000**	5,750,000

	31.12.2022	31.12.2021
Share capital		
Total share capital outstanding (CHF m)	**575.0**	575.0

	2022	2021
Dividend proposal		
Dividend proposal 2022 and dividend 2021 per share (CHF)	**90.43**	107.83

There are no dilutive effects.
There is no authorised share capital.

NOTE 18 REPORTING BY SEGMENT

The Bank engages exclusively in wealth management activities primarily in Switzerland, Europe, Asia and South America. This focus on pure-play wealth management includes certain internal supporting functions that serve entirely the core business activities. Revenues from wealth management activities primarily encompass commissions charged for servicing and advising wealth management clients as well as net interest income on financial instruments.

The Bank's external segment reporting is based on the internal reporting to the chief operating decision maker, which is responsible for allocating resources and assesses the financial performance of the business. The Executive Board of Julius Baer Group Ltd. has been identified as the chief operating decision maker since this board is responsible for the implementation of the overall strategy and the operational management of the whole Group. The Executive Board of the Group is composed of the Chief Executive Officer, Chief Financial Officer, Heads of Regions (Switzerland, Europe, Middle East & Africa/Asia Pacific/Americas), Heads of Investments & Wealth Management Solutions, Chief Investment Officer, Chief Operating Officer & Head Intermediaries, Chief Risk Officer and Head Markets.

Various management reports with discrete financial information are prepared at regular intervals for various management levels. However, the Executive Board of the Group reviews and uses for its management decisions the consolidated financial reports at the Group level only.

In accordance with the applicable rules and based on the analysis of the relevant factors determining segments, the Bank consists of a single reportable segment. This is in line with the strategy and business model of the Bank and reflects the management structure and the use of information by management in making operating decisions.

Therefore, and given that the external reporting in these financial statements reflects the internal management accounting, the Bank does not disclose separate segment information.

Entity-wide disclosures

	31.12.2022 Non-current assets *CHF m*	31.12.2021 *CHF m*	**2022** Operating income *CHF m*	2021 *CHF m*
Switzerland	**2,324.0**	2,253.0	**2,160.9**	2,095.9
Europe (excl. Switzerland)	**66.9**	55.0	**172.3**	196.7
Asia and other countries	**385.8**	361.0	**847.5**	876.4
Less consolidation items	**-**	-	**142.5**	114.2
Total	**2,776.7**	2,669.0	**3,038.2**	3,054.8

The information about geographical areas is based on the domicile of the reporting company. This geographical information does not reflect the way the Bank is managed.

NOTE 19 RELATED PARTY TRANSACTIONS

	31.12.2022 *CHF m*	31.12.2021 *CHF m*
Key management personnel compensation[1]		
Salaries and other short-term employee benefits	**24.2**	22.0
Post-employment benefits	**1.0**	1.0
Share-based payments	**16.2**	14.7
Total	**41.4**	37.7
Receivables from		
Julius Baer Group entities	**665.0**	933.8
significant shareholders[2]	**2,862.5**	3,069.4
key management personnel	**23.8**	31.0
Total	**3,551.3**	4,034.2
Liabilities to		
Julius Baer Group entities	**4,585.9**	5,522.5
significant shareholders[2]	**2,418.5**	2,473.3
key management personnel	**17.2**	21.3
own pension funds	**21.3**	4.3
Total	**7,042.9**	8,021.4
Credit guarantees to		
Julius Baer Group entities	**172.6**	167.8
key management personnel	**0.1**	0.1
Total	**172.7**	167.9
Income from services provided to		
Julius Baer Group entities	**380.0**	375.7
significant shareholders[2]	**149.0**	144.5
key management personnel	**0.5**	0.5
Total	**529.5**	520.7
Services provided by		
Julius Baer Group entities	**65.1**	55.9
significant shareholders[2]	**13.4**	2.7
Total	**78.5**	58.6

[1] Key management personnel consists of the Board of Directors and the Executive Board of Julius Baer Group Ltd. The Executive Board of the Group company consists of the Chief Executive Officer, Chief Financial Officer, Heads of Regions (Switzerland, Europe, Middle East & Africa/Asia Pacific/Americas), Heads of Investments & Wealth Management Solutions, Chief Investment Officer, Chief Operating Officer & Head Intermediaries, Chief Risk Officer and Head Markets.

[2] Julius Baer Group Ltd.

The loans granted to key management personnel consist of Lombard loans on a secured basis (through pledging of securities portfolios) and mortgages on a fixed and variable basis.

Transactions with Group entities and own pension funds are at arm's length.

The interest rates of the Lombard loans and mortgages are in line with the terms and conditions that are available to other employees, which are in line with the terms and conditions granted to third parties adjusted for reduced credit risk.

NOTE 20 PENSION PLANS AND OTHER EMPLOYEE BENEFITS

The Bank maintains various defined contribution and defined benefit pension plans in Switzerland and abroad. The pension plans in Switzerland have been set up on the basis of the Swiss method of defined contributions under the Swiss pension law. Employees and pensioners or their survivors receive statutorily determined benefits upon leaving the Bank or retiring and in the event of death or invalidity. These benefits are the result of the conversion rate applied on the accumulated balance of the individual plan participant's pension account at the retirement date. The accumulated balance equals the sum of the regular employer's and employee's contribution that were made during the employment period, including the accrued interest on these amounts. However, these plans do not fulfil all the criteria of a defined contribution pension plan according to IAS 19 and are therefore treated as defined benefit pension plans for the purpose of the Bank's financial statements.

The pension obligations are largely covered through pension plan assets of pension funds that are legally separated and independent from the Bank. In case the plans become significantly underfunded over an extended period as per the Swiss pension law, the Bank and the employees share the risk of additional payments into the pension fund. The pension funds are managed by a board of trustees consisting of representatives of the employees and the employer. Managing the pension funds includes pursuing a medium- and long-term consistency and sustainability balance between the pension plans' assets and liabilities, based on a diversified investment strategy correlating with the maturity of the pension obligations. The organisation, management, financing and investment strategy of the pension plans comply with the legal requirements, the foundation charters and the applicable pension regulations.

	2022 CHF m	2021 CHF m
1. Development of pension obligations and assets		
Present value of defined benefit obligation at the beginning of the year	**-3,355.1**	-3,178.2
Current service cost	**-74.6**	-77.7
Employees' contributions	**-46.4**	-44.8
Interest expense on defined benefit obligation	**-39.1**	-6.5
Past service cost, curtailments, settlements, plan amendments	**-7.4**	4.6
Benefits paid (including benefits paid directly by employer)	**77.3**	109.4
Transfer payments in/out	**1.9**	0.0
Experience gains/(losses) on defined benefit obligation	**-17.4**	-201.2
Actuarial gains/(losses) arising from change in demographic assumptions[1]	**21.7**	81.8
Actuarial gains/(losses) arising from change in financial assumptions	**563.6**	-41.9
Translation differences	**2.3**	-0.6
Present value of defined benefit obligation at the end of the year	**-2,873.2**	-3,355.1
whereof due to active members	***-1,986.6***	*-2,277.8*
whereof due to deferred members	***-6.2***	*-12.7*
whereof due to pensioners	***-880.4***	*-1,064.6*
Fair value of plan assets at the beginning of the year	**3,455.4**	3,096.1
Interest income on plan assets	**45.0**	6.4
Employees' contributions	**46.4**	44.8
Employer's contributions	**96.9**	95.7
Curtailments, settlements, plan amendments	**-2.8**	-1.5
Benefits paid by fund	**-77.2**	-109.4
Transfer payments in/out	**-2.0**	-
Administration cost (excluding asset management cost)	**-1.1**	-1.0
Return on plan assets (excluding interest income)	**-359.6**	323.9
Translation differences	**-1.8**	0.4
Fair value of plan assets at the end of the year	**3,199.2**	3,455.4

[1] In 2021, the Bank switched from the BVG 2015 mortality table - with future improvements determined by calibrating the Continuous Mortality Investigation ('CMI') 2016 model to Swiss population data - to the BVG 2020 CMI mortality table.

	31.12.2022 CHF m	31.12.2021 CHF m
2. Development of effect of asset ceiling		
Effect of asset ceiling at the beginning of the year	**-96.5**	-
Interest income/(expenses) on effect of asset ceiling	**-5.9**	-
Change in effect of asset ceiling excluding interest expense/(income)	**-212.9**	-96.5
Effect of asset ceiling at the end of the year	**-315.3**	-96.5

	31.12.2022 *CHF m*	31.12.2021 *CHF m*
3. Balance sheet		
Fair value of plan assets	**3,199.2**	3,455.4
Present value of defined benefit obligation	**-2,873.2**	-3,355.1
Surplus/(deficit)	**326.0**	100.3
Effect of the asset ceiling	**-315.3**	-96.5
Net defined benefit asset/(liability)	**10.7**	3.8

	2022 *CHF m*	2021 *CHF m*
4. Income statement		
Current service cost	**-74.6**	-77.8
Interest expense on defined benefit obligation	**-39.1**	-6.5
Past service cost, curtailments, settlements, plan amendments	**-10.3**	3.1
Interest income on plan assets	**45.0**	6.4
Interest income/(expense) on effect of asset ceiling	**-5.9**	-
Administration cost (excluding asset management cost)	**-1.1**	-1.0
Defined benefit cost recognised in the income statement	**-86.0**	-75.8
whereof service cost	***-85.9***	*-75.7*
whereof net interest on the net defined benefit/(liability) asset	***-0.1***	*-0.1*
5. Movement in defined benefit asset/(liability)		
Net defined benefit asset/(liability) at the beginning of the year	**3.8**	-82.2
Translation differences	**0.5**	-0.2
Defined benefit cost recognised in the income statement	**-86.0**	-75.7
Employer's contributions	**97.0**	95.8
Remeasurements of the net defined benefit asset/(liability)	**-4.6**	66.1
Amount recognised in the balance sheet	**10.7**	3.8
Remeasurements of the net defined benefit asset/(liability)		
Actuarial gains/(losses) of defined benefit obligation	**567.9**	-161.3
Return on plan assets (excluding interest income)	**-359.6**	323.9
Effect of asset ceiling	**-212.9**	-96.5
Total recognised in other comprehensive income	**-4.6**	66.1
6. Composition of plan assets		
Cash	**153.6**	120.8
Debt instruments	**780.7**	860.3
Equity instruments	**1,225.0**	1,418.7
Real estate	**656.0**	625.5
Alternative investments	**380.7**	424.5
Other	**3.2**	5.6
Total	**3,199.2**	3,455.4

	2022 %	2021 %
7. Aggregation of plan assets – quoted market prices in active markets		
Cash	**4.80**	3.49
Debt instruments	**21.22**	21.90
Equity instruments	**38.29**	41.06
Real estate	**7.50**	7.18
Other	**2.72**	5.62
Total	**74.53**	79.25

	2022 CHF m	2021 CHF m
8. Sensitivities		
Decrease of discount rate - 0.25%		
Effect on defined benefit obligation	**-58.0**	-92.9
Effect on service cost	**-1.8**	-3.0
Increase of discount rate + 0.25%		
Effect on defined benefit obligation	**54.8**	87.8
Effect on service cost	**1.7**	2.8
Decrease of salary increase - 0.25%		
Effect on defined benefit obligation	**7.5**	10.4
Effect on service cost	**0.7**	1.0
Increase of salary increase + 0.25%		
Effect on defined benefit obligation	**-7.7**	-10.7
Effect on service cost	**-0.7**	-1.0
Life expectancy		
Increase in longevity by one additional year	**-48.4**	-80.4

Actuarial calculation of pension assets and obligations
The latest actuarial calculation was carried out as at 31 December 2022. The actuarial assumptions are based on local economic conditions and are as follows for Switzerland, which accounts for 100% (2021: 99%) of all benefit obligations and plan assets:

	2022	2021
Discount rate	**2.25%**	0.25%
Average future salary increases	**1.75%**	0.50%
Future pension increases	**0.00%**	0.00%
Duration (years)	**12**	14

Investment in Julius Baer Group Ltd. shares
The pension plan assets are invested in accordance with local laws and do not include shares of Julius Baer Group Ltd.

Expected employer contributions
The expected employer contributions for the 2023 financial year related to defined benefit plans are estimated at CHF 94.5 million.

Outstanding liabilities to pension plans
The Bank had outstanding liabilities to various pension plans in the amount of CHF 21.3 million (2021: CHF 4.3 million).

Defined contribution pension plans
The Bank maintains a number of defined contribution pension plans, primarily outside Switzerland. In the case of defined contribution pension plans, the pension expenses are charged to the income statement in the corresponding financial year. The expenses for contributions to these pension plans amounted to CHF 22.1 million for the 2022 financial year (2021: CHF 23.4 million).

NOTE 21 SECURITIES FINANCING TRANSACTIONS

Securities lending and borrowing transactions / repurchase and reverse repurchase transactions

	31.12.2022 CHF m	31.12.2021 CHF m
Receivables		
Receivables from cash provided in reverse repurchase transactions	**1,300.0**	24.1
of which with central banks	***1,300.0***	-
of which with banks	**-**	*24.1*
Obligations		
Obligations to return cash received in securities lending transactions	**66.7**	60.0
of which with banks	***66.7***	*60.0*
Obligations to return cash received in repurchase transactions	**272.9**	296.9
of which with banks	***272.9***	*296.9*
Securities collateral		
Own securities lent as well as securities provided as collateral for borrowed securities under securities borrowing and repurchase transactions	**1,529.0**	2,411.4
of which securities the right to pledge or sell has been granted without restriction	***1,529.0***	*2,411.4*
of which recognised in financial assets measured at FVTPL	***1,335.1***	*2,411.1*
of which recognised in financial assets measured at FVOCI	***2.9***	*0.3*
of which recognised in other financial assets measured at amortised cost	***191.0***	-
Securities borrowed as well as securities received as collateral for loaned securities under securities lending and reverse repurchase transactions	**6,589.5**	5,792.7
of which repledged or resold securities	***5,423.1***	*5,361.8*

The Bank enters into fully collateralised securities borrowing and securities lending transactions, and repurchase and reverse repurchase agreements that may result in credit exposure in the event that the counterparty may be unable to fulfil the contractual obligations. Generally, the transactions are carried out under standard agreements employed by market participants (e.g. Global Master Securities Lending Agreements or Global Master Repurchase Agreements). The related credit risk exposures are controlled by daily monitoring and adjusted collateralisation of the positions. The financial assets that continue to be recognised on the balance sheet are typically transferred in exchange for cash or other financial assets. The related liabilities can therefore be assumed to be approximately the same as the carrying amount of the transferred financial assets.

NOTE 22 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives held for trading

	Contract/ Notional amount *CHF m*	Positive replacement value *CHF m*	Negative replacement value *CHF m*
Foreign exchange derivatives			
Forward contracts	97,557.0	1,056.9	1,404.8
Futures	61.9	0.1	6.6
Cross-currency swaps	174.0	1.6	1.4
Options (OTC)	21,858.0	305.0	254.4
Total foreign exchange derivatives 31.12.2022	**119,650.9**	**1,363.6**	**1,667.2**
Total foreign exchange derivatives 31.12.2021	127,448.2	851.1	984.4
Interest rate derivatives			
Swaps	25,390.8	346.7	277.4
Futures	197.3	0.5	4.8
Options (OTC)	674.3	3.3	4.4
Options (traded)	41.2	-	0.1
Total interest rate derivatives 31.12.2022	**26,303.6**	**350.5**	**286.7**
Total interest rate derivatives 31.12.2021	38,949.3	128.3	139.7
Precious metals derivatives			
Forward contracts	4,017.2	76.5	83.2
Futures	39.3	0.5	1.0
Options (OTC)	4,231.3	104.8	49.0
Options (traded)	1,866.3	2.2	86.9
Total precious metals derivatives 31.12.2022	**10,154.1**	**184.0**	**220.1**
Total precious metals derivatives 31.12.2021	7,175.1	72.1	113.4
Equity/indices derivatives			
Total return swaps	11.4	1.1	-
Futures	1,021.1	10.4	27.4
Options (OTC)	10,102.0	241.9	142.3
Options (traded)	18,777.2	669.9	520.4
Total equity/indices derivatives 31.12.2022	**29,911.7**	**923.3**	**690.1**
Total equity/indices derivatives 31.12.2021	37,715.8	1,002.4	1,366.1
Other derivatives			
Total return swaps	1,984.5	23.9	47.1
Futures	168.4	7.7	1.6
Total other derivatives 31.12.2022	**2,152.9**	**31.6**	**48.7**
Total other derivatives 31.12.2021	325.2	3.9	2.6

Derivatives held for trading (continued)

	Contract/ Notional amount *CHF m*	Positive replacement value *CHF m*	Negative replacement value *CHF m*
Credit derivatives			
Credit default swaps	66.6	1.4	1.1
Total credit derivatives 31.12.2022	**66.6**	**1.4**	**1.1**
Total credit derivatives 31.12.2021	1,468.7	29.9	48.6
Total derivatives held for trading 31.12.2022	**188,239.8**	**2,854.4**	**2,913.9**
Total derivatives held for trading 31.12.2021	213,082.3	2,087.7	2,654.8

Derivatives held for hedging

Derivatives designated as fair value hedges			
Interest rate swaps	1,216.4	4.0	78.1
Derivatives designated as cash flow hedges			
Interest rate swaps	599.5	-	55.2
Foreign exchange derivatives	305.3	2.4	0.3
Total derivatives held for hedging 31.12.2022	**2,121.2**	**6.4**	**133.6**
Total derivatives held for hedging 31.12.2021	2,565.1	9.3	26.6
Total derivative financial instruments 31.12.2022	**190,361.0**	**2,860.8**	**3,047.5**
Total derivative financial instruments 31.12.2021	215,647.4	2,097.0	2,681.4

NOTE 23A FINANCIAL INSTRUMENTS – FAIR VALUES

Financial assets

	31.12.2022 Carrying value CHF m	31.12.2022 Fair value CHF m	31.12.2021 Carrying value CHF m	31.12.2021 Fair value CHF m
Financial assets measured at amortised cost				
Cash and balances at central banks	**8,236.4**	**8,236.4**	17,275.4	17,275.4
Due from banks	**4,382.6**	**4,383.3**	5,077.4	5,080.0
Receivables from securities financing transactions	**1,300.0**	**1,300.0**	24.1	24.1
Loans	**40,979.2**	**41,158.2**	46,399.0	46,763.2
Other financial assets measured at amortised cost	**3,802.3**	**3,682.5**	-	-
Accrued income	**386.0**	**386.0**	281.3	281.3
Other assets	**7.7**	**7.7**	9.1	9.1
Total	**59,094.2**	**59,154.1**	69,066.3	69,433.1
Financial assets measured at FVTPL				
Financial assets measured at FVTPL	**12,919.9**	**12,919.9**	14,681.2	14,681.2
Derivative financial instruments	**2,860.8**	**2,860.8**	2,097.0	2,097.0
Financial assets designated at fair value	**277.7**	**277.7**	306.9	306.9
Total	**16,058.4**	**16,058.4**	17,085.1	17,085.1
Financial assets measured at FVOCI				
Financial assets measured at FVOCI	**13,349.9**	**13,349.9**	13,231.5	13,231.5
Total	**13,349.9**	**13,349.9**	13,231.5	13,231.5
Total financial assets	**88,502.5**	**88,562.4**	99,382.9	99,749.7

Financial liabilities

	Carrying value CHF m	31.12.2022 Fair value CHF m	Carrying value CHF m	31.12.2021 Fair value CHF m
Financial liabilities at amortised costs				
Due to banks	**5,762.4**	**5,765.3**	7,654.7	7,660.5
Payables from securities financing transactions	**339.6**	**339.6**	356.9	356.9
Due to customers	**68,900.0**	**68,993.0**	75,458.6	75,548.5
Debt issued	**724.2**	**685.5**	774.3	774.3
Accrued expenses	**286.9**	**286.9**	173.1	173.1
Other liabilities	**5.3**	**5.3**	4.9	4.9
Total	**76,018.4**	**76,075.6**	84,422.5	84,518.2
Financial liabilities at FVTPL				
Financial liabilities measured at FVTPL	**601.8**	**601.8**	749.5	749.5
Derivative financial instruments	**3,047.5**	**3,047.5**	2,681.4	2,681.4
Financial liabilities designated at fair value	**11,571.4**	**11,571.4**	14,459.0	14,459.0
Total	**15,220.7**	**15,220.7**	17,889.9	17,889.9
Total financial liabilities	**91,239.1**	**91,296.3**	102,312.4	102,408.1

Financial liabilities designated at fair value
The Bank issues to its wealth management clients structured notes for investment purposes. As the redemption amount on the structured debt issues is linked to changes in stock prices, indices, currencies or other assets, the Bank cannot determine the difference between the carrying amount and the amount the Bank would be contractually required to pay at maturity to the holder of the structured debt issues.

Changes in the fair value of financial liabilities designated at fair value are primarily attributable to changes in the market risk factors of the embedded derivatives. The impact of the credit rating of the Bank on the fair value changes of these liabilities amounted to CHF -0.0 million (2021: CHF -0.8 million).

The following methods are used in measuring the fair value of financial instruments:

Short-term financial instruments
Financial instruments measured at amortised cost with a maturity or a refinancing profile of one year or less are generally classified as short-term. This includes the balance sheet items cash and, depending on the maturity, due from banks, loans, due to banks, due to customers and debt issued. For short-term financial instruments that do not have a market price published by a recognised stock exchange or notable market (referred to hereinafter as a market price), the carrying value generally approximates the fair value.

Long-term financial instruments
Financial instruments measured at amortised cost with a maturity or refinancing profile of over one year are included in the following balance sheet items: due from banks, loans, due to banks, due to customers and debt issued. The fair value of these long-term financial instruments, which do not have a market price, is derived by using the net present value method. For loans, generally, the SARON rate is used to calculate the net present value of the loans, as these assets are fully collateralised and therefore the specific counterparty risk has no material impact on the fair value measurement. For amounts due to banks and due to customers, a SARON-based internal rate is used. For debt issued, the quoted prices of the bonds determine the fair value.

Trading assets and liabilities measured at FVTPL, financial assets measured at FVOCI, derivative financial instruments and financial liabilities designated at fair value
Refer to Note 23B for details regarding the valuation of these instruments.

NOTE 23B FINANCIAL INSTRUMENTS – FAIR VALUE DETERMINATION

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

Level 1
For financial instruments for which prices are quoted in an active market, the fair value is determined directly from the quoted market price.

Level 2
For financial instruments for which quoted market prices are not directly available or are not derived from active markets, fair values are estimated using valuation techniques or models based wherever possible on assumptions supported by observable market prices or rates existing on the balance sheet date. This is the case for most OTC derivatives, most unquoted financial instruments, the vast majority of the Bank's issued structured notes and other items that are not traded in active markets. The main pricing models and valuation techniques applied to these financial instruments include forward pricing and swap models using present-value calculations, and option models such as the Black-Scholes model. The values derived from applying these models and techniques are significantly impacted by the choice of the valuation model used and the underlying assumptions made, such as the amounts and timing of future cash flows, discount rates, volatility or credit risk.

Level 3
For certain financial instruments, neither quoted market prices nor valuation techniques or models based on observable market prices are available for determining the fair value. In these cases, fair value is estimated indirectly using valuation techniques or models based on reasonable assumptions that reflect market conditions.

Financial assets measured at FVTPL and financial assets measured at FVOCI: The Bank holds shares in service providers such as SIX Swiss Exchange, Euroclear and SWIFT, which are required for the operation of the Bank and are reported as financial assets measured at FVOCI, with changes in the fair value recognised in other comprehensive income.

The determination of the fair value of these equity instruments is based on the reported or published net asset value of the investees. The net asset values are adjusted by management for any necessary impacts from events that may have an influence on the valuation (adjusted net asset method). Changes in the net asset value of the equity instruments result in corresponding changes in the fair values. However, reasonably realistic changes to these values have no material impact on the financial statements of the Bank.

In 2022, dividends related to the investments measured at FVOCI in the amount of CHF 11.9 million (2021: CHF 21.0 million) have been recognised in the income statement.

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

To measure the fair values of the private equity investments, the Bank generally relies on the valuations as provided by the respective private equity funds managing the investments. These funds in turn use their own valuation techniques, such as market approaches or income approaches, including their own input factors into the applied models. Therefore, the private equity investments are reported in level 3 of the fair value hierarchy, as the fair values are determined based on models with unobservable market inputs. The related issued notes are reported as financial liabilities designated at fair value and classified as level 3 instruments, since the related private equity investments are part of the valuation of the notes.

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

				31.12.2022
	Quoted market price Level 1 *CHF m*	Valuation technique market-observable inputs Level 2 *CHF m*	Valuation technique non-market-observable inputs Level 3 *CHF m*	**Total** *CHF m*
Assets and liabilities measured at fair value				
Trading – debt instruments at FVTPL	2,337.3	1,653.2	295.6	4,286.1
Trading – equity instruments at FVTPL	7,022.1	1,508.9	102.8	8,633.8
Total financial assets measured at FVTPL	**9,359.4**	**3,162.1**	**398.4**	**12,919.9**
Foreign exchange derivatives	0.1	1,365.9	-	1,366.0
Interest rate derivatives	0.5	354.0	-	354.5
Precious metal derivatives	0.5	183.5	-	184.0
Equity/indices derivatives	10.4	912.9	-	923.3
Credit derivatives	-	1.4	-	1.4
Other derivatives	7.7	18.7	5.2	31.6
Total derivative financial instruments	**19.2**	**2,836.4**	**5.2**	**2,860.8**
Financial assets designated at fair value	**14.5**	**102.7**	**160.5**	**277.7**
Debt instruments at FVOCI	9,187.8	3,823.5	-	13,011.3
Equity instruments at FVOCI	-	-	338.6	338.6
Financial assets measured at FVOCI	**9,187.8**	**3,823.5**	**338.6**	**13,349.9**
Total assets	**18,580.9**	**9,924.7**	**902.7**	**29,408.3**
Short positions – debt instruments	108.6	5.1	-	113.7
Short positions – equity instruments	428.6	57.8	1.7	488.1
Total financial liabilities measured at FVTPL	**537.2**	**62.9**	**1.7**	**601.8**
Foreign exchange derivatives	6.6	1,660.9	-	1,667.5
Interest rate derivatives	4.8	415.2	-	420.0
Precious metal derivatives	1.0	219.1	-	220.1
Equity/indices derivatives	27.5	662.6	-	690.1
Credit derivatives	-	1.1	-	1.1
Other derivatives	1.6	2.9	44.2	48.7
Total derivative financial instruments	**41.5**	**2,961.8**	**44.2**	**3,047.5**
Financial liabilities designated at fair value	**-**	**11,253.5**	**317.9**	**11,571.4**
Total liabilities	**578.7**	**14,278.2**	**363.8**	**15,220.7**

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

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

				31.12.2022
	Quoted market price Level 1 *CHF m*	Valuation technique market-observable inputs Level 2 *CHF m*	Valuation technique non-market-observable inputs Level 3 *CHF m*	**Total** *CHF m*
Financial assets and liabilities disclosed at fair value				
Cash	8,236.4	-	-	8,236.4
Due from banks	-	4,383.3	-	4,383.3
Receivables from securities financing transactions	-	1,300.0	-	1,300.0
Loans	-	41,158.2	-	41,158.2
Other financial assets measured at amortised cost	3,682.5	-		3,682.5
Accrued income	-	386.0	-	386.0
Other assets	-	7.7	-	7.7
Total assets	**11,918.9**	**47,235.2**	**-**	**59,154.1**
Due to banks	-	5,765.3	-	5,765.3
Payables from securities financing transactions	-	339.6	-	339.6
Due to customers	-	68,993.0	-	68,993.0
Debt issued	685.5	-	-	685.5
Accrued expenses	-	286.9	-	286.9
Other liabilities	-	5.3	-	5.3
Total liabilities	**685.5**	**75,390.1**	**-**	**76,075.6**

				31.12.2021
	Quoted market price Level 1 *CHF m*	Valuation technique market-observable inputs Level 2 *CHF m*	Valuation technique non-market-observable inputs Level 3 *CHF m*	Total *CHF m*
Financial assets and liabilities disclosed at fair value				
Cash	17,275.4	-	-	17,275.4
Due from banks	-	5,080.0	-	5,080.0
Receivables from securities financing transactions	-	24.1	-	24.1
Loans	-	46,763.2	-	46,763.2
Accrued income	-	281.3	-	281.3
Other assets	-	9.1	-	9.1
Total assets	17,275.4	52,157.7	-	69,433.1
Due to banks	-	7,660.5	-	7,660.5
Payables from securities financing transactions	-	356.9	-	356.9
Due to customers	-	75,548.5	-	75,548.5
Debt issued	774.3	-	-	774.3
Accrued expenses	-	173.1		173.1
Other liabilities	-	4.9	-	4.9
Total liabilities	774.3	83,743.9	-	84,518.2

NOTE 23C FINANCIAL INSTRUMENTS – TRANSFERS BETWEEN FAIR VALUE LEVEL 1 AND LEVEL 2

	31.12.2022 *CHF m*	31.12.2021 *CHF m*
Transfers from level 1 to level 2		
Financial assets measured at FVTPL	**28.1**	35.7
Financial assets measured at FVOCI	**-**	16.7
Financial liabilities	**0.0**	0.9
Transfers from level 2 to level 1		
Financial assets measured at FVTPL	**6.6**	46.0
Financial assets measured at FVOCI	**62.0**	63.7
Financial liabilities	**0.7**	0.4

The transfers from level 1 to level 2, and vice versa, occurred due to changes in the direct availability of quoted market prices. Transfers between the levels are deemed to have occurred at the end of the reporting period.

NOTE 24A FINANCIAL INSTRUMENTS – EXPECTED CREDIT LOSSES

An entity is required to recognise expected credit losses at initial recognition of any financial instrument and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of the respective instruments. Refer to the Comment on Risk Management (credit risk section) and the Summary of Significant Accounting Policies for the relevant background information related to the recognition of expected credit losses.

ECL stage allocation
Credit exposure is classified in one of the three ECL stages. At initial recognition, the Bank classifies all financial assets in stage 1 because it does not acquire or originate credit-impaired debt instruments. If a significant risk increase has occurred to the financial instrument, the instrument moves from stage 1 to stage 2. The threshold applied varies depending on the original credit quality of the counterparty. For assets with lower default probabilities at origination due to good credit quality of the counterparty, the threshold for a significant increase in credit risk is set at a higher level than for assets with higher default probabilities at origination.

The Bank generally originates loans and balances due from banks in its internal rating classes R1–R4, which reflect balances with low to medium credit risk. The same applies to the investment grade debt instruments held for investment purposes, which are also classified as R1–R4. Therefore, the Bank determined that moves within these rating classes do not qualify as indicators of an increase in credit risk, whereas a move from R4 to R5 generally triggers such a credit risk increase. Hence, under this approach, moves from R4 to a higher risk class (R5–R6) generally trigger a move from stage 1 ECL to stage 2 ECL. For example, a counterparty moving from R1 to R2 would not trigger a significant increase in credit risk, whereas a counterparty moving from R1 to R5 would.

In addition, and to supplement this quantitative criterion, qualitative criteria based on other available internal data are applied to identify increased risk situations. These qualitative criteria are specific to the respective financial asset types (Lombard loans, mortgages, due from banks, debt instruments). For example, if payments are 30 days past due, the counterparty is moved to stage 2 and lifetime ECL are applied.

The model is symmetric, meaning that if the transfer condition (significant increase) is no longer met, the counterparty is transferred back into the 12-month ECL category (stage 1).

Financial instruments are credit-impaired and therefore recognised in stage 3 if they are classified in R7–R10 of the internal credit rating. These ratings are applied to positions with high credit risk; they are carried in the Bank’s internal list of exposures which are in a loss position. Such positions show objective evidence of impairment and are referred to as defaulted. Generally, Lombard loans and mortgages are moved to these rating classes if the respective position is not fully covered anymore, i.e. the market value of the collateral is lower than the credit exposure, (critical) credit covenants are not complied with, or any payments are 90 days past due, to name some of the criteria.

ECL measurement
The Bank has modelled its impairment loss estimation methodology to quantify the impact of the expected credit losses on its financial statements for stage 1 ECL and stage 2 ECL. The four models (for the Lombard loans business, mortgages business, due from banks business and treasury business, respectively) are generally based on the specific financial instrument’s probability of default (PD), its loss given default (LGD) and the exposure at default (EAD). These models have been tailored to the Bank’s fully collateralised Lombard loans and mortgages, and the high-quality debt instruments in the treasury portfolio as outlined below.

For the credit-impaired financial assets in stage 3, the loss allowances are not measured based on a model, but determined individually according to the specific facts and circumstances.

Wherever the Bank uses scenarios in the ECL calculation process, three different settings are applied to take future market situations into account: a baseline, an upside and a downside scenario. Expected probabilities are allocated to the respective scenario; the weightings used for the current year's ECL calculation are 60% for the baseline scenario, 35% for the downside scenario and 5% for the upside scenario. However, the calculation of the ECL is mostly driven by the downside scenario, whereas the baseline and upside scenarios have only limited impact on the measurement of the ECL due to the Bank's credit policy (fully collateralised portfolios). Therefore, an increase in the weighting of the downside scenario would consequently increase the ECL in stages 1 and 2.

To apply the expected future economic conditions in the models, the Bank determined the forecast world gross domestic product (GDP) as the main economic input factor for the expected credit losses on its financial asset portfolios, since the counterparties have fully collateralised Lombard loans or mortgages with the Bank or the portfolios consist of investment grade debt instruments. Other forward-looking main macroeconomic factors proved to be of lesser relevance to the Bank's portfolios as a whole. A decrease in the expected GDP would have a negative impact on the ECL in stages 1 and 2.

In addition, for each portfolio, supplementary product-specific factors are used as outlined in the following paragraphs. These scenario factors are based on the assessment of the credit department and the risk department for current and expected market developments in the respective product areas. These factors are updated and confirmed on a regular basis by the Bank's ECL committee, which comprises officers from the risk, credit risk and treasury departments.

Due from banks
For due-from-banks positions, the input factors are determined as follows:

Probability of default: For amounts due from banks, publicly available PDs per rating class are applied, using the same PDs for stage 1 and stage 2, since the outstanding balances have a term of maximum 12 months. PDs for an expected life shorter than one year are derived from the available one-year PDs by linear reduction. The ratings and the related PDs are shifted up and down by one notch of the internal rating, using publicly available data sources for the respective PDs. The three scenarios are weighted based on the generally applied probabilities.

Exposure at default: For amounts due from banks, the EAD equals either the nominal value (money market issues, time accounts), or the carrying value (current and transactional accounts).

Loss given default: For amounts due from banks, an average LGD per rating class is applied. This factor is derived from publicly available data sources.

Lombard loans
For Lombard loans, the input factors are determined as follows:

Probability of default: For Lombard loans, PD factors are derived from the Bank-internal 'margin call process' in Lombard lending. This process reflects internal procedures to avoid loan losses and is based on

– the probability that the credit position gets into a significant shortfall within one year;
– the probability that the credit position becomes unsecured within 10 days; and
– the liquidation process to cover the exposure,

taking into consideration their respective probabilities.

This margin call process is simulated for each rating class (R1–R6) and for stage 1 and stage 2 separately. The resulting PDs are then applied uniformly across all counterparties and related Lombard loans in the respective rating class.

Exposure at default: For Lombard loans, the EAD equals the higher of a) the current exposure (based on data from the internal credit supervision system comprising the following credit exposures: cash exposure, derivative exposure, credit guarantees and reservations) and b) the lower of the lending value or approved limit. The Bank therefore assumes the highest possible risk (i.e. the highest out-standing) in determining the EAD, including any unused credit commitments. Consequently, even if no exposure is drawn under the limit, an ECL is calculated.

Loss given default: For Lombard loans, the LGDs are formula-based, including the market value of the collateral at a client pledge group level. Scenario calculations on the market value of the collateral are performed, resulting in different LGDs per scenario. Three scenarios (base, up and down), including the probability of the respective scenario, are applied in the process.

Mortgages
For mortgages, the input factors are determined as follows:

Probability of default: For mortgages, the PD factor is specifically determined for each counterparty and the related property based on the following input criteria:

- economic area of the counterparty domicile;
- counterparty domicile and property location (country) is the same;
- sufficient assets/collateral within the Bank to pay interest/amortisation;
- counterparty self-used vs. rented-out real estate; and
- stage 1 or stage 2.

For each of these criteria, fixed parameters are determined (based on experience) which then add up to the mortgage counterparty-specific PD factors. These criteria have been selected because they are assumed to influence directly the default behaviour of the counterparty behind the mortgages.

Exposure at default: For mortgages, the carrying value (exposure) equals the EAD.

Loss given default: For mortgages, the LGD is based on scenario calculations on the market value of the real estate collateral and other pledged assets, which is then set in relation to the loan amount (loan-to-value ratio; LTV). Three scenarios (base, up and down), including the probability of the respective scenario, are applied in the process. However, instead of applying a fixed percentage for the negative scenario to all real estate uniformly, the negative scenario is based on the combination of a base factor and additional penalties depending on the following real estate-specific criteria:

- property location (country/region);
- property size as a function of the property market value;
- property type (e.g. residential, office, commercial); and
- holiday home regions.

For each of these criteria, fixed parameters (based on experience) are determined, which then add up to the mortgage-specific negative scenario. These criteria are selected because the resulting different characteristics of the real estate market generally respond differently to market fluctuations and hence the achievable collateral liquidation value. The total simulated market value is then compared with the exposure to determine the LGD.

Treasury portfolio
For the treasury portfolio (debt instruments measured at FVOCI and at amortised cost), the input factors are determined as follows:

Probability of default: For financial instruments in the treasury portfolio (debt securities, including money market instruments), publicly available PDs per rating class are applied, separately for stage 1 (one-year PD or shorter) and stage 2 (respective PD according to expected life). These ratings and the related PDs are shifted by two notches up and down, using publicly available data sources for the respective PDs. The three scenarios are then weighted based on the generally applied probabilities. PDs for an expected life shorter than one year are derived from the available one-year PDs by linear reduction.

Exposure at default: For debt instruments, the EAD equals the amortised cost value plus discounted outstanding interest payments.

Loss given default: For debt instruments, an average LGD per rating class is applied. These factors are derived from publicly available data sources.

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

Exposure to credit risk by credit quality

	Moody's rating	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	31.12.2022 Total CHF m
Due from banks, at amortised cost					
R1–R4: Low to medium risk		4,186.1	-	-	**4,186.1**
R5–R6: Increased risk		195.3	1.4	-	**196.7**
R7–R10: Impaired		-	-	-	**-**
Total		4,381.4	1.4	-	**4,382.8**
Loss allowance		-0.2	-	-	**-0.2**
Carrying amount		**4,381.2**	**1.4**	**-**	**4,382.6**
Lombard loans, at amortised cost[1]					
R1–R4: Low to medium risk		32,837.9	22.0	-	**32,859.9**
R5–R6: Increased risk		1,863.7	120.6	-	**1,984.3**
R7–R10: Impaired		-	-	85.8	**85.8**
Total		34,701.6	142.6	85.8	**34,930.0**
Loss allowance		-12.5	-0.6	-81.7	**-94.8**
Carrying amount		**34,689.1**	**142.0**	**4.1**	**34,835.2**
Mortgages, at amortised cost[1]					
R1–R4: Low to medium risk		5,681.6	321.8	-	**6,003.4**
R5–R6: Increased risk		-	99.0	-	**99.0**
R7–R10: Impaired		-	-	53.0	**53.0**
Total		5,681.6	420.8	53.0	**6,155.4**
Loss allowance		-4.5	-0.9	-6.0	**-11.4**
Carrying amount		**5,677.1**	**419.9**	**47.0**	**6,144.0**
Debt instruments, at FVOCI					
R1–R4: Low to medium risk	Aaa – Baa3	13,012.8	-	-	**13,012.8**
R5–R6: Increased risk	Ba1 – B3	-	-	-	**-**
R7–R10: Impaired	Caa1 – C	-	-	-	**-**
Carrying amount		**13,012.8**	**-**	**-**	**13,012.8**
Loss allowance		-1.5	-	-	**-1.5**
Debt investment securities, at amortised cost					
R1–R4: Low to medium risk	Aaa – Baa3	3,702.7	-	-	**3,702.7**
R5–R6: Increased risk	Ba1 – B3	-	-	-	**-**
R7–R10: Impaired	Caa1 – C				
Unrated		100.0	-	-	**100.0**
Total		3,802.7	-	-	**3,802.7**
Loss allowance		-0.4	-	-	**-0.4**
Carrying amount		**3,802.3**	**-**	**-**	**3,802.3**

[1] Loss allowance on overdue interest payments and cancelled credit-impaired facilities on certain mortgages (CHF 4.4 million), as well as their corresponding exposures (CHF 29.0 million), were reported – as commented in the respective footnote – as Lombard loans in 2021. Thereof, CHF 4.3 million loss allowance on overdue interest payments and their corresponding exposures (CHF 28.3 million) are now reported under mortgages.

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

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

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

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

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

Expected credit losses
The following tables present the development of the Bank's expected credit losses by stage; they are based on the Bank's internal credit systems.

	12-month ECL (Stage 1) *CHF m*	Lifetime ECL not credit-impaired (Stage 2) *CHF m*	Lifetime ECL credit-impaired (Stage 3) *CHF m*	**Total** *CHF m*
Due from banks, at amortised cost				
Balance at 1 January 2022	0.1	-	-	**0.1**
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	**-**
Net remeasurement of loss allowance	0.0	0.0	-	**0.0**
New/increase financial assets	0.0	0.0	-	**0.0**
Financial assets that have been derecognised	-0.0	-	-	**-0.0**
Changes in models/risk parameters	0.1	0.0	-	**0.1**
Balance at 31 December 2022	**0.2**	**0.0**	**-**	0.2
Lombard loans, at amortised cost				
Balance at 1 January 2022	4.9	0.0	79.3	**84.2**
Transfer to/(from) 12-month ECL	0.0	-0.0	-	**-**
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	**-**
Transfer to/(from) lifetime ECL credit-impaired	-	-0.0	0.0	**-**
Net remeasurement of loss allowance	1.2	0.2	0.6	**2.0**
New/increase financial assets	7.1	0.4	5.5[1]	**13.0**
Financial assets that have been derecognised	-2.0	-0.0	-0.1	**-2.1**
Write-offs	-	-	-1.0	**-1.0**
Changes in models/risk parameters	1.3	0.0	0.0	**1.3**
Foreign exchange and other movements	-	-	-2.6	**-2.6**
Balance at 31 December 2022	**12.5**	**0.6**	**81.7**	94.8
Mortgages, at amortised cost				
Balance at 1 January 2022	0.6	0.1	0.8	**1.5**
Transfer to/(from) 12-month ECL	0.0	-0.0	-	**-**
Transfer to/(from) lifetime ECL not credit-impaired	-0.1	0.1	-	**-**
Net remeasurement of loss allowance	0.9	0.1	0.4	**1.4**
New/increase financial assets	1.7	0.2	1.5	**3.4**
Financial assets that have been derecognised	-0.1	-0.0	-	**-0.1**
Changes in models/risk parameters	1.5	0.4	-	**1.9**
Foreign exchange and other movements	-	-	3.3	**3.3**
Balance at 31 December 2022	**4.5**	**0.9**	**6.0**	11.4

[1] Including outstanding accumulated interest.

	12-month ECL (Stage 1) *CHF m*	Lifetime ECL not credit-impaired (Stage 2) *CHF m*	Lifetime ECL credit-impaired (Stage 3) *CHF m*	**Total** *CHF m*
Debt instruments, at FVOCI				
Balance at 1 January 2022	1.3	-	-	**1.3**
Net remeasurement of loss allowance	-0.1	-	-	**-0.1**
New financial assets purchased	0.2	-	-	**0.2**
Financial assets that have been derecognised	-0.1	-	-	**-0.1**
Changes in models/risk parameters	0.2	-	-	**0.2**
Foreign exchange and other movements	-0.0	-	-	**-0.0**
Balance at 31 December 2022	**1.5**	**-**	**-**	**1.5**
Debt instruments, at amortised cost				
Balance at 1 January 2022	-	-	-	**-**
New financial assets purchased	0.4	-	-	**0.4**
Balance at 31 December 2022	**0.4**	**-**	**-**	**0.4**

	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	Total CHF m
Due from banks, at amortised cost				
Balance at 1 January 2021	0.1	-	-	0.1
Net remeasurement of loss allowance	-0.0	-	-	-0.0
New/increase financial assets	0.1	-	-	0.1
Financial assets that have been derecognised	-0.1	-	-	-0.1
Changes in models/risk parameters	-0.0	-	-	-0.0
Balance at 31 December 2021	0.1	-	-	0.1
Lombard loans, at amortised cost				
Balance at 1 January 2021	2.5	0.3	71.6	74.4
Transfer to/(from) 12-month ECL	0.2	-0.2	-	-
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	0.0	-
Transfer to/(from) lifetime ECL credit-impaired	-0.0	-0.0	0.0	-
Net remeasurement of loss allowance	-1.8	-0.1	0.8	-1.1
New/increase financial assets	4.6	0.0	5.1[1]	9.7
Financial assets that have been derecognised	-0.5	-0.0	-0.0	-0.5
Write-offs	-	-	-1.8	-1.8
Changes in models/risk parameters	-0.1	0.0	0.0	-0.1
Foreign exchange and other movements	-	-	3.6	3.6
Balance at 31 December 2021	4.9	0.0	79.3	84.2
Mortgages, at amortised cost				
Balance at 1 January 2021	1.0	0.1	2.7	3.8
Transfer to/(from) lifetime ECL not credit-impaired	-	-	-	-
Net remeasurement of loss allowance	0.1	-	2.7	2.8
New/increase financial assets	0.4	0.1	-	0.5
Financial assets that have been derecognised	-0.9	-0.1	-2.7	-3.7
Write-offs	-	-	-	-
Changes in models/risk parameters	0.0	-	-	0.0
Foreign exchange and other movements	-	-	-1.9	-1.9
Balance at 31 December 2021	0.6	0.1	0.8	1.5
Debt instruments, at FVOCI				
Balance at 1 January 2021	1.8	-	-	1.8
Net remeasurement of loss allowance	-0.1	-	-	-0.1
New financial assets purchased	0.3	-	-	0.3
Financial assets that have been derecognised	-0.7	-	-	-0.7
Changes in models/risk parameters	-0.0	-	-	-0.0
Foreign exchange and other movements	-0.0	-	-	-0.0
Balance at 31 December 2021	1.3	-	-	1.3

[1] Including outstanding accumulated interest.

NOTE 24B FINANCIAL INSTRUMENTS – CREDIT RISK ANALYSIS

Maximum exposure to credit risk
The following table shows the Bank's theoretical maximum exposure to credit risk as of the balance sheet date, which represents the exposure in the event of other parties failing to perform their obligations, without taking account of any collateral held or other credit enhancements. For financial assets, these exposures are typically the carrying amount.

Maximum exposure to credit risk

	31.12.2022 Gross maximum exposure *CHF m*	31.12.2021 Gross maximum exposure *CHF m*
Due from banks	**4,382.6**	5,077.4
Receivables from securities financing transactions	**1,300.0**	24.1
Loans	**40,979.2**	46,399.0
Financial assets measured at FVTPL	**4,286.1**	3,263.8
Derivative financial instruments	**2,860.8**	2,097.0
Financial assets designated at fair value	**277.7**	306.9
Financial assets measured at FVOCI	**13,011.3**	12,892.2
Other financial assets measured at amortised cost	**3,802.3**	-
Accrued income	**386.0**	281.3
Other assets	**7.7**	9.1
Total[1]	**71,293.7**	70,350.8
Off-balance sheet		
Irrevocable commitments[2]	**354.0**	417.6
Total maximum exposure to credit risk	**71,647.7**	70,768.4

[1] Cash, including balances held with central banks, is not considered a credit risk and hence excluded from all credit risk analysis.
[2] These amounts reflect the maximum payments the Bank is committed to making.

Refer to the comment on Risk Management (credit risk section) for discussions on concentration of credit risk.

NOTE 24C FINANCIAL INSTRUMENTS – COLLATERAL ANALYSIS

Collateral analysis

For Lombard loans, the principal types of collateral are readily marketable debt and equity securities as well as other eligible assets; for mortgages, residential properties serve as main collateral.

The following table provides information regarding the loan-to-value (market value) ratio for the respective credit products.

	31.12.2022	31.12.2021
	CHF m	*CHF m*
Loan-to-Value ratio (LTV)		
Lombard loans (not credit-impaired)		
Less than 50%	19,628.1	24,677.1
51–70%	8,632.4	10,440.0
71–90%	5,489.2	4,381.7
91–100%	1,056.6	747.5
More than 100%	24.8	42.6
Total	**34,831.1**	40,288.9
Mortgages (not credit-impaired)		
Less than 50%	2,704.8	2,673.5
51–70%	2,888.2	2,830.3
71–90%	503.1	528.6
91–100%	0.9	7.3
More than 100%	-	-
Total	**6,097.0**	6,039.7
Credit-impaired Lombard loans[1]		
Less than 50%	-	-
51–70%	-	3.9
71–100%	-	20.1
More than 100%	4.1	16.5
Total	**4.1**	40.5
Credit-impaired mortgages[1]		
Less than 50%	-	-
51–70%	22.2	23.6
71–100%	-	4.6
More than 100%	24.8	1.7
Total	**47.0**	29.9

[1] Loss allowance on overdue interest payments and cancelled credit-impaired facilities on certain mortgages (CHF 4.4 million), as well as their corresponding exposures (CHF 29.0 million), were reported – as commented in the respective footnote – as Lombard loans in 2021. Thereof, CHF 4.3 million loss allowance on overdue interest payments and their corresponding exposures (CHF 28.3 million) are now reported under mortgages.

NOTE 24D FINANCIAL INSTRUMENTS – OFFSETTING

As a wealth manager, the Bank enters into securities transactions and derivative financial instruments. In order to control the credit exposure and reduce the credit risk related to these transactions, the Bank applies credit mitigation strategies in the ordinary course of business. The Bank enters into master netting agreements with counterparties to mitigate the credit risk of securities lending and borrowing transactions, repurchase and reverse repurchase transactions, and over-the-counter derivative transactions. Such arrangements include Global Master Securities Lending Agreements or Global Master Repurchase Agreements, as well as ISDA Master Agreements for derivatives.

The majority of exposures to securities transactions and OTC derivative financial instruments are collateralised, with the collateral being prime financial instruments or cash.

However, under IFRS, to be able to offset transactions with the same counterparty on the balance sheet, the Bank must have a legally enforceable right to set off the recognised amounts, and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. In addition, the offsetting right must not only be legally enforceable in the normal course of business, but must also be enforceable for all counterparties in the event of default, insolvency or bankruptcy. Since the Bank's arrangements may not fulfil the strict offsetting criteria as required by IFRS, the Bank does not offset the respective amounts related to these transactions on the balance sheet. Consequently, the remaining credit risk on securities lending and borrowing as well as on repurchase and reverse repurchase transactions is fully mitigated.

Securities transactions: Since the Bank does not apply netting on its balance sheet, the cash collateral provided in securities borrowing and reverse repurchase transactions in the amount of CHF 1.300.0 million (2021: CHF 24.1 million) and the cash collateral received in securities lending and repurchase transactions in the amount of CHF 339.6 million (2021: CHF 356.9 million), as disclosed in Note 21, are not offset with the respective counterparty positions in the balance sheet.

Derivative financial instruments: The derivative financial instruments consist of OTC as well as exchange-traded derivatives. The majority of OTC derivatives in the total amount of CHF 2,169.5 million (positive replacement values) and CHF 2,398.7 million (negative replacement values) are subject to an enforceable netting agreement. Transactions with other banks are generally collateralised with other financial instruments (derivatives) that are recognised on the Bank's balance sheet. With non-banking counterparties, the collateral recognised is generally cash balances. None of these balances related to the derivatives transactions are offset on the balance sheet.

NOTE 25 MARKET RISK MEASURES

Market risk refers to the potential losses through changes in the valuation of the Bank's assets and liabilities because of changes in market prices, volatilities, correlations and other valuation-relevant factors. Refer to the Comment on Risk Management (market risk section) for the relevant background information related to the Group's market risk.

Market risk measurement, market risk limitation, back-testing and stress testing
The following methods are used to measure and limit market risk: value at risk (VaR) limits, sensitivity or concentration limits (delta, vega, basis-point and nominal limits as well as scenario analysis), and country limits for trading positions. VaR, the key risk figure, measures the magnitude of the loss on a portfolio that, under normal circumstances and for a specific probability (confidence interval), will not be exceeded during the observed holding period.

Whereas VaR forecasts identify potential losses during normal market conditions, daily stress tests are carried out in order to estimate the consequences of extreme market swings. Limits are set for both these risk metrics and their utilisation is monitored on a daily basis. The daily stress tests are periodically complemented by additional tests based on historical scenarios. Additional stress tests, reflecting specific market and political situations, are also carried out.

The following table is a summary of the VaR positions of the Bank's trading portfolios (one day holding period, 95% confidence interval):

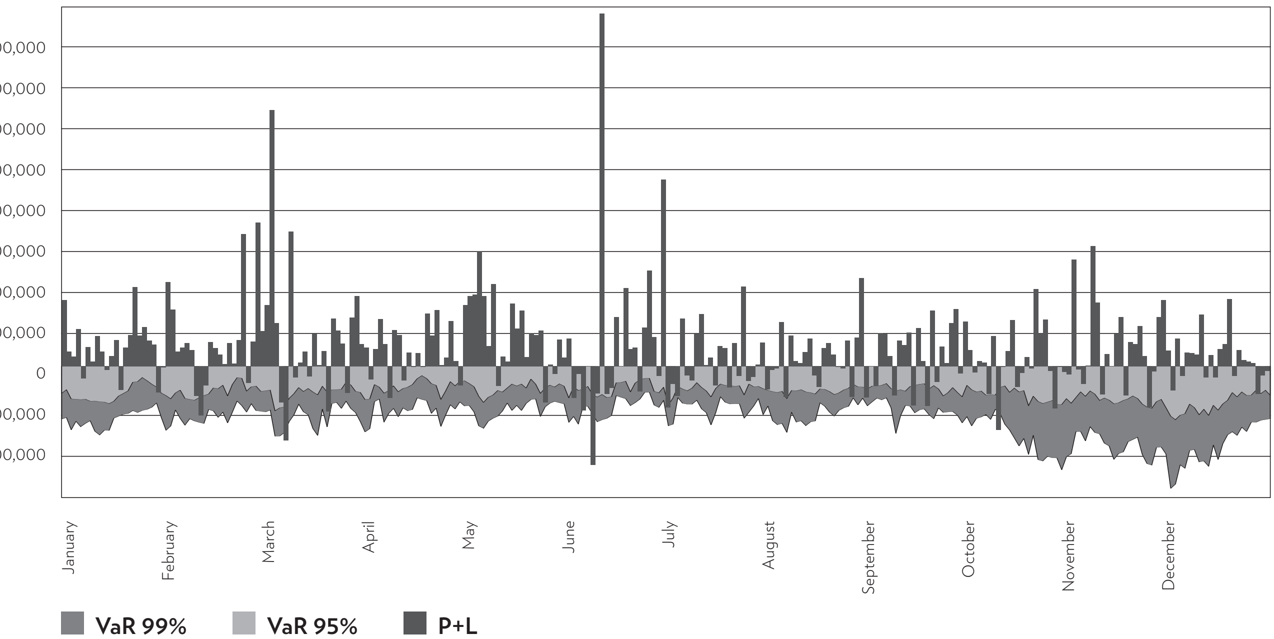
Market risk – VaR positions by risk type

	At 31 December *CHF m*	Average *CHF m*	Maximum *CHF m*	**2022** Minimum *CHF m*
Equities	**-1.4**	**-1.2**	**-2.7**	**-0.3**
Interest rates	**-3.5**	**-2.7**	**-4.6**	**-0.6**
Foreign exchange/precious metals	**-0.2**	**-0.4**	**-2.3**	**0.0**
Effects of correlation	**2.0**			
Total	**-3.1**	**-2.7**	**-5.0**	**-1.1**

	At 31 December *CHF m*	Average *CHF m*	Maximum *CHF m*	2021 Minimum *CHF m*
Equities	-0.6	-0.7	-3.0	-0.0
Interest rates	-0.7	-1.3	-2.5	-0.6
Foreign exchange/precious metals	-0.1	-0.4	-1.6	-0.0
Effects of correlation	-0.5			
Total	-1.9	-1.8	-3.3	-0.9

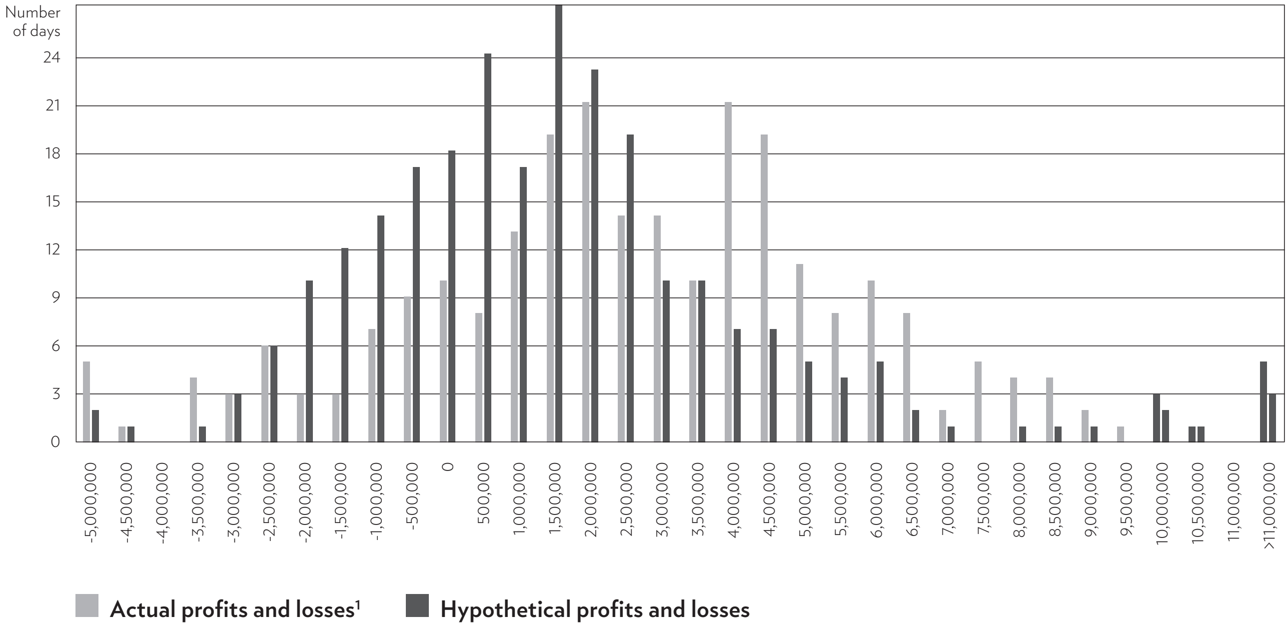
The adequacy of the VaR calculation, which is based on historical market movements, is monitored through regular back-testing. This involves the comparison of the VaR values calculated each day with the hypothetical gains or losses that would have occurred if the end-of-day positions had been left unchanged on the next trading day. The following chart shows the daily calculations of VaR in 2022 (at confidence intervals of 95% and 99% and for a one-day holding period) compared with these hypothetical gains or losses. A back-testing exception occurs when the change in overall position value resulting from the back-testing simulation is negative and its absolute value is greater than the VaR (at a confidence interval of 99%) for the relevant day's closing positions.

Back testing of Bank Julius Baer trading book positions in 2022 (CHF)



The following chart compares these hypothetical gains and losses with the actual profit and loss generated by the trading operations of the Bank. To ensure comparability, pure commission income has been removed from these income statement results.

Distribution of daily revenues from trading activities of Bank Julius Baer for 2022 (CHF)



[1] Pure trading revenues excluding commissions and fees

At the beginning of 2022, the preceding 12-month period contained four back-testing exceptions that fell out of the observation period during 2022. For the 12-month period starting on 1 January 2022 and ending on 31 December 2022, we have registered additional back-testing exceptions:

- On 9 March 2022, a back-testing loss was recorded at the correlation desk. The desk has multi-asset or basket put options with knock-in feature combined with short vanilla put options on the components of the basket. A large simultaneous increase of underlying prices impacts the multi-asset options to a larger extent than the single underlying options.
- We noted two consecutive exceptions on 9 June and 13 June 2022, due to the strong rise of USD interest rates negatively affecting positions held in the Treasury unit.
- On 5 July 2022, a back-testing loss was recorded in the Treasury unit. The driver was an outsized market move in USD and CHF rates linked to a broad risk-off sentiment across non-US G10 rates driven by recession fears.
- On 1 August 2022, a back-testing loss was recorded in the Treasury unit. The driver was an outsized market move in USD rates on the back of the Federal Reserve policy makers indicating that further material rate hikes were needed.
- On 21 September 2022, outsized market move in USD Overnight Fed Funds Effective Rate (EFFR) along with a significant move in CHF SARON rates caused another exception in the Treasury unit.

– On 10 October 2022, a back-testing loss was recorded in the Treasury unit. The main losses come from the positive USD yield rate sensitivity of positions held in the Treasury unit and an exceptional increase in the USD SOFR rates.

As of 31 December 2022, the overall number of back-testing exceptions stands therefore at seven. As such, the VaR capital multiplier applied by the Bank stands at 3.85.

All back-testing violations are examined individually, and each is reported to the Chief Executive Officer, the Chief Risk Officer, the internal and external auditors, and the Swiss Financial Market Supervisory Authority (FINMA).

VaR method and regulatory capital
For its VaR calculation, the Bank uses historical simulation with complete revaluation of all trading positions in each instance. The historical simulation is based on empirically observed changes in market parameters (prices, yield curves, volatilities) over the last 300-trading-day period. As a result, correlation is taken into account implicitly, without having to draw on calculations and assumptions based on a correlation matrix. The risk management platform and the internal market risk models of the Bank fulfil the relevant regulatory requirements and have been approved by FINMA for use in determining the capital requirement for market risks in the trading book.

In addition to the normal VaR calculations detailed above, a so-called stress-based VaR calculation is also carried out. Instead of the historical prices observed over the last 300 trading days, this stress-based VaR calculation uses those observed during a highly volatile period in the past (the stress period).

Under FINMA regulations, the capital requirement for market risk is the sum of the normal VaR and the stress-based VaR.

The specific risk of the Bank’s fixed-income trading positions is calculated according to the standard method. The incremental risk charge and comprehensive risk-capital charge requirements are not applicable.

In 2022, FINMA requested adjustments to the VaR model calibration to account for the time decay effect, certain model deficiencies and the gap between current risk-weighted assets (RWA) and anticipated RWA after the “Fundamental Review of the Trading Book (FRTB)” go-live (which is also driven by the transition from the current internal model to the standard approach under FRTB), currently expected for 1 July 2024. The incremental RWA and resulting capital implications will be phased in over five quarters (until the second quarter 2023).

For additional information regarding the calculation of the Group’s minimum regulatory capital requirements under Basel III Pillar 3, refer to the separate Basel III Pillar 3 Report published in the Regulatory Disclosures section of the www.juliusbaer.com website (this will be available at the end of April 2023).

NOTE 26 INTEREST RATE MARKET RISK MEASURES

One measure of interest rate risk can be provided by showing the impact of a positive change of 1% (+100 basis points) in the entire yield curve in the respective currency. The table below, broken down according to maturity bands and currencies, shows the results of such a scenario as at 31 December 2022. Negative values under this scenario reflect a potential drop in fair value within the respective maturity band; positive values reflect a potential increase in fair value. This risk measure is also used to carry out scenario analyses on a regular basis. As there are no material option structures in the banking book, a negative change of 1% in the yield curves would result in scenario values of similar magnitude but with the opposite sign, although such outcomes are mitigated by the fact that the yield curves for the markets in which the Bank carries out most of its activities are currently close to zero.

Interest-rate-sensitive positions

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	**Total** *CHF m*
Interest sensitivity by time bands and 100 bp parallel increase						
CHF						
2022	**4.6**	**2.0**	**23.9**	**31.7**	**-42.3**	**19.9**
2021	10.0	6.9	38.0	32.8	-58.8	28.9
USD						
2022	**5.6**	**-3.4**	**7.1**	**-115.8**	**-22.6**	**-129.1**
2021	13.3	-11.3	7.1	1.6	-88.3	-77.6
EUR						
2022	**2.3**	**-4.0**	**-1.8**	**15.7**	**-1.0**	**11.2**
2021	5.2	-5.1	-2.9	16.7	-4.6	9.3
Other						
2022	**1.7**	**-2.5**	**-0.3**	**16.1**	**0.0**	**15.0**
2021	3.6	-3.9	-2.7	29.1	-0.0	26.1

In addition, the effect on interest earnings resulting from a parallel shift of 1% in the yield curve is measured. In this gap analysis, the interest-bearing assets and liabilities are offset within maturity bands. The impact of the yield curve shift on the residual exposure over the time horizon from the next repricing date to a point 12 months ahead is measured. Based on the assumptions described above, and further assuming that the Bank took no mitigating action, the modelled effect on interest earnings would have been CHF -94.9 million at the end of 2022 (2021: CHF -221.4 million).

Interest Rate Benchmark Reform

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

NOTE 27A FAIR VALUE HEDGES

Fair value hedges of interest rate risk
The Bank hedges part of its interest rate exposure from fixed rate CHF-denominated mortgages to changes in fair value by using interest rate swaps on a portfolio basis. Such portfolio hedges are based on mortgages with similar maturities and the hedge relationships are rebalanced on a monthly basis. The amount of fair value hedge adjustments remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses are amortised over the remaining terms to maturity of the hedged items using the straight-line method.

In addition, different interest rate swaps are used to hedge the interest rate risks of some of the time deposits of the Bank that are denominated in USD, CHF or SGD, as well as a very limited number of individual mortgages and debt instruments measured at FVOCI. The fixed legs of these swaps are in correspondence to the respective (fixed rate) time deposits and mortgages. As such, the interest rate risk of each financial instrument is substantially reduced to the interest rate risk of the floating-rate leg of the respective swap.

The counterparties of the swaps transactions used for portfolio hedges as well as those used for the single hedges are investment-grade counterparties. However, the Bank does not incur any credit risk with these derivative instruments as all credit risk is eliminated through clearing or because of collateral agreements in place. Prior to committing to a hedge relationship, an assessment takes place in order to justify that the fair value of the hedged item and the hedging instrument do offset their interest rate risks, and that the economic hedge relationships meet the hedge accounting criteria. Besides this qualitative assessment, regular quantitative assessments are carried out based on prospective (i.e. forward-looking, using regression analysis) as well as retrospective effectiveness tests. These tests allow assessing whether the hedging instrument is expected to be or has been highly effective in offsetting changes in the fair value of the hedged item. Hedge ineffectiveness may arise from minor differences in the core data of the time deposits and swap fixed leg, or the interest rate sensitivities of the floating leg of the swap.

				31.12.2022
	Hedges of time deposits (single hedges) *CHF m*	Hedges of mortgages (single hedges) *CHF m*	Hedges of mortgages (portfolio hedges) *CHF m*	Hedges of bonds (single hedges) *CHF m*
Hedged items				
Amortised cost value	**917.2**	**19.9**	**189.4**	**41.3**
Accumulated amount of fair value hedge adjustment on the hedged item included in the carrying amount of the hedged item	**78.3**	**-2.7**	**17.5**	**-0.3**
Carrying amount hedged items	**995.5**	**17.2**	**206.9**	**41.0**
Hedging instruments - interest rate swaps				
Notional amount (overall average fixed interest rate: 0.56%)	**916.8**			
- whereof remaining maturity 1–5 years (average fixed interest rate: 0.91%)	***656.8***			
- whereof remaining maturity > 5 years (average fixed interest rate: -0.33%)	***260.0***			
Notional amount (overall average fixed interest rate: 0.31%)		**18.0**		
- whereof remaining maturity > 5 years (average fixed interest rate: -0.31%)		***18.0***		
Notional amount (overall average fixed interest rate: 0.85%)			**240.0**	
- whereof remaining maturity <1 year (average fixed interest rate: 1.00%)			**190.0**	
- whereof remaining maturity 1-5 years (average fixed interest rate: 0.27%)			***50.0***	
Notional amount (overall average fixed interest rate: 3.63%)				**41.6**
- whereof remaining maturity > 5 years (average fixed interest rate: 3.63%)				***41.6***
Positive replacement value	-	**3.0**	**0.9**[1]	**0.1**
- related notional amount	-	***18.0***	***140.0***	***41.6***
Negative replacement value	**-78.1**	-	**0.0**[1]	-
- related notional amount	***916.8***	-	***100.0***	-
Hedge effectiveness testing and related ineffectiveness				
Change in fair value of hedged item used for calculation of hedge ineffectiveness	**78.3**	**-2.7**	**-0.4**	**-0.3**
Change in fair value of interest rate swaps used for calculation of hedge ineffectiveness	**-78.1**	**3.0**	**0.3**[1]	**0.1**
Amount of hedge ineffectiveness recognised in the income statement	**0.2**	**0.3**	**-0.1**	**-0.2**
Termination of hedge relationship				
Accumulated amount of fair value hedge adjustments remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses	-	-	**17.8**	-

[1] The change in fair value of the interest rate swaps used for the calculation of the hedge effectiveness for the portfolio hedges reflects the changes in the fair value of the latest hedge period only, whereas the sum of the positive and negative replacement values reflects the differences in fair values of the interest rate swaps between inception and reporting date.

	Hedges of time deposits (single hedges) *CHF m*	Hedges of mortgages (single hedges) *CHF m*	31.12.2021 Hedges of mortgages (portfolio hedges) *CHF m*
Hedged items			
Amortised cost value	1,127.4	20.2	399.1
Accumulated amount of fair value hedge adjustment on the hedged item included in the carrying amount of the hedged item	3.8	-	25.2
Carrying amount hedged items	1,131.2	20.2	424.3
Hedging instruments - interest rate swaps			
Notional amount (overall average fixed interest rate: 0.80%)	1,127.5		
- whereof remaining maturity <1 year (average fixed interest rate: 1.83%)	217.6		
- whereof remaining maturity 1–5 years (average fixed interest rate: 0.9%)	*649.9*		
- whereof remaining maturity > 5 years (average fixed interest rate: -0.33%)	*260.0*		
Notional amount (overall average fixed interest rate: -0.31%)		18.0	
- whereof remaining maturity > 5 years (average fixed interest rate: -0.31%)		*18.0*	
Notional amount (overall average fixed interest rate: 0.77%)			410.0
- whereof remaining maturity < 1 year (average fixed interest rate: 0.90%)			*220.0*
- whereof remaining maturity 1–5 years years (average fixed interest rate: 0.68%)			*190.0*
Positive replacement value	7.8	0.5	-[1]
- related notional amount	*554.3*	*18.0*	-
Negative replacement value	-12.1	-	-4.5[1]
- related notional amount	*573.1*	-	*410.0*
Hedge effectiveness testing and related ineffectiveness			
Change in fair value of hedged item used for calculation of hedge ineffectiveness	3.8	-	-1.0
Change in fair value of interest rate swaps used for calculation of hedge ineffectiveness	-4.3	0.5	0.7[1]
Amount of hedge ineffectiveness recognised in the income statement	-0.5	0.5	-0.3
Termination of hedge relationship			
Accumulated amount of fair value hedge adjustments remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses	-	-	25.4

[1] The change in fair value of the interest rate swaps used for the calculation of the hedge effectiveness for the portfolio hedges reflects the changes in the fair value of the latest hedge period only, whereas the sum of the positive and negative replacement values reflects the differences in fair values of the interest rate swaps between inception and reporting date.

NOTE 27B CASH FLOW HEDGES

The Bank applies cash flow hedge accounting to protect its recurring fees in foreign currencies. These fees represent a foreign currency (FX) transaction risk for the Bank since it charges the clients for their fees based on the currency mix of the assets under management on a quarterly basis; hence, the forward-looking FX hedge transaction has the risk objective to protect the Bank's earnings from changes in the CHF (the functional currency of the Bank) against the respective currency of the fee charged. The Bank uses zero cost risk reversal (or collar) structures consisting of puts and calls; the maturity of the hedges falls on the same day as the hedged item (fees in foreign currency) is charged to the clients.

The effectiveness of the hedges is measured on the monthly change of the intrinsic value of the option against the FX spot moves of the hedged item. The monthly change of the intrinsic value of the options is recognised in other comprehensive income (OCI) as hedge result as long as the hedge is effective. The time value of the option is allocated to the income statement over the life time of the option. A possible ineffective portion of the hedge is also recognised in the income statement.

In addition, the Bank uses longer-term interest rate swaps to hedge the variability of future interest rate payments on selected Lombard loans with short maturities (and roll-over assumption). These loans share the same currency and type of risk.

The following table relates to the derivatives (FX options, interest rate swaps) used for the cash flow hedges and the related amounts recognised in OCI and the income statement:

		31.12.2022
	Interest rate hedges *CHF m*	FX hedges *CHF m*
Hedging instrument – Derivatives		
Positive replacement value of derivatives	-	**2.4**
Negative replacement values of derivatives	**55.2**	**0.3**
Nominal value of derivatives	**599.5**	**305.3**
Amounts recognised in OCI		
OCI on cash flow hedges	**-54.9**	**2.1**
Amounts recognised in the income statement		
Hedge ineffectiveness recognised in net income from financial instruments measured at FVTPL	**0.2**	-
Amortisation of time value of the derivatives into income statement	**4.1**	-

	31.12.2021	
	Interest rate hedges *CHF m*	FX hedges *CHF m*
Hedging instrument – Derivatives		
Positive replacement value of derivatives	-	1.0
Negative replacement values of derivatives	8.9	1.1
Nominal value of derivatives	544.9	464.7
Amounts recognised in OCI		
OCI on cash flow hedges	-8.7	-
Amounts recognised in the income statement		
Hedge ineffectiveness recognised in net income from financial instruments measured at FVTPL	-0.2	-
Amortisation of time value of the derivatives into income statement	-	-

NOTE 28 LIQUIDITY ANALYSIS

The following table shows an analysis of the Bank's financial liabilities by remaining contractual maturities as of the balance sheet date. Contrary to the balance sheet presentation, these amounts include the total of contractual undiscounted interest payments related to these financial liabilities. Liabilities without a stated maturity, i.e. that can be called for repayment at any time, are classified as on demand. All derivative financial instruments held for trading are classified as on demand since there are no single derivatives or classes of derivatives for which the contractual maturities are relevant to the timing of the total cash flows of the Bank.

Remaining contractual maturities of financial liabilities

	On demand *CHF m*	Due within 3 months *CHF m*	Due within 3 to 12 months *CHF m*	Due within 12 months to 5 years *CHF m*	Due after 5 years *CHF m*	**Total** *CHF m*
Financial liabilities recognised on balance sheet						
Due to banks	4,506.7	911.1	195.3	505.1	-	**6,118.2**
Payables from securities financing transactions	-	339.6	-	-	-	**339.6**
Due to customers	37,570.8	26,242.8	3,059.6	2,209.9	298.4	**69,381.5**
Financial liabilities measured at FVTPL	601.8	-	-	-	-	**601.8**
Derivative financial instruments	2,914.3	0.0	-[1]	104.0[1]	29.2[1]	**3,047.5**
Financial liabilities designated at fair value	2,522.8	4,663.8	2,944.7	1,482.3	120.6	**11,734.2**
Accrued expenses	-	286.9	-	-	-	**286.9**
Other liabilities	-	5.3	-	-	-	**5.3**
Total 31.12.2022	48,116.4	32,449.5	6,199.6	4,301.3	448.2	**91,515.0**
Due to banks	6,850.7	302.4	-	503.2	-	7,656.3
Payables from securities financing transactions	-	356.9	-	-	-	356.9
Due to customers	66,728.9	5,153.4	1,713.7	1,689.7	297.9	75,583.6
Financial liabilities measured at FVTPL	749.5	-	-	-	-	749.5
Derivative financial instruments	2,655.9	0.3	0.5[1]	20.8[1]	3.9[1]	2,681.4
Financial liabilities designated at fair value	3,361.5	4,985.3	3,739.0	2,321.2	283.1	14,690.1
Accrued expenses	-	173.1	-	-	-	173.1
Other liabilities	-	4.9	-	-	-	4.9
Total 31.12.2021	80,346.5	10,976.3	5,453.2	4,534.9	584.9	101,895.8

Financial liabilities not recognised on balance sheet (irrevocable commitments)[2]

Total 31.12.2022	261.9	13.5	30.0	47.2	1.4	**354.0**
Total 31.12.2021	339.8	1.5	23.4	52.9	-	417.6

[1] These derivatives are not held for trading but for hedging purposes.
[2] These amounts reflect the maximum payments the Bank is committed to making.

NOTE 29A COMPANIES CONSOLIDATED

	Head Office	Currency	Share capital *m*	Equity interest *%*
Banks				
Bank Julius Baer & Co. Ltd.	Zurich	CHF	575.000	100
Branches in Basle, Berne, Crans-Montana, Geneva, Guernsey,				
Hong Kong, Lausanne, Lucerne, Lugano, Singapore, Sion,				
St. Gallen, St. Moritz, Verbier, Zurich				
Representative Offices in Abu Dhabi, Bogotá, Istanbul, Johannesburg,				
Mexico City, Santiago de Chile, Shanghai				
including				
Bank Julius Baer Nominees (Singapore) Pte. Ltd.	*Singapore*	*SGD*	*0.000*	*100*

NOTE 29B UNCONSOLIDATED STRUCTURED ENTITIES

The Bank is involved in the set-up and operation of a limited number of structured entities such as segregated portfolio companies, private equity feeder funds and umbrella funds as well as similar vehicles in the legal form of limited partnerships (LPs), which are invested in segregated portfolios or feeder funds. All the LPs serve as investment vehicles for the Bank's clients. The Bank generally acts as investment manager and custodian bank and generally also holds the management shares of the LPs. These shares are equipped with voting rights, but do not provide any participating rights in the underlying investments. The Bank receives a market-based fixed fee for its services and has no interests in the underlying segregated portfolios or feeder funds. Therefore, due to the missing exposure, or rights, to variable returns from its involvement with the segregated portfolios or feeder funds, the Bank does not have control over the underlying investments, but only consolidates the LPs.

NOTE 30 SHARE-BASED PAYMENTS AND OTHER COMPENSATION PLANS

The programmes described below reflect the plan landscape as at 31 December 2022. All plans are reviewed annually to reflect any regulatory changes and/or market conditions. The Bank's overall compensation landscape is described in the Remuneration Report of Julius Baer Group Ltd.

Deferred variable compensation plans

Cash-based variable compensation – Deferred Cash Plan

The Deferred Cash Plan (DCP) promotes sound business activities by remaining subject to forfeiture while providing an inherently less volatile payout than shares. The DCP grant is generally made once a year as part of the annual variable compensation awarded to the individual concerned, and participation is determined on an annual basis.

These annually granted deferred cash awards vest in equal tranches over at least three years subject to continued employment. The DCP may be granted outside the annual variable compensation cycle in cases where share-based plans are not permissible under local legislation or as an alternative to a Long-Term Incentive Plan award (as described below), or in other situations where deemed reasonable and appropriate to apply cash-based deferral.

Deferred Bonus Plan

Similar to the DCP, the Deferred Bonus Plan (DBP) promotes sound business activities by remaining subject to forfeiture while providing an inherently less volatile payout than shares. The DBP grant is made once per year and is determined in reference to the annual variable compensation awarded to the individual concerned.

Eligibility for the DBP is based on various factors, including nomination by the CEO, overall role within the Bank, total variable compensation and individual contribution in the reporting period. All members of the Executive Board, key employees and the employees defined as risk takers of the Bank by virtue of their function within the organisation are considered for the DBP based on their specific role. These annually granted deferred cash awards vest in equal tranches over at least five years subject to continued employment.

Equity-based variable compensation – Premium Share Plan

The Premium Share Plan (PSP) is designed to link a portion of the employee's variable compensation to the long-term success of the Bank through the share price. A PSP grant is made once a year as part of the annual variable compensation awarded to the individual concerned, and participation is determined on an annual basis. The employee is granted a number of shares equal in value to the deferred element. These shares vest in equal tranches over at least three years. At the end of the plan period, subject to continued employment, the employee then receives an additional share award representing a further one-third of the number of shares granted to him or her at the beginning of the plan period.

Equity-based variable compensation – Equity Performance Plan

The Equity Performance Plan (EPP) is a robust long-term incentive mechanism for the participants. It is an equity plan that seeks to create a retention element for key employees and to link a significant portion of the executive compensation to the future performance of the Bank.

Eligibility for the EPP, similar to that of the DBP (as described above), is based on various factors, which include nomination by the CEO, overall role within the Bank, total variable compensation and individual contribution in the reporting period. All members of the Executive Board, key employees and employees defined as risk takers of the Bank by virtue of their function within the organisation are considered for the EPP based on their specific role. An EPP grant is made once a year and is determined in reference to the annual variable compensation awarded to the individual concerned, and participation is determined on an annual basis.

The EPP is an annual rolling equity grant (made in February each year) that awards performance units to eligible participants subject to individual performance in the reporting period and future performance-based requirements.

The goal of the EPP is to incentivise participants in two ways:

- Firstly, by the nature of its construction, the ultimate value of the award to the participants fluctuates with the market value of Julius Baer Group Ltd. shares.
- Secondly, the Performance Units are contingent on continued service and two key performance indicators (KPIs), cumulative Economic Profit (cEP) and relative Total Shareholder Return (rTSR). The service condition requires that the participant generally remains with Julius Baer for three to five years after the grant (plans granted through 2021 vest in one tranche over three years; plans granted thereafter vest pro rata in years three, four, and five following the grant date). Under all plans, the performance of the two KPIs is assessed during the three-year performance period to determine the number of shares the participant ultimately receives.

The number of shares delivered under the EPP is between 0% and 150% of the number of performance units granted in any given year (with each individual KPI being capped at a maximum multiplying factor of 200%). The cap serves to limit EPP awards so as to avoid any unforeseen outcome of the final EPP multiplier resulting in unintentionally high or excessive levels of compensation. A high level of performance is required to attain a maximum share delivery (creating a maximum uplift of 50% of the Performance Units granted), while low-level performance potentially leads to nil compensation.

The KPI targets are set based on the strategic three-year budget/plan that is approved by the Board of Directors on an annual basis. Extremely high (and, thus, unrealistic) performance targets are avoided, so as not to incentivise excessive risk-taking by executives and other managerial staff.

Long-Term Incentive Plan (LTI)
In certain specific situations, the Bank may also offer incentives outside the annual compensation cycle by granting an equity-based LTI. These may include such items as compensatory payments to new hires for deferred awards they have forfeited by resigning from their previous employer or retention payments to key employees during extraordinary or critical circumstances. The LTI may also be used as a replacement of the PSP where required for regulatory reasons.

An LTI granted in these circumstances generally runs over a three-year plan period. The Bank typically operates two different vesting schedules for this plan: (1) three equal one-third tranches vesting over a three-year period, (2) cliff-vesting of all granted shares in one single tranche at the end of a three-year period.

Staff Participation Plan (SPP)
The SPP is offered to most of the Banks's global employee population. Some individuals or employees in specific locations are excluded from participating because, for example, the employees concerned are participants in another Group equity-based plan or because the SPP cannot be offered in a particular jurisdiction for legal, regulatory or administrative reasons. Under this plan, eligible participants may voluntarily purchase Julius Baer Group Ltd. shares at the prevailing market price, and for every three shares so purchased they will receive one additional share free of charge. These free shares vest after three years, subject to continued employment. Purchases under the SPP only occur once a year.

The objective of this plan is to strengthen the employee's identification with the Bank, to encourage entrepreneurial spirit, to generate greater interest in the business through ownership, and to provide employees with financial recognition for their long-term dedication to the Bank.

Movements in shares/performance units granted under various participation plans are as follows:

	31.12.2022		31.12.2021	
	Number of units Economic Profit	Number of units Total Shareholder Return	Number of units Economic Profit	Number of units Total Shareholder Return
Equity Performance Plan				
Unvested units outstanding, at the beginning of the year	**864,002**	**864,002**	838,305	838,305
Granted during the year	**249,201**	**249,201**	242,766	242,766
Exercised during the year	**-376,943**	**-376,943**	-211,037	-211,037
Forfeited during the year	**-2,844**	**-2,844**	-6,032	-6,032
Unvested units outstanding, at the end of the year	**733,416**	**733,416**	864,002	864,002

	31.12.2022	31.12.2021
Premium Share Plan		
Unvested shares outstanding, at the beginning of the year	**987,379**	909,196
Granted during the year	**637,269**	480,315
Vested during the year	**-435,001**	-370,975
Transferred (net) during the year	**7,017**	3,774
Forfeited during the year	**-36,184**	-34,931
Unvested shares outstanding, at the end of the year	**1,160,480**	987,379
Weighted average fair value per share granted (CHF)	**59.37**	54.88
Fair value of outstanding shares at the end of the year (CHF 1,000)	**62,503**	60,408

Long-Term Incentive Plan	**31.12.2022**	31.12.2021
Unvested shares outstanding, at the beginning of the year	**373,278**	449,021
Granted during the year	**96,213**	96,704
Vested during the year	**-260,272**	-158,037
Transferred (net) during the year	**-607**	4,961
Forfeited during the year	**-4,785**	-19,371
Unvested shares outstanding, at the end of the year	**203,827**	373,278
Weighted average fair value per share awarded (CHF)	**50.66**	56.77
Fair value of outstanding shares at the end of the year (CHF 1,000)	**10,978**	22,837

Staff Participation Plan	**31.12.2022**	31.12.2021
Unvested shares outstanding, at the beginning of the year	**139,682**	135,446
Granted during the year	**55,678**	38,555
Vested during the year	**-43,313**	-30,092
Transferred (net) during the year	**37**	278
Forfeited during the year	**-3,633**	-4,505
Unvested shares outstanding, at the end of the year	**148,451**	139,682
Weighted average fair value per share granted (CHF)	**47.60**	58.75
Fair value of outstanding shares at the end of the year (CHF 1,000)	**7,996**	8,546

Compensation expense recognised for the various share plans are:

Compensation expense	**31.12.2022** *CHF m*	31.12.2021 *CHF m*
Equity Performance Plan	**23.3**	33.0
Premium Share Plan	**29.4**	21.6
Long-Term Incentive Plan	**4.1**	6.6
Staff Participation Plan	**2.1**	1.9
Total	**58.9**	63.1

NOTE 31 OFF BALANCE SHEET ITEMS

	31.12.2022 *CHF m*	31.12.2021 *CHF m*
Contingent liabilities	**1,205.7**	1,209.8
Irrevocable commitments	**354.0**	417.6
Total	**1,559.7**	1,627.4

Contingent liabilities mainly include credit guarantees. The irrevocable commitments relate to unused irrevocable credit lines and the commitments to the Swiss deposit guarantee institution.

NOTE 32 EVENTS AFTER THE BALANCE SHEET DATE

There are no events to report that had an influence on the balance sheet or the income statement for the 2022 financial year.

ADDITIONAL INFORMATION

NOTE 33 ASSETS UNDER MANAGEMENT

Assets under management include all bankable assets managed by or deposited with the Bank for investment purposes. Assets included are portfolios of wealth management clients for which the Bank provides discretionary or advisory asset management services. Assets deposited with the Bank held for transactional or safekeeping/custody purposes, and for which the Bank does not offer advice on how the assets should be invested, are excluded from assets under management. In general, transactional or safekeeping/custody assets belong to banks, brokers, securities traders, custodians, or certain institutional investors. Non-bankable assets (e.g. art collections, real estate), asset flows driven more by liquidity requirements than investment purposes or assets primarily used for cash management, funding or trading purposes are also not considered assets under management.

Assets with discretionary mandate are defined as the assets for which the investment decisions are made by the Bank, and cover assets deposited with the Bank as well as assets deposited at third-party institutions. Other assets under management are defined as assets for which the investment decision is made by the clients themselves. Both, assets with a discretionary mandate and other assets under management, take into account client deposits as well as market values of securities, precious metals, and fiduciary investments placed at third-party institutions.

When assets under management are subject to more than one level of asset management services, double counting arises within the total assets under management. Each such separate discretionary or advisory service provides additional benefits to the respective client and generates additional revenue to the Bank.

Net new money consists of new client acquisitions, client departures and in- or outflows attributable to existing clients. It is calculated through the direct method, which is based on individual client transactions. New or repaid loans and related interest expenses result in net new money flows. Interest and dividend income from assets under management, market or currency movements as well as fees and commissions are not included in the net new money result. Effects resulting from any acquisition or divestment of the Bank are stated separately. Generally, reclassifications between assets under management and assets held for transactional or safekeeping/custody purposes result in corresponding net new money in- or outflows.

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

Assets under management

	2022 *CHF m*	2021 *CHF m*	Change *%*
Assets with discretionary mandate	**48,780**	60,142	-18.9
Other assets under management	**292,765**	325,199	-10.0
Total assets under management (including double counting)	**341,545**	385,341	-11.4
of which double counting	***14,129***	*16,423*	*-14.0*
Change through net new money	**5,574**	13,580	
Change through market and currency impacts	**-45,851**	20,341	
Change through divestment[1]	**-1,872**	-968	
Change through other effects	**-1,647**[2]	-	
Client assets	**408,321**	464,875	-12.2

[1] Assets under management were affected by the Bank's decision to discontinue its offering to clients from a number of selected countries.
[2] Reclassifications into assets under custody in 2022 result from externally imposed restrictions impacting the service offering to clients, including Russia-affected clients.

Client assets are defined as all bankable assets managed by or deposited with the Bank companies for investment purposes and only those deposited assets held for transactional, safekeeping/custody or administrative purposes for which additional services – e.g. analysis and reporting or securities lending and borrowing - are provided. Non-bankable assets (e.g. art collections, real estate), asset flows driven more by liquidity requirements than investment purposes, assets primarily used for cash management, funding or trading purposes or deposited assets held purely for transactional or safekeeping/custody purposes are excluded from client assets.

Breakdown of assets under management

	2022 %	2021 %
By types of investment		
Equities	**30**	33
Bonds (including convertible bonds)	**16**	14
Investment funds	**26**	29
Money market instruments	**5**	1
Client deposits	**17**	17
Structured products	**5**	5
Other	**1**	1
Total	**100**	100

By currencies		
CHF	**11**	11
EUR	**15**	15
USD	**53**	54
GBP	**5**	5
SGD	**2**	2
HKD	**3**	4
Other	**11**	9
Total	**100**	100

NOTE 34 REQUIREMENTS OF SWISS BANKING LAW

The Bank is subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA), which requires Switzerland-domiciled banks using International Financial Reporting Standards (IFRS) as their primary accounting standard to provide a narrative explanation of the major differences between IFRS and Swiss GAAP. Swiss GAAP is based on the regulations of the Swiss Code of Obligation, on Swiss Banking Law and the Ordinance thereto, on the FINMA Accounting Ordinance (RelV-FINMA) and the Guidelines of the FINMA Circular 2020/1 'Accounting Banks'.

The following main differences exist between IFRS and Swiss GAAP (true and fair view) which are relevant to the Bank:

Under IFRS, goodwill is not amortised but tested for impairment annually and a write-off is made if the recoverable amount is less than the carrying amount. Under Swiss GAAP, goodwill is amortised over its useful life, generally not exceeding five years (in justified cases up to twenty years), and tested for impairment.

Under IFRS, changes in the fair value of financial instruments measured at fair value through other comprehensive income (FVOCI) are directly recognised in equity. Under Swiss GAAP, such financial instruments are measured at the lower of cost or market (LOCOM), with the changes in fair value where required recognised in the income statement.

Swiss GAAP allows the application of IAS 19 for the accounting for defined benefit plans. However, the remeasurement of the net defined benefit liability is recognised in the income statement and comprises movements in actuarial gains and losses and return on plan assets (excluding net interest cost). Under IFRS, these components are recognised directly in equity.

Under IFRS, a lessee recognises right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Under Swiss GAAP, no right-of-use assets or lease liabilities are recognised, but operating lease expense are expensed as incurred.

Under IFRS, all income and expenses are attributed to ordinary business operations. Under Swiss GAAP, income and expenses are classified as extraordinary, if they are from non-operating transactions and are non-recurring.

REPORT OF THE STATUTORY AUDITOR TO THE ANNUAL GENERAL MEETING OF BANK JULIUS BAER & CO. LTD., ZURICH

KPMG

Statutory Auditor's Report

To the General Meeting of Bank Julius Baer & Co. Ltd., Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bank Julius Baer & Co. Ltd. and its subsidiaries (the Bank), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 4 to 107) give a true and fair view of the consolidated financial position of the Bank as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

GOODWILL IMPAIRMENT TESTING

LITIGATION AND REGULATORY PROCEEDINGS

VALUATION OF FINANCIAL INSTRUMENTS

IMPAIRMENT OF LOANS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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KPMG

GOODWILL IMPAIRMENT TESTING

Key Audit Matter

As at 31 December 2022, the Bank recognizes goodwill of CHF 1,501.7m arising from a number of acquisitions.

Goodwill impairment testing is performed at the level of the cash generating unit (‘CGU’) and relies on estimates of value-in-use based on discounted future cash flows.

Due to the significance of the Bank’s recognized goodwill and the inherent uncertainty of forecasting and discounting future cash flows, this is deemed to be a significant area of judgment.

Our response

Our procedures included the assessment of the Bank’s process and key controls for the testing of goodwill impairment, including the assumptions used.

With the assistance of our own valuation specialists, we critically assessed the key assumptions and methodologies used to determine the value-in-use for the CGU. We assessed the reasonableness of cash flow projections, discount rate and growth rates by comparison with the Bank’s own historical data and performance and externally available industry, economic and financial data respectively.

Additionally, we considered whether the Bank’s disclosures of the application of judgment in estimating key assumptions and the sensitivity of the results of those estimates adequately reflect the risk associated with goodwill impairment.

For further information on goodwill impairment testing refer to note 12 to the consolidated financial statements on pages 48 to 49.

LITIGATION AND REGULATORY PROCEEDINGS

Key Audit Matter

As at 31 December 2022, the Bank recognizes provisions for legal risks of CHF 40.9m arising from litigation and regulatory proceedings (together ‘legal and regulatory matters’).

The Bank is involved in a number of legal and regulatory matters which could have a material effect on the Bank but do not qualify for the recognition of a provision. These matters are disclosed as contingent liabilities.

The recognition and measurement of provisions and the measurement and disclosure of contingent liabilities in respect of legal and regulatory matters requires significant judgment.

Our response

Our procedures included the assessment of key controls over the identification, evaluation and measurement of potential obligations arising from legal and regulatory matters.

We paid particular attention to significant matters that experienced notable developments or that emerged during the period. For matters identified, we considered whether an obligation exists, the appropriateness of provisioning and/or disclosure based on the facts and circumstances available.

In order to assess the facts and circumstances, we obtained and assessed the relevant regulatory and litigation documents and interviewed the Bank’s internal and external legal counsels. We also critically assessed the assumptions made and key judgments applied and considered possible alternative outcomes.

Additionally, we considered whether the Bank’s disclosures of the application of judgment in estimating provisions and contingent liabilities adequately reflected the uncertainties associated with legal and regulatory matters

For further information on litigation and regulatory proceedings refer to note 15 to the consolidated financial statements on pages 52 to 55.

VALUATION OF FINANCIAL INSTRUMENTS

Key Audit Matter

As at 31 December 2022, the Bank reports financial assets of CHF 29,408.3m and financial liabilities of CHF 15,220.7m measured at fair value representing 30.1% and 15.6% of total assets and total liabilities and equity respectively.

The fair value of financial instruments that are traded in an active market is determined based on quoted market prices. The exercise of judgment and the use of estimates and assumptions is in particular required for instruments where observable market prices or market parameters are not available. For such instruments the fair value is determined through the use of valuation techniques or models applied by the Bank.

Due to the significance of such financial instruments to the balance sheet and the degree of complexity involved, there is estimation uncertainty with regard to the valuation of financial instruments.

Our response

Our procedures included the assessment of key controls over the identification, measurement and management of valuation risk, as well as evaluating the methodologies and input parameters used by the Bank in determining fair values.

For the Bank's fair value models, we involved our own valuation specialists to assess the appropriateness of the models and inputs. We further compared observable inputs against independent sources and externally available market data and re-performed independent valuations for a sample of instruments with the assistance of our own valuation specialists.

Additionally, we assessed whether the fair value determination is appropriately disclosed.

For further information on valuation of financial instruments refer to notes 23B and 23C to the consolidated financial statements on pages 70 to 75.

KPMG

IMPAIRMENT OF LOANS

Key Audit Matter	Our response
As at 31 December 2022, the Bank reports loans of CHF 40,979.2m representing 41.9% of total assets and records a credit loss allowance of CHF 106.2m. Loans are measured at amortized cost considering any impairment losses. The impairment of loans is estimated through the application of judgment and use of assumptions. This particularly applies to the specific allowances measured on an individual basis for credit losses established for impaired loan amounts. The loan portfolios which give rise to the greatest uncertainty are typically those with concentration risks in collaterals that are potentially more sensitive to global economic trends.	Our procedures included the assessment of key controls over the approval, recording and monitoring of loans and an evaluation of the methodologies, inputs and assumptions used by the Bank to assess the adequacy of impairment allowances for individually assessed loans. For a sample of loans with specific allowances for credit losses we evaluated the Bank's individual impairment assessment and specifically challenged the Bank's assumptions used, including the value of realizable collateral and the estimated recoverability. Based on a retrospective review, we further critically assessed whether the Bank revised its estimates and assumptions for specific allowances established in prior year. We also tested a sample of individually significant exposures which had not been identified as potentially impaired by the Bank and assessed whether appropriate consideration was given to the collectability of future cash flows and the valuation of the underlying collaterals.

For further information on impairment of loans refer to note 24A to the consolidated financial statements on pages 76 to 83.

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the SA-CH (PS-CH 890), we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Mirko Liberto
Licensed Audit Expert
Auditor in Charge

Corina Wipfler
Licensed Audit Expert

Zurich, 17 February 2023

V. BJB Financial Statements as at 31 December 2022

V. BJB Finanzinformationen zum 31. Dezember 2022

FINANCIAL STATEMENTS

INCOME STATEMENT

	Note	**2022** CHF 1,000	2021 CHF 1,000	Change %
Interest and discount income		**828,267**	477,477	73.5
Interest and dividend income on trading portfolios		**371,196**	110,699	235.3
Interest and dividend income on financial investments		**200,978**	146,051	37.6
Interest expense		**538,451**	-30,960	-
Gross result on interest operations	1	**861,990**	765,187	12.7
Changes in value adjustments for default risks and losses from interest operations and losses on the interest business		**-13,853**	-2,702	-
Subtotal net result on interest operations		**848,137**	762,485	11.2
Commission income on securities trading and investment activities		**1,765,168**	2,059,072	-14.3
Commission income on lending activities		**4,049**	4,614	-12.2
Commission income on other services		**31,407**	56,211	-44.1
Commission expense		**509,003**	576,458	-11.7
Subtotal result on commission business and services		**1,291,621**	1,543,439	-16.3
Result on trading activities and the fair value option	2	**763,546**	670,600	13.9
Result from the sale of financial investments		**21,553**	4,813	-
Real estate income		**6,301**	5,480	15.0
Other ordinary income		**69,586**	76,689	-9.3
Other ordinary expenses		**552,167**	39,677	-
Subtotal other result from ordinary activities		**-454,727**	47,305	
Operating income		**2,448,577**	3,023,829	-19.0
Personnel expenses	3	**1,249,542**	1,143,893	9.2
General expenses	4	**692,272**	673,910	2.7
Subtotal operating expenses		**1,941,814**	1,817,803	6.8
Depreciation and amortisation	14	**246,539**	253,001	-2.6
Provisions and losses	5, 20	**109,471**	63,138	73.4
Operating result		**150,753**	889,887	-83.1
Taxes	6	**106,874**	154,934	-31.0
Net profit/loss		**43,879**	734,953	-94.0

BALANCE SHEET

	Note	**31.12.2022** *CHF 1,000*	31.12.2021 *CHF 1,000*
Assets			
Cash		**8,236,419**	17,275,368
Due from banks	9	**4,382,651**	5,077,336
Due from securities transactions	7	**1,300,000**	24,140
Due from customers	9	**34,835,196**	40,329,469
Mortgages	9	**6,143,801**	6,058,927
Trading portfolios	10	**16,260,304**	18,789,284
Positive replacement values of derivative financial instruments	12	**2,860,810**	2,097,032
Financial assets designated at fair value	11	**277,664**	306,895
Financial investments	13	**16,909,182**	12,953,066
Accrued income and prepaid expenses		**458,573**	337,759
Tangible fixed assets	14	**1,022,678**	969,534
Intangible assets	14	**253,671**	370,741
Other assets	15	**3,279,831**	3,272,209
Total assets	25	**96,220,780**	107,861,760

Total subordinated claims	**283,369**	378,956
of which with conversion obligation and/or claims waiver	***106,998***	*114,238*

	Note	**31.12.2022** *CHF 1,000*	31.12.2021 *CHF 1,000*
Liabilities and equity			
Due to banks		**5,762,410**	7,654,705
Due to securities transactions	7	**339,604**	356,899
Due to customers		**68,949,149**	75,459,503
Trading liabilities	10	**601,839**	749,539
Negative replacement values of derivative financial instruments	12	**3,047,512**	2,681,363
Financial liabilities designated at fair value	11	**11,571,353**	14,458,988
Debt issues	18	**753,359**	777,260
Accrued expenses and deferred income		**911,489**	830,053
Other liabilities	16	**135,976**	137,956
Provisions	20	**42,503**	73,787
Liabilities		**92,115,194**	103,180,053
Share capital	21	**575,000**	575,000
Statutory capital reserve		**1,932,546**	1,932,546
of which tax-exempt capital contribution reserve		***1,916,640***	*1,916,640*
Statutory retained earnings reserve		**675,023**	613,023
Voluntary retained earnings reserve		**878,155**	826,155
Profit carried forward		**983**	30
Net profit/loss		**43,879**	734,953
Equity		**4,105,586**	4,681,707
Total liabilities and equity		**96,220,780**	107,861,760

Total subordinated liabilities		**852,401**	480,000
of which with conversion obligation and/or claims waiver		***852,401***	*480,000*

OFF-BALANCE SHEET TRANSACTIONS

	Note	**31.12.2022** *CHF 1,000*	31.12.2021 *CHF 1,000*
Contingent liabilities	27	**1,205,667**	1,209,805
Irrevocable commitments	28	**353,950**	417,593
Fiduciary transactions	29	**11,568,033**	4,786,055

PROPOSAL OF THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Net profit	**43,879**	734,953
Profit carried forward	**983**	30
Disposable profit	**44,862**	734,983

Appropriation of profit		
Allocation to statutory retained earnings reserve	**52,000**	62,000
Allocation to voluntary retained earnings reserve	**-**	52,000
Allocation from voluntary retained earnings reserve	**528,000**	-
Dividend payment	**520,000**	620,000
Total appropriation of profit	**44,000**	734,000

Profit carried forward	**862**	983

STATEMENT OF CHANGES IN EQUITY

At 1 January 2021
Allocation to statutory retained earnings reserve
Allocation from voluntary retained earnings reserve
Bank Julius Baer & Co. Ltd. dividend payment
Total profit appropriation 2021
Net profit
Share-based payments expensed for the year
Distribution to the parent related to share-based payments for the year
At 31 December 2021

At 1 January 2022
Allocation to statutory retained earnings reserve
Allocation to voluntary retained earnings reserve
Bank Julius Baer & Co. Ltd. dividend payment
Total profit appropriation 2022
Net profit
Share-based payments expensed for the year
Distribution to the parent related to share-based payments for the year
At 31 December 2022

Share capital *CHF 1,000*	Statutory capital reserve *CHF 1,000*	Statutory retained earnings reserve *CHF 1,000*	Voluntary retained earnings reserve *CHF 1,000*	Retained earnings and net profit *CHF 1,000*	Total equity attributable to shareholder of Bank Julius Baer & Co. Ltd. *CHF 1,000*
575,000	1,932,546	577,023	667,155	555,030	4,306,754
-	-	36,000	-	-36,000	-
-	-	-	159,000	-159,000	-
-	-	-	-	-360,000	-360,000
-	-	36,000	159,000	-555,000	-360,000
-	-	-	-	734,953	734,953
-	-	-	-	63,145	63,145
-	-	-	-	-63,145	-63,145
575,000	1,932,546	613,023	826,155	734,983	4,681,707
575,000	**1,932,546**	**613,023**	**826,155**	**734,983**	**4,681,707**
-	**-**	**62,000**	**-**	**-62,000**	**-**
-	**-**	**-**	**52,000**	**-52,000**	-
-	**-**	**-**	**-**	**-620,000**	**-620,000**
-	**-**	**62,000**	**52,000**	**-734,000**	**-620,000**
-	**-**	**-**	**-**	**43,879**	**43,879**
-	**-**	**-**	**-**	**58,942**	**58,942**
-	**-**	**-**	**-**	**-58,942**	**-58,942**
575,000	**1,932,546**	**675,023**	**878,155**	**44,862**	**4,105,586**

COMMENT ON RISK MANAGEMENT

In pursuing its strategy and business, Bank Julius Baer & Co. Ltd. (the Bank) is exposed to risks, e.g. events which may have an impact on its financial, business, regulatory and reputational standing. Therefore, risk management is an integral part of the Bank's business model and is designed to protect its franchise and reputation.

The tight organisational as well as commercial relationship between Julius Baer Group (the Group) and the Bank as the principal operating entity of the Group makes the risk management principles explained herein analogous to the risk management principles of the Group.

RISK MANAGEMENT FRAMEWORK

The Group's Risk Management Framework (RMF) links and integrates all relevant activities, governance and processes of the Bank to identify, assess, manage, monitor and report risks across the organisation.

Risk management activities are structured according to the Group's risk categorisation which represents the material risks the organisation is exposed to.

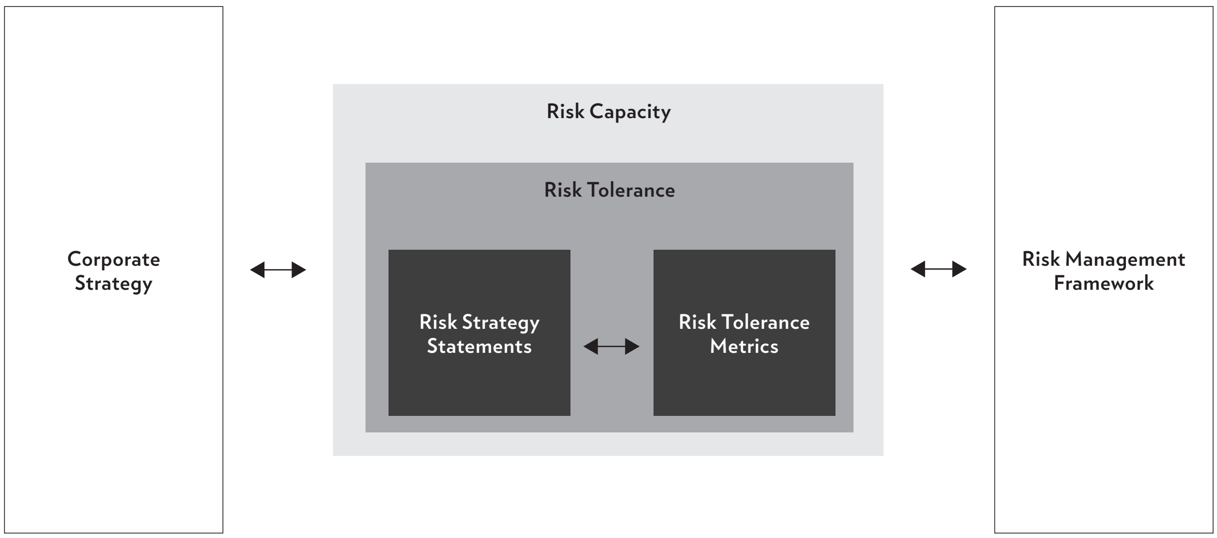
Beside credit, market and treasury risk, the Bank is exposed to non-financial risks, covering operational risk, compliance and legal risk, as well as strategic, business and reputational risk. The risk categorisation allows for individual assignment of responsibilities to Risk Type Owners (RTOs), who maintain the risk management framework of each material risk type by means and in accordance with the RMF.

RISK TOLERANCE FRAMEWORK

Not all risks can be eliminated, fully controlled or mitigated at all times. However, the Group's Risk Tolerance Framework (RTF) supports and ensures that risk-taking is in line with the strategic objectives and within the Bank's overall risk capacity. The Bank's risk tolerance is defined as the aggregate level of risk, subject to appropriate mitigating actions, that the Bank is willing to accept across all relevant risk categories. It is formalised by a set of qualitative risk statements and quantitative risk metrics along the Bank's key risk categories.

The risk capacity describes the maximum level of risk the Bank can assume given its capabilities and resources, taking account of capital, earnings and liquidity constraints (financial risk capacity), regulatory requirements and the Bank's reputational standing (regulatory and reputational risk capacity). The latter reflects all relevant laws and regulations that affect the overall business operations and conduct of the Bank.

The key components of the Bank's RTF are illustrated by the following figure:



RISK GOVERNANCE

The Bank has established a robust risk governance, involving several stakeholders across the organisation and various committees, functions and business units.

The Board of Directors (BoD) is responsible for establishing the strategic course of the Bank and the guiding principles for the Bank's corporate culture. It approves the Group-wide RMF and RTF. This ensures that risks are managed effectively at Bank level and that suitable processes are in place.

Regular reporting enables the BoD to monitor whether the risk tolerance, policies, instructions and mandates are being complied with, and whether they remain appropriate, given the Bank's business model, risk profile and strategy. In addition, the BoD regularly reviews reports analysing the Bank's risk exposure.

The BoD has established the following committees to supervise specific risk management-related areas and to prepare topics for consideration by the complete board:

- Governance and Risk Committee (GRC)
- Audit Committee of the BoD (ACB)
- Nomination & Compensation Committee (NCC)
- Development & Innovation Committee (DIC).

For further details, please refer to the Executive Board section of the Annual Report 2022 of Julius Baer Group Ltd.

The Executive Board (ExB) is overall responsible for developing and maintaining the RMF and the RTF for approval by the BoD. As part of its responsibility for managing the core (wealth management) business of the Bank as laid down in BJB's Organisational and Management Regulations (OMR), the ExB defines specific instructions with regard to risk management, implements the RMF and enforces that the Bank's risk management practices are sound and in accordance with the business model, strategy plan, risk tolerances and the defined mitigating actions set out in them. In doing so, executive boards assume the responsibilities for the management of business, strategic and reputational risks.

The following committees enable the ExB to delegate decision-making in the daily course of business:

- Credit Committee (CCEB)
- Risk Committee (RC)
- Asset and Liability Management Committee (ALMCO)
- Transformation Committee (TC)
- Sustainability Board (SB)
- Information Security Committee (SECO).

For further details, please refer to the Executive Board section of the Annual Report 2022 of Julius Baer Group Ltd.

The CRO division develops and oversees the global framework for risk identification, assessment, management, monitoring and reporting within the risk tolerance for the various business activities of the Bank, aiming at sustainable growth of the franchise. It accomplishes this mission by being an independent partner in constructively challenging the business activities from a risk management perspective. Further, it is responsible for the control of market risk (trading book and banking book), treasury risk (liquidity and financing risk of the banking book) as well as non-financial risk. Additionally, the CRO division oversees the interaction between risks and supports the mitigation of risks together with other divisions. The CRO coordinates his activities with regard to legal risk (including regulatory risk) matters with the GGC.

The CFO division oversees the Bank's financial reporting, budgeting and strategic business analysis, including the tools used by the business units for performance follow-up. It is also responsible for balance sheet, capital, funding and liquidity management, and the management and oversight of credit risks. The CFO's duties thus include maintaining a sound ratio of eligible capital to risk-weighted positions and ensuring that sufficient liquidity is available. In doing so, the division maintains monitoring systems to ensure compliance with supervisory regulations on the above topics.

RISK CULTURE

The Bank recognises that successful risk management requires a combination of a sound risk culture, organisation and supporting processes as well as controls.

- A sound risk culture is the key pillar in effectively managing risks. It promotes sound risk-taking and ensures that emerging risks or risk-taking activities beyond the Bank's risk tolerance are appropriately identified, assessed, escalated and addressed in a timely manner. The following four levers are viewed as critical elements in ensuring a strong alignment between the expected behaviour standards and the strategic objectives of the Bank:
  - Strong leadership and tone from the top
  - Accountability and clear roles and responsibilities
  - Effective communication and challenge
  - Employee life cycle and incentives
- Based on Julius Baer's long-standing core values 'Care, Passion and Excellence', a set of guiding principles and professional standards for ethical business conduct have been established and formalised in the Group's Code of Ethics and Business Conduct (the Code). The Code, which is globally applicable, covers a range of topics, from values, beliefs and culture to how behaviour affects clients, employees and business activities. It supports the Bank's aspiration to act with the utmost professional expertise and integrity, and articulates the Bank's expectation to adhere to high standards of ethical business conduct and to comply with all applicable laws and regulations.
- To ensure adherence to the Code, employees are regularly trained on its content and provide regular confirmations of their understanding and compliance through a formal self-attestation framework. Further, non-adherence to the Code

is reflected in an employee's value and risk behaviour assessment and rating, and may lead to disciplinary action.
- The Bank expects that employees raise any concerns or suspicions regarding deficient processes and/or any type of unethical or improper behaviour, including any breaches of law and/or policy. The Bank instructs employees to report any such issues directly to their line management, a member of the CRO function and/or Human Resources. Alternative channels are also made available to report any concerns, observations or complaints, such as contacting the Group's internal Ombudsman or reporting the incident anonymously through the Group's whistleblowing reporting tool (Integrity Line). The Bank will not retaliate against any employee who reports a concern in good faith.
- The Bank's remuneration philosophy is geared toward ensuring that Julius Baer attracts and retains industry professionals who are dedicated to contributing sustainable value to the Bank. It fosters risk awareness while ensuring alignment with regulatory compliance. The Relationship Manager Compensation Framework, which has been fundamentally reviewed and was rolled out across our target operating jurisdictions as of 1 January 2022, supports the Bank's overall strategy of sustainable profit growth and risk and regulatory viability.
- The procedures dealing with policy breaches by employees are defined in a global policy to ensure a standardised Bank-wide sanction approach to non-compliant behaviour as well as policy and regulation infringements. Depending on the severity of the non-compliant behaviour, a variety of measures can be imposed, such as reprehension, reprimand, warning, promotion ban, financial sanction or termination of work contract.

GROUP RISK LANDSCAPE

In order to make risks transparent and to put them into perspective, a Risk Landscape is compiled annually and is continuously maintained. To comprehensively and holistically identify and assess existing and emerging risks as well as disclose them transparently to the BoD and ExB, the following multilayered approach is applied:

- A yearly bottom-up Risk and Control Self-Assessment (RCSA) of non-financial risks is performed by the Bank and the Business Functions at Head Office and challenged by the second line of defence.
- The RCSA is complemented by the top-down Risk Type Owner Assessment (RTOA), which is performed annually by the RTOs for all non-financial risk types.
- All risk categories are assessed, depicting both a 'normalised' and a 'stressed' risk profile (with low probability).
- The above is supplemented by a review and a top-down assessment by ExB (under the auspices of the CRO) of strategic, reputational and major risks – and subsequently 'back-tested' against the Bank's overall risk capacity.

The Risk Landscape, which is discussed and evaluated at ExB and BoD level, is an integral part of the Bank's strategic capital planning process.

CAPITAL PLANNING AND LIQUIDITY CONTINGENCY PLAN

Regulatory capital standards require banks to calculate their capital requirements by quantifying all of the inherent risks the Bank is exposed to.

In the capital planning process of the Bank, its ability to withstand the impact of credit, market and other risk events is assessed. The current and future required capital is planned in relation to the strategic targets of the Bank and is therefore an integral part of the yearly budgeting and mid-term planning process. It provides a reliable forecast of available capital on the basis of business planning and budgeting, future profits, dividend policy and targeted corporate transactions.

In assessing whether the capital base is adequate, the Bank takes into account the economic cycle and shows in its capital planning that it is in a position to meet its capital adequacy requirements over a three-year horizon even in the event of an economic downturn with a sharply failing revenue and a funding stress scenario.

This includes the risk of unplanned pension liabilities since the present value of future pension obligations minus plan assets currently calculated under IAS 19 is recorded in retained earnings and as such, risk events could reduce the available eligible regulatory capital of the Bank. Possible reasons are (i) increasing liabilities, in particular due to regulatory change, such as higher minimum guaranteed amounts and decreasing interest rates; or (ii) decreasing assets, e.g. due to reduced assumed returns on investments; or (iii) a combination of both, caused for instance by changes to the pension fund scheme, acquisitions, increasing longevity or assumption of higher risks due to a reduced insurance offering. In case of extraordinary situations, the capital plans are reviewed on an ad hoc basis.

The Liquidity Contingency Plan sets out procedures and action plans for the various departments to respond to severe disruptions in the Bank's ability to fund some or all of the activities in a timely manner. It enhances the Liquidity and Funding Manual, which outlines the quantitative and qualitative methodologies for managing liquidity and funding risks at the Bank.

In order to trigger the Liquidity Contingency Plan, the CFO (deputised by the CRO) convokes the Liquidity Crisis Committee and Liquidity Analysis Committee, whose members and responsibilities are defined in the Contingency Plan. A trigger can be based either on the development of early warning indicators or on an extraordinary event threatening the Bank's liquidity. Well-defined escalation steps related to the number of triggered early warning indicators, which are monitored on a daily basis, are in place.

The Liquidity Contingency Plan is reviewed at least once a year by the Asset and Liability Committee, and its effectiveness is also tested at least once a year.

STRESS TESTING

The risks identified in the Risk Landscape process enter the capital planning process by means of direct stress impacts for financial risks and indirect stress impacts for idiosyncratic risks:

- Direct stress impacts, which are calibrated to the macroeconomic scenarios used as foundation of the capital plan, cover market-driven financial risk events, i.e. considering trading and non-trading market risk in the trading and banking book, as well as credit risk materialising in the Lombard lending, mortgages, and investment book.
- Indirect stress impacts are used to cover non-correlated or idiosyncratic risk events as identified in the Risk Landscape.

Further stress testing may be conducted regularly or ad hoc both on a singular business or risk level (to assess the exposure in certain areas of the business or in specific risk categories) as well as for single entities or Bank-wide. It allows to estimate the potential impact on income, capital or liquidity (or other aspects if deemed relevant) resulting from significant changes in market conditions, credit environment, liquidity demands or other risk factors. All stress-testing activities are developed with input from a broad range of stakeholders, and results are integrated into management decision-making processes for capital, market risk limits, credit risk strategy and funding strategy. There are three types of stress testing:

- Standardised stress-testing procedures are applied to assess the viability of the business under less favourable conditions and are used as input for the formulation and implementation of preparative and contingency activities.
- Reverse stress testing aims to identify scenarios that might be particularly harmful to the Bank. Whereas regular stress testing analyses the potential outcome of (historical or hypothetical) scenarios, reverse stress testing reveals potential causes of severe harm to the institution. Such reverse stress testing is performed at least annually in the context of the review of the Risk Landscape.
- Topical stress testing is being applied for a variety of specific topics to gain assurance that preventive, detective and responsive measures to defined scenarios are adequate.

The following financial risks are regularly stress-tested and are reported on a regular basis to the ExB and BoD:

- Credit risk: pledged portfolios (consisting of securities, precious metals) and derivative exposures (consisting of over-the-counter interest options/swaps, foreign exchange margins) are stress-tested twice a year to assess the potential negative market impact on the Lombard (including non-traditional lending) credit book. The negative impact on the mortgage book is evaluated by reducing the assigned property market value and stressing additionally pledged assets (e.g. pledged insurance policies, pledged portfolios). A stress test is also carried out for professional counterparty risk.
- Market risk: on a daily basis, a set of granular and standardised scenarios are calculated and the results are measured against a set of limits. Further, once per week, historical stress tests serve as a source for insight on the risks in the trading book.
- Treasury risk: on a daily basis, liquidity stress tests serve to assess the liquidity position of the Bank.

Stress testing of non-financial risks as well as strategic, business and reputational risks is performed at least annually as part of the Risk Landscape process. The risks are assessed and reported within a structured process concentrating on the major risks relevant for the Bank. The compilation of such risks follows a stress scenario assumption, e.g. focuses on events that may happen, but only rarely, and whose severity, upon happening, is exceptionally high. In addition, the estimated losses are being used in reverse stress testing of the risk capacity.

RISK REPORTING

As a key component of an effective risk management framework, risk reporting is used to understand, monitor, manage and mitigate risks and escalate them to the senior management. It mainly aims at informing the respective levels of management up to the BoD and the ExB on the overall risk profile, particular risk exposures as well as the levels of the Bank's financial ratios and capital and risk indicators. It takes place in the form of regular reports on financial risk and key ratios prepared by the CRO and CFO throughout the year.

The frequency and depth of the reporting is defined, assessed and aligned where appropriate by the recipients of the reports depending on the size and complexity of the respective areas. They are generally catered to provide reassurance on the adherence to risk tolerance, to provide escalation on respective non-adherence and to provide early warnings on exposures approaching risk levels, which may in turn exceed the Bank's RTF.

The Governance & Risk Committee and the Audit Committee are periodically (at least quarterly) informed by the CRO about the general risk situation through the Quarterly Risk Report prepared by the CRO. Once a year, the Quarterly Risk Report is also discussed in the BoD. Additionally, management informs the BoD immediately in case of exceptional events. The Bank allocates a sufficient level of resources to risk monitoring against approved risk limits. Processes are established for reporting changes in risks to the relevant management bodies and risk committees. This enables the BoD and the ExB to review their risk and crisis management frameworks early to implement new regulatory requirements, expand risk and crisis capabilities, and improve efficiency.

With regard to reporting of the adherence to risk tolerance thresholds, exposure reporting for risk tolerance metrics is integrated in the Quarterly Risk Report.

THE THREE LINES OF DEFENCE

The Bank has adopted the Three Lines of Defence model as a guiding organisational framework for managing risk in the functions operating across the Bank. This encompasses the Internal Control System (ICS), which is, among other things, the sum of controls and processes that operate across the three lines of defence to ensure that risk is being incurred in a deliberate and disciplined manner.

The Bank seeks to follow an approach of assigning clear accountability in identifying, assessing, managing, monitoring and reporting risks. In doing so, the Bank has implemented and continues to strengthen the Three Lines of Defence model across its global business operations.

CREDIT RISK

Credit risk is the risk of financial losses due to a client or a counterparty being either unable, or only partially able, to meet an obligation owed to the Bank.

The Bank's focus is on lending money to its wealth management clients either on a collateralised basis in the form of Lombard loans or as mortgages in combination with core business.

Professional counterparty exposure
The Bank engages in transactions with banks, brokers and selected institutional clients on both a secured and unsecured basis. This involves individual risk limits and settlement limits being approved for each counterparty. The credit exposures arising from these transactions are monitored on a daily basis, and netting agreements and collateral agreements are used to mitigate exposures further. As a result, the vast majority of the replacement values of the exposure arising from trading

transactions are covered by collateral. The Bank places excess liquidity with central banks. It also makes short-term money-market placements with banks and invests in high quality, repo-eligible bonds and secured debt instruments issued by governments, public institutions, banks and corporations.

The Bank has a credit system for managing and monitoring credit risks in the due from banks book. Several controls are incorporated in the system to ensure timely risk management and granting of credit facilities according to delegated credit approval authorities. Credit approvals are processed using a four-eye principle. Approval authorities are continuously kept up to date taking into consideration a number of factors such as risk type, counterparty risk rating and limit size. The credit risks associated with all the counterparties and issuers are subject to a wide range of rules and limits. These ensures that the Bank's credit exposure, both on a single-counterparty and a counterparty-group basis,

– is not subject to concentration by exposure type,
– is not disproportionate to the size, shareholders' equity and scale of business of the counterparty, and
– is clearly within the Bank's risk capacity and the applicable regulatory limits.

The Bank settles a substantial proportion of its trading and derivatives business indirectly through central counterparties (CCPs). The credit risks associated with CCPs are negligible, because the Bank works through a variety of specialised service providers and therefore generally does not directly participate in the clearing systems concerned.

Given the focused nature of its activities, the Bank is not exposed to any material correlation risk or wrong-way risk (i.e. the risk that arises when exposure to a counterparty is negatively correlated to its credit quality). Furthermore, the Bank holds cash collateral for the majority of the counterparty risk arising from its open derivatives positions. The Bank's securities lending business policies explicitly prohibit transactions involving correlation risk.

The Bank has a general policy of avoiding group-rating triggers in its collateral agreements for derivatives transactions. As a result, were its rating to decline below a given level, the Bank would not be required to provide additional collateral.

For professional counterparties, a regular stress test is in place. The current exposure is stressed and set against current limits and against stressed equity of the counterparty.

Lombard lending
The Bank has a policy of lending to wealth management clients on a collateralised basis. The credit risk results from lending activities and derivatives transactions requiring a margin.

The Bank uses credit risk models and frameworks to assess the riskiness of its portfolio in line with the respective lending policies. On that basis, conservative collateral values are determined as a percentage of the market value. These collateral values can be determined or adjusted for a specific collateral or for individual clients.

Every counterparty with a credit line is assigned an internal credit rating. The risk rating reflects the underlying credit risk and primarily depends on the collateral provided by the counterparty, collateral concentration and client-specific conditions. In the case of the rating classes R1 to R6 (neither past due nor impaired), the outstanding balances are serviced; the lending value of the collateral (at fair value) pledged for collateralised exposures equals or exceeds the balances, and repayment of the balance is not in doubt. Balances in rating class R7 are partially past due (e.g. interest past due), but the exposure is still covered by collateral. For balances in rating classes R7 to R10, loss allowances are established on a case-by-case basis.

The risk rating and size of the counterparty's credit limit also determines the approval authority level, the monitoring and review frequency.

The Bank's objective is to achieve growth in Lombard lending commensurate with the evolution of its wealth management business. To that end, the Board of Directors for example defines corridor values for credit penetration (the ratio of credit cash exposure to assets under management). In addition, the Bank has implemented a set of regularly reviewed limits for the ongoing management and systematic monitoring of various credit risk concentrations in the Lombard business in line with its risk strategy. This includes limits related to single asset collaterals, client groups, geographical (on country-of-risk level) or risk rating concentrations; all of these limits have the same significance and are adhered to equally. Any breach of the limits becoming apparent would be dealt with in line with the general risk governance policy described above. Furthermore, management triggers exist for these limits, which allows management to take the necessary actions at an early stage so that any potential breach can be avoided. None of the internal risk limits has been exceeded during the business years 2022 and 2021.

Additionally, an internal guideline for the maximum loan-to-deposit ratio, which is reviewed and validated periodically, is in place. The maximum ratio has not been exceeded during the business years 2022 and 2021.

Regular and ad hoc stress tests are performed. These are calibrated to reflect the prevailing market and political situation. The results are reviewed by the credit-monitoring units and reported to the relevant decision-making committees. All distressed and non-performing loans are identified at an early stage and managed proactively. Collateral shortfalls (e.g. margin calls) are processed on a daily basis and prioritised according to their severity.

The Bank is using a credit system for managing and monitoring Lombard risks. The system draws the relevant position data from the bookkeeping systems of the Bank. The system is able to enrich this data with credit-specific information and to consolidate it with data on client and counterparty positions from the various booking centres. Several controls are incorporated in these systems. All Lombard risks are monitored daily, as are current limit usage and the quality of the collateral pledged. In addition, for clients with derivatives positions whose exposure requires intraday monitoring, real-time systems are also available.

Mortgages
The Bank grants mortgages to wealth management clients in Switzerland and in a limited number of international locations. The properties pledged are assessed and valued individually as part of the credit risk management process. These valuations are carried out either based on a factor model or by qualified internal and external appraisers. Maximum mortgage amounts are determined based on the characteristics of each property and client. An additional financial sustainability assessment is also carried out before a mortgage is granted. In many cases, supplementary collateral in the form of securities is required in addition to the pledged property itself. Every mortgage is assigned a risk rating. The rating reflects the underlying credit risk, which primarily depends on the counterparty assessment, the property and potentially supplementary collateral. The risk rating for the requested limit size also determines the approval level and review frequency. The Bank tends to assign comparatively low mortgage values and adopt a relatively conservative approach to mortgage risk.

The Bank conducts regular stress tests with different scenario sizes depending on the type, the location and the size of the property, and ad hoc portfolio analysis to assess potential negative market impacts on the mortgage book.

The mortgage positions are monitored in a supervision system globally. Additionally, a workflow system for monitoring and managing credit risks for the Swiss mortgage book is in place. Several controls are incorporated in these systems to ensure timely registration and collateral valuation, the granting of credit facilities according to delegated credit approval authorities, and formalised monitoring procedures.

MARKET RISK

Market risk refers to the potential losses from changes in the valuation of the Bank's assets and liabilities because of changes in market prices, volatilities, correlations and other valuation-relevant factors.

It could be further separated into:

- Trading market risk, resulting from trading book transactions, being pursued with the intention of benefiting from actual or expected differences between the opening and closing price of proprietary positions, with the intention of benefiting from arbitrage profits, or with the intention of hedging risks from positions meeting aforementioned criteria, and
- Non-trading market risk, resulting from the management of financial assets and liabilities held in the Bank's banking book with exposures mainly to interest rate risk, currency risk, credit spread risk, and equity risk.

The Bank assumes market risk exposure through activities of the Markets Sub-Division (trading market risk) and the Treasury department (non-trading and trading market risk) as well as through the purchase of participations and financial investments.

The identification of trading and non-trading market risks is ensured with a strict product approval process, including the assessment and validation of models, implementation in trading and risk systems to assure the capture of all risk components. A regular review of positions and models in trading and banking books assures an ongoing identification of new risks or the need for changing models or processes. The Bank uses statistical measures, i.e. value-at-risk (VaR) and expected shortfall, to assess trading and non-trading market risks and to represent these risks in the Risk Landscape.

Further, the Bank performs market risk portfolio analyses and stress testing on a regular basis as well as in relation to specific events.

The complexity of the methodologies ranges from simple sensitivity analyses to complex scenario stress testing.

For trading market risk assumed in the Markets Sub-Division, the Market Risk and Product Control unit oversees the application of the framework set by the BoD. Authorities and responsibilities for trading activities are cascaded down from the ExB to the Sub-Division Head of Markets to Business Line Heads and Trading Desk Heads.

For non-trading and trading market risk managed within the Treasury department, the Market Risk and Product Control unit oversees the application of the framework set by the BoD and the ALMCO.

A control environment for market risk has been implemented and integrated into key business processes. This ensures that products are approved to be in line with the strategy and risk tolerance, limits are in place and adhered to, front-to-back reconciliation processes are in place, and the valuation of positions follows a fair value approach.

The Bank uses a variety of metrics and models to continuously measure and control market risk exposures. Limits are set using these models, reflecting the Bank's risk tolerance, including:

- VaR limits
- Scenario, stress scenario and sensitivity limits
- Nominal/ market value limits
- Stop loss limits and/or profit and loss volatility limits

Internal models are developed and maintained for the pricing and risk management of financial products that cannot be valued directly or risk-managed on the basis of quoted market prices.

Non-trading market risk models are subject to regular reviews:

- Scenario model to assess the risk of losses caused by interest rate moves on balance sheet mismatch positions and/or model risk arising from assets or liabilities with no fixed maturity
- Scenario model to assess the risk of losses on the balance sheet FX exposure due to unfavourable currency movements
- Scenario model to assess the credit spread risk due to the change in credit risk premium required in the market for a given credit quality of an investment

Regulatory back-testing is performed daily to document the performance of the internal VaR model.

TREASURY RISK

Treasury risk is defined as the risk associated with an enterprise's ability to convert an asset into cash to ensure it can meet its obligations in adverse scenarios.

The transformation of short-term deposits into long-term assets exposes banks to treasury risk that cannot be eliminated. The Bank manages this risk by holding sufficient liquidity to meet its obligations and follow a prudent funding strategy.

To identify risks and assure adherence to the treasury risk framework, the Bank uses:

- a new product approval process assuring that any new business or product is assessed by all stakeholders, and
- ongoing analysis of balance sheet and Treasury trading positions by Treasury Risk Control.

The assessment of liquidity and financing risks is primarily drawn from stress-testing results. The Bank has a liquidity stress-testing model in place that runs daily accompanied by enhanced liquidity stress tests, taking into consideration longer time periods, currency shocks or contingent liquidity risks. The liquidity stress-testing approach captures both funding liquidity risk and asset liquidity risk.

The stress-testing models and parameters are annually reviewed and approved by the ALMCO.

Liquidity and funding risk management is centralised and conducted on a consolidated basis to ensure regulatory compliance at the Bank level. The Treasury Risk Control unit validates and challenges the models and assumptions used by the first line of defence for reporting risk measures.

Liquidity and financing risk monitoring activities are based on the following risk metrics:

- liquidity stress tests
- regulatory measures such as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR)
- funding gap analysis
- funding concentration analysis
- early warning indicators

Treasury risk reporting comprises reports serving different needs and is produced at different frequencies depending on the recipients.

NON-FINANCIAL RISK

Non financial risk is the threat of losses resulting from the inadequacy or failure of internal processes, people or systems, or as a consequence of external events. Non-financial risk includes compliance risks, which comprise financial loss or damage resulting from a breach of applicable laws, regulations, internal or external rules, market practice as well as legal risks.

Strategic risk is defined as the risk of employing a strategy that fails to secure the adequate returns available from the capital employed in the long run. The Bank is exposed to strategic risk in the pursuit of its profitable growth strategy. Business risk is the risk arising from a bank's long-term business strategy of pure wealth management. It deals with a bank not being able to keep up with changing competition dynamics and/or an unfavourable fiscal, political or regulatory environment. Reputational risk describes the risk that the reputation the Bank has with its stakeholders (including regulators, shareholders, clients, employees and the general public) deteriorates and the trust in its franchise and brand value is negatively influenced.

The Bank is subject to various non-financial risks by providing services to clients and counterparties, by receiving services from third parties and by operating in a regulated industry.

The Bank has defined the underlying risk management processes for every risk type along a Risk Management Cycle.

The continuous identification (step 1) of relevant risks is a key risk management activity. This relates to both emerging threats/risks as well as to increasing risk profiles. New and emerging risks may be identified by a single source of information or by assessing the relationship between various sources, which include among others key risk indicators (KRIs) and key performance indicators (KPIs), client complaints, audit issues, control failures, regular risk meetings, meetings with regulators or specific internal or external events. Further, a concept for the identification, capturing and tracking of self-identified risk issues (SIRIs) has been developed and operational incidents are systematically captured in a central Bank-wide database (BaerGRC). The analysis of these incidents is another important source to identify deficiencies in the organisation and to take appropriate measures to mitigate them.

The assessment (step 2) of identified risks consists of the qualitative analysis and quantification of the inherent risk, the control risk and finally the residual risk along defined risk management principles and methods. It also includes the development, testing and validation of models to measure risks, as well as stress-testing procedures to assess and measure risks in predefined scenarios.

The day-to-day risk management (step 3) has to ensure an adequate response to identified risks and the set risk tolerance. It includes all activities from risk evaluation to the definition and implementation of risk mitigation measures that aim to prevent or reduce risks and damages, e.g. the setting of standards and controls, education and training, automation of processes, and the implementation of standards, limits and metrics.

Monitoring activities (step 4) include the performance of control activities or quality assurance procedures on implemented standards and controls to ensure that the risk profile and exposure is kept within the risk tolerance, e.g. via risk metrics (KRIs or KPIs) and limits.

The reporting (step 5) supports all hierarchy levels to have a transparent and accurate overview of the underlying risk profile and risk exposure. This also includes timely escalation in case of breaches of set risk tolerances. The frequency and depth of the reporting is defined, assessed and aligned where appropriate by the recipients of the reports depending on the size and complexity of the respective areas.

COMMENT ON CAPITAL MANAGEMENT

MANAGEMENT OF CAPITAL INCLUDING REGULATORY CAPITAL

For information about capital management including regulatory capital, refer to the respective section in the Annual Report 2022 of Julius Baer Group Ltd.

KEY FIGURES[1]

	2022	2021
Available capital (CHF m)		
Common Equity Tier 1 capital (CET1)	**3,321.2**	3,687.2
Tier 1 capital	**4,173.6**	4,167.2
Total capital	**4,282.1**	4,278.7
Risk weighted assets (RWA) (CHF m)		
RWA	**21,090.5**	18,818.5
Minimum capital requirements	**1,687.2**	1,505.5
Risk-based capital ratios as a percentage of RWA		
Common equity tier 1 capital ratio (%)	**15.7**	19.6
Tier 1 capital ratio (%)	**19.8**	22.1
Total capital ratio (%)	**20.3**	22.7
Additional CET1 buffer requirements as a percentage of RWA		
Capital conservation buffer requirement as per the Basel minimal standards (2.5% from 2019) (%)	**2.5**	2.5
Countercyclical buffer requirement (art. 44a CAO) as per the Basel minimal standards (%)	**0.2**	0.1
Total of Bank CET1 specific buffer requirements as per the Basel minimal standards (%)	**2.7**	2.6
CET1 available after meeting the Bank's minimum capital requirements as per the Basel minimal standards (%)	**11.2**	14.7
Target capital ratios according to appendix 8 CAO (% of RWA)		
Capital buffer according to appendix 8 CAO (%)	**4.0**	4.0
Countercyclical capital buffer (art. 44 and 44a CAO) (%)	**0.4**	0.1
CET1 target ratio (%) according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO	**8.2**	7.9
Tier 1 target ratio (%) according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO	**10.0**	9.7
Total capital target ratio (%) according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO	**12.4**	12.1
Basel III leverage ratio		
Total Basel III leverage ratio exposure measure (CHF m)	**99,365.2**	112,133.8
Basel III leverage ratio (%)	**4.2**	3.7
Liquidity coverage ratio		
Total HQLA (CHF m)	**21,447.0**	23,444.0
Total net cash outflow (CHF m)	**10,085.7**	14,880.5
LCR ratio (%)	**212.7**	157.5
Net Stable Funding Ratio (NSFR)		
Available stable funding	**57,956.1**	62,245.8
Required stable funding	**42,851.3**	47,926.8
Net Stable Funding Ratio, NSFR (%)	**135.2**	129.9

[1] Row structure according to the sample table enclosed in the FINMA circular 2016/1, annex 2, table KM1.

ACCOUNTING POLICIES AND VALUATION PRINCIPLES

Amounts in the Bank's financial statements are stated in Swiss Francs. The accounting policies and valuation principles are based on the regulations of the Swiss Code of Obligations, on Swiss Banking Law and the Ordinance thereto, on the FINMA Accounting Ordinance (Rechnungslegungsverordnung-FINMA; RelV-FINMA) and the Guidelines of the Financial Market Supervisory Authority (FINMA) Circular 2020/1 'Accounting Banks'.

Bank Julius Baer & Co. Ltd., which has its headquarters in Zurich, Switzerland, applies the principles related to the statutory single-entity closing with reliable assessment.

USE OF ESTIMATES IN PREPARING THE STATUTORY FINANCIAL STATEMENTS

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent liabilities. Actual results in future periods could differ from such estimates.

Estimates and assumptions are used mainly in the following areas of the financial statements and are discussed in the corresponding notes: determination of the fair values of financial instruments, uncertainties in measuring provisions and loss allowances (measurement of expected credit losses), pension assets and pension liabilities (measurement of defined benefit obligation), share-based payments, goodwill and other intangible assets (determination in a business combination and measurement of recoverable amount), income taxes (judgment regarding the interpretation of the applicable tax laws and the respective tax practice, such as transfer pricing or deductible versus non-deductible items, and anticipation of tax audit issues) and contingent considerations.

ACCOUNTING POLICIES

The Bank applies uniform accounting and measurement principles, which have remained the same as in the previous year.

Business combinations
In a business combination, the acquirer obtains control over the net assets of one or more businesses. The business combination is accounted for using the acquisition method. This involves recognising the identifiable assets, including previously unrecognised intangible assets, and liabilities of the acquired business, at acquisition-date current value. Any excess of the consideration provided, such as assets or equity instruments issued and measured at acquisition-date fair value, over the identifiable net assets acquired, is recognised as goodwill. Transaction costs are expensed as incurred.

Foreign currency translation
In the individual financial statements of the Bank, income and expenses denominated in foreign currencies are translated at the exchange rate on the date of the respective transaction. Assets and liabilities are translated at the closing exchange rate on the balance sheet date. The resulting gains and losses on monetary assets and liabilities are recognised in the income statement as foreign exchange gains/losses.

The following exchange rates are used for the major currencies:

	Year-end rates		Average exchange rates for the year	
	31.12.2022	31.12.2021	**2022**	2021
USD/CHF	**0.9252**	0.9111	**0.9539**	0.9150
EUR/CHF	**0.9875**	1.0362	**1.0020**	1.0795
GBP/CHF	**1.1129**	1.2341	**1.1729**	1.2580

Reporting of transactions
Foreign exchange, derivatives and securities transactions are recorded in the balance sheet on trade date. All other financial instruments are recorded on settlement date.

Income recognition
Income from services provided is either recognised at the time the service is performed, i.e. upon execution of a transaction, or in the corresponding periods over the life of a contract if services are provided over a certain period of time. Income and income components that are based on performance are recognised at the time when all performance criteria are fulfilled.

Cash
Cash includes notes and coins on hand, as well as balances held with central banks.

Due from banks, due from customers and mortgages
Amounts due from banks are recognised at nominal value. Amounts due from customers and mortgages are initially recorded at cost, which in general is equal to the principal amount for originated receivables.

General ECL model: An entity is required to recognise expected credit losses at initial recognition of any financial instrument and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of the respective instruments.

In general, the expected credit loss model uses a dual measurement approach:

– if the credit risk of a debt instrument has not increased significantly since its initial recognition, the debt instrument will attract a loss allowance equal to the 12-month expected credit losses ('stage 1' ECL);
– if the credit risk of a debt instrument has increased significantly since its initial recognition, the debt instrument will attract a loss allowance equal to lifetime expected credit losses ('stage 2' ECL) or the debt instrument is impaired ('stage 3' ECL).

At initial recognition, the Bank classifies all financial assets in stage 1, as it does not acquire or originate credit-impaired debt instruments.

Significant increase: If a significant increase in credit risk has occurred to the financial instrument, the instrument moves from stage 1 to stage 2. The threshold applied varies depending on the original credit quality of the counterparty. For assets with lower default probabilities at origination due to good credit quality of the counterparty, the threshold for a significant increase in credit risk is set at a higher level than for assets with higher default probabilities at origination. This implies that for financial assets with initially lower default probabilities a relatively higher deterioration in credit quality is needed to trigger a significant increase than for those assets with originally higher probabilities of default.

The model is symmetric, meaning that if the transfer condition (significant increase) is no longer met, the financial asset is transferred back into the 12-month expected credit losses category (stage 1).

Measurement of ECL: An entity should measure expected credit losses of a financial instrument in a way that reflects:

– an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, i.e. based on probability of default;
– the time value of money; and
– reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

Generally, ECL calculations are based on four components:

– probability of default (PD)
– exposure at default (EAD)
– loss given default (LGD)
– discount rate (IR)

These four components are used in the following basic formula: ECL = PD * EAD * LGD * IR

Recognition of the loss allowance and write-offs: The impairment loss recognised in the income statement (net credit losses/(recoveries) on financial assets) is the amount required to adjust the loss allowances from the previous reporting date to the current reporting date due to the periodic detailed ECL calculation.

The gross carrying amount of a financial asset is written off when there is no reasonable expectation of recovery of the amount, i.e. the amount outstanding is deemed uncollectible or forgiven. The time of each write-off is individually determined on a case-by-case basis once the Credit Department decides that there is no reasonable expectation of recovery. For collateralised loans, it is only after a foreclosure sale of the pledged assets that a write-off takes place for any remaining uncovered balance.

Securities lending and borrowing transactions
Securities lending and borrowing transactions are collateralised by securities or cash. The transactions are usually conducted under standard agreements employed by the market participants; the counterparties are subject to the Bank's normal credit risk process.

Securities borrowed as well as securities received by the Bank as collateral under securities lending transactions are only recorded in the balance sheet if the Bank obtains control of the contractual rights (risks and rewards of ownership) associated with these securities. Similarly, securities lent as well as securities provided by the Bank as collateral under securities borrowing transactions are only derecognised from the balance sheet if the Bank relinquishes control of the contractual rights associated with these securities. Securities lent and securities provided as collateral that remain in the balance sheet are remeasured according to the respective position they are recorded in. The fair values of securities received or provided are monitored daily in order to provide or request additional collateral in accordance with the underlying agreements.

Cash collateral received is recognised with a corresponding obligation to return it, and cash collateral provided is derecognised and a corresponding receivable reflecting the Bank's right to receive it back is recognised.

Fees received or paid in connection with securities lending and borrowing transactions are recognised as commission income or commission expenses on an accrual basis.

Repurchase and reverse repurchase transactions
Repurchase transactions and reverse repurchase transactions are considered secured financing transactions and are recorded at the value of the cash collateral provided or received. The transactions are generally conducted under standard agreements employed by the market participants; the counterparties are subject to the Bank's normal credit risk process.

Securities received and securities delivered are only recorded in the balance sheet or derecognised from the balance sheet if control of the contractual rights (risks and rewards of ownership) associated with these securities is relinquished as well. The fair values of the securities received or delivered are monitored daily in order to provide or request additional collateral in accordance with the underlying agreements.

Cash received is recognised with a corresponding obligation to return it, and cash provided is derecognised and a corresponding receivable reflecting the Bank's right to receive it back is recognised.

Interest income from reverse repurchase transactions and interest expenses from repurchase transactions are accrued in the corresponding periods over the life of the underlying transactions in the respective interest positions.

Trading assets/liabilities
All trading positions are recognised at fair value. Realised gains and losses on disposal or redemption and unrealised gains and losses from changes in the fair value are recognised in result on trading activities and the fair value option.

Interest and dividend income and interest expense from trading positions are included in gross result on interest operations.

Precious metals held for trading purposes are measured at fair value less costs to sell with all changes in the fair value recognised in result on trading activities and the fair value option.

Financial assets/liabilities designated at fair value
Financial assets and liabilities may initially be designated at fair value through profit or loss (fair value option) if the following conditions are cumulatively met:

- they are measured at fair value and risk-managed similar to trading positions;
- there is an economic hedge relationship between the respective assets and liabilities which widely reduces or eliminates an accounting mismatch; and
- the possible effect of changes in the own credit rating on the fair value is not recognised in the income statement.

The Bank measures its issued structured products containing a debt instrument and an embedded derivative at fair value, with changes in fair value recognised in result on trading activities and the fair value option.

In addition, the Bank reports assets and liabilities related to certain structured investments where the client bears all the related risks and rewards from the investments, as designated at fair value.

Derivative financial instruments
The Bank applies the respective IFRS 9 guidelines for the treatment of derivative financial instruments including hedging.

Derivative financial instruments held for trading, including foreign exchange products, interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options (written options as well as purchased options), are recognised at fair value. In order to calculate the fair value, corresponding stock exchange prices, discounted cash flow models and option pricing models are employed. Derivatives are reported as an asset position if their fair value is positive and as a liability position if their fair value is negative. Changes in fair value on trading positions are recognised in result on trading activities and the fair value option.

Hedging
An entity may choose to designate a hedging relationship between a hedging instrument and a hedged item in order to achieve hedge accounting. Prior to hedge accounting being applied, all of the following steps must have been completed:

- identification of eligible hedged item(s) and hedging instruments;
- identification of an eligible hedged risk;
- verification that the hedge relationship meets the definition of one of the permitted types (see below);
- verification that the qualifying criteria for hedge accounting are met; and
- formal designation of the hedge relationship.

The Bank applies the following IFRS 9 hedge accounting models (concepts):

Fair value hedge (FVH) accounting: The risk being hedged in a fair value hedge is a change in the fair value of an asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect the income statement. The changes in fair value might arise through changes in interest rates, foreign exchange rates or equity prices, i.e. the item to hedge is ‘some fixed item’, which however underlies variability due to market changes, which shall be prevented.

For an FVH, an adjustment is made to the carrying value of the hedged item to reflect the change in the value due to the hedged risk, with an offset to the income statement for the change in value of the hedging instrument. Where the offset is not complete, this will result in ineffectiveness to be recorded in the income statement.

Cash flow hedge (CFH) accounting: The risk being hedged in a cash flow hedge is the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, an unrecognised firm commitment or a highly probable forecast transaction, and could affect the income statement. The item to hedge is 'some variable item', i.e. producing some variable cash amount, which shall be stabilised (the amount shall be fixed).

For a CFH, the carrying amount of the hedged item, which may not even be recognised yet, is unchanged. The effect of hedge accounting is to defer the effective portion of the change in value of the hedging instrument in other comprehensive income (under Swiss GAAP, direct bookings into equity are not allowed; therefore, such amounts are recognised in the settlement account instead which is part of other assets/other liabilities). Any ineffective portion remains in the income statement as ineffectiveness.

Remaining hedge accounting under IAS 39: As permitted under IFRS 9, the Bank continues to apply the hedge accounting requirements of IAS 39 to fair value hedges of portfolio interest rate risk related to Lombard loans.

Economic hedges: Certain derivative transactions represent financial hedging transactions and are in line with the risk management principles of the Bank. However, in view of the strict and specific guidelines of IFRS, they do not fulfil the criteria to be treated as hedging transactions for accounting purposes. They are therefore reported as trading positions. Changes in value are recorded in the income statement in the corresponding period.

Financial investments
Security positions, including money market instruments, which are not held for trading purposes, are reported as financial investments.

Money market instruments: Money market instruments and certain bonds held for treasury purposes are measured at amortised cost. Interest on these instruments is accrued using the effective interest method, including the amortisation of premiums and discounts and is recognised in gross result on interest operations.

Debt and equity instruments: Debt and equity instruments are measured at the lower of cost or fair value. Changes in value are recognised under the item other ordinary income or other ordinary expenses. Write-ups are recorded up to the initial cost of the investments provided that the below-cost fair value subsequently rises again. Realised gains and losses are included under the item results from the sale of financial investments. Interest on debt securities is accrued and, together with dividend income on equity securities, recognised in gross result on interest operations.

Tangible fixed assets
Tangible fixed assets include bank premises, IT, software, communication systems, leasehold improvements as well as other equipment. They are carried at cost less accumulated depreciation and impairment losses. Items of property and equipment are depreciated over their estimated useful lives using the straight-line method.

Bank premises are depreciated over a period of 66 years. Leasehold improvements are depreciated over the shorter of the residual lease term or useful life. IT hardware is depreciated over three years and other items of property and equipment generally over five to ten years.

Leasehold improvements are investments made to customise buildings and offices occupied under lease contracts to make them suitable for the intended purpose. If a leased property must be returned to its original condition at the end of the lease term, the present value of the estimated reinstatement costs is capitalised as part of the total leasehold improvement costs. At the same time, a liability for reinstatement costs is recognised to reflect the obligation incurred. The reinstatement costs are recognised in the income statement through depreciation of the capitalised leasehold improvements over their useful life.

Software that is purchased is capitalised and depreciated over its estimated useful life. Minor purchases are debited directly to general expenses. Similarly to purchased software, internally generated software is also capitalised if it is probable that the future economic benefits that are attributable to the asset will flow to the Bank and that the costs of the asset can be identified and measured reliably. The capitalised software is depreciated over its useful life which does not exceed ten years.

Subsequent expenditure on an item of property and equipment is recognised in the carrying value of the item if it is probable that the Bank will profit from the future economic benefits of the investment. Current maintenance and servicing costs are recognised in general expenses.

On each balance sheet date, the items of property and equipment are reviewed for indications of impairment. If such indications exist, it is determined whether the carrying amount of the item is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

Leasing
Under operating leasing, leased assets are not recognised on the balance sheet, as the risks and rewards of ownership remain with the lessor. Lease payments for operating leases are recognised through the item general expenses in the income statement over the lease term on a straight-line basis.

Intangible assets
Intangible assets are classified into the following categories:

Goodwill: In a business combination, the acquiree's identifiable assets and liabilities are recognised at their respective fair value at acquisition date. Goodwill is measured as the difference between the sum of the fair value of consideration transferred and the recognised amount of the identifiable assets acquired and liabilities assumed. Goodwill is amortised using the straight-line method over a period of five years, in justified cases also over a maximum period of ten years.

Customer relationships: This position comprises long-term customer relationship intangibles from recent business combinations that are initially recognised at fair value at the date of acquisition. Customer relationships are amortised over their estimated useful life not exceeding ten years, using the straight-line method.

On each balance sheet date, goodwill and customer relationships are reviewed for indications of impairment. If such indications exist, it is determined whether the carrying amount of the goodwill or client relationships is fully recoverable, and an impairment loss is recognised if the carrying amount exceeds the recoverable amount. Irrespective of this requirement, goodwill is tested for impairment each year.

Due to banks and due to customers
Amounts due to banks and customers are recognised at nominal value. Interest is debited to interest expenses on an accrual basis.

Debt issued
Issued bonds are initially recognised at the fair value of the consideration received and are subsequently reported in the balance sheet at amortised cost using the effective interest method. Own bonds that the Bank holds are offset.

Taxes

The current taxes on the result for the period (income taxes) as well as the capital taxes are determined in accordance with the local tax regulations for calculating profit and the relevant capital and are recognised as expense in the accounting period in which the related profit arises. Direct taxes owed on current profit are recognised as accrued expenses.

Provisions

A provision is recognised if, as a result of a past event, the Bank has a legal or constructive present obligation existing on the balance sheet date that will probably lead to an outflow of resources and whose amount can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation as at the balance sheet date, taking into account the risks and uncertainties related to the obligation. The recognition and release of provisions are recorded in the income statement through provisions and losses.

Post-employment benefits

The Bank applies IAS 19 Employee benefits for the recognition and measurement of its post-employment benefits (pension plans). However, amounts which are recognised in other comprehensive income directly in equity for IFRS purposes are recognised in the income statement for the purpose of these financial statements.

For defined benefit plans, the net defined benefit liability recognised in other liabilities in the balance sheet is the present value of the defined benefit obligation less the fair value of the plan assets as of the reporting date. The Bank applies the projected unit credit method to determine the present value of the defined benefit obligation and the current and past service cost. The corresponding calculations are carried out by independent qualified actuaries.

All changes in the present value of the defined benefit obligation and in the fair value of the plan assets are recognised in the financial statements immediately in the period they occur. Service costs, including past service costs, and net interest on the net defined benefit liability are recognised in the income statement. The Bank determines the net interest expense based on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation. The remeasurement of the net defined benefit liability is also recognised in the income statement and comprises movements in actuarial gains and losses and return on plan assets (excluding net interest cost).

For defined contribution pension plans, the contributions are expensed when the employees render the corresponding service to the Bank.

Share-based payments

The Bank maintains various share-based payment plans in the form of share plans for its employees. When such payments are made to employees, the fair value of these payments at grant date serves as the basis for calculating the personnel expenses. Share-based payments that are not subject to any further conditions are expensed immediately at grant date. Share-based payments that are subject to the completion of a service period or to other vesting conditions are expensed over the respective vesting period starting at grant date. The amount recognised as an expense is adjusted to reflect the number of share awards for which the related services and non-market performance vesting conditions are expected to be met.

The Bank uses shares of its parent company Julius Baer Group Ltd (i.e. virtual equity instruments) for the settlement of the share plans; therefore, the expense recognised for the share plans are adjusted to the acquisition date fair value of the vested shares, or the present fair value, if the shares have not yet been purchased.

Share capital

The share capital comprises all issued, fully paid shares of Bank Julius Baer & Co. Ltd.

Statutory capital reserve

The statutory capital reserve represents the additional proceeds (premium) received from the issue of shares by Bank Julius Baer & Co. Ltd. and from the exercise of conversion rights and warrants on Bank Julius Baer & Co. Ltd.

Statutory retained earnings reserve
The statutory retained earnings reserve represents retained earnings which have been accumulated according to the legally mandatory requirements.

Voluntary retained earnings reserve
The voluntary retained earnings reserve represents retained earnings which have been accumulated in addition to the legally mandatory requirements.

Profit carried forward
The profit carried forward represents profits from previous years not allocated to the statutory and voluntary retained earnings reserves and not distributed to the shareholders.

Irrevocable commitments and contingent liabilities
The irrevocable commitments relate to unutilised irrevocable commitments to extend credit.

The contingent liabilities comprise, among other instruments, credit guarantees in the form of obligations under avals, sureties and guarantees, including guarantee obligations in the form of irrevocable letters of credit, bid and performance bonds, and irrevocable liabilities under documentary letters of credit.

These items are recorded at nominal value. Provisions are established for foreseeable risks.

Fiduciary transactions
Fiduciary transactions consist of investments, credits and participations that the Bank enters into or grants in its own name but for the account of and at the risk of the client as per written instruction.

CHANGES IN ACCOUNTING POLICIES AND VALUATION PRINCIPLES

There have been no material changes to the Bank's accounting policies in 2022.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GROSS RESULT ON INTEREST OPERATIONS

	2022 *CHF 1,000*	2021 *CHF 1,000*	Change *%*
Interest income on cash	**-30,831**	-43,351	-28.9
of which negative interest	***-43,628***	*-43,351*	*0.6*
Interest income on amounts due from banks	**14,156**	232	-
of which negative interest	***-727***	*-1,062*	*-31.5*
Interest income on loans	**844,942**	520,597	62.3
of which negative interest	***-11***	*-481*	*-97.7*
Interest income on financial investments	**189,118**	125,059	51.2
Total interest income using the effective interest method	**1,017,385**	602,537	68.9
Dividend income on financial investments	**11,860**	20,991	-43.5
Interest income on trading portfolios	**155,042**	-76,158	-
Dividend income on trading portfolios	**216,154**	186,857	15.7
Total interest and dividend income	**1,400,441**	734,227	90.7
Interest expense	**538,451**	-30,960	-
of which negative interest	***-19,664***	*-33,925*	*42.0*
Total interest expense using the effective interest method	**538,451**	-30,960	-
Total	**861,990**	765,187	12.7

Negative interest related to assets is recognised in interest income as a reduction of the interest income. Negative interest related to liabilities is recognised in interest expense as a reduction of the interest expense.

NOTE 2 RESULT ON TRADING ACTIVITIES AND THE FAIR VALUE OPTION

	2022 *CHF 1,000*	2021 *CHF 1,000*	Change *%*
Debt instruments	**40,023**	-8,683	-
Equity instruments	**1,693**	217,588	-99.2
Foreign exchange	**721,830**	461,695	56.3
Total	**763,546**	670,600	13.9

In each case, the item includes results from trading in the corresponding derivative instruments.

NOTE 3 PERSONNEL EXPENSES

	2022 *CHF 1,000*	2021 *CHF 1,000*	Change *%*
Salaries and bonuses	**973,798**	973,938	-0.0
Contributions to retirement plans (defined benefits)	**85,983**	75,769	13.5
Contributions to staff pension plans (defined contributions)	**22,054**	23,353	-5.6
Change in net defined pension plans liability	**-6,362**	-86,086	-92.6
Other social security contributions	**78,822**	74,010	6.5
Share-based payments	**58,942**	63,145	-6.7
Other personnel expenses	**36,305**	19,764	83.7
Total	**1,249,542**	1,143,893	9.2

NOTE 4 GENERAL EXPENSES

	2022 *CHF 1,000*	2021 *CHF 1,000*	Change *%*
Occupancy expense	**64,408**	63,927	0.8
IT and other equipment expense	**82,382**	75,826	8.6
Information, communication and advertising expense	**156,317**	140,359	11.4
Service expense, fees and taxes	**387,421**	393,396	-1.5
of which fees of audit firm			
- Audit fees	***3,435***	*3,373*	1.8
- Other fees	***1,261***	*1,133*	11.3
Other general expenses	**1,744**	402	-
Total	**692,272**	673,910	2.7

NOTE 5 PROVISIONS AND LOSSES

	2022 *CHF 1,000*	2021 *CHF 1,000*	Change *%*
Operating losses	**11,656**	6,971	67.2
Provision legal risks	**97,815**	56,167	74.2
Total	**109,471**	63,138	73.4

NOTE 6 TAXES

	2022 *CHF 1,000*	2021 *CHF 1,000*	Change *%*
Income taxes	**102,406**	150,466	-31.9
Capital taxes	**4,468**	4,468	-
Total	**106,874**	154,934	-31.0

On a total of CHF 150.8 million (2021: CHF 889.9 million) of net profit before taxes, Bank Julius Baer & Co. Ltd. recognised CHF 106.9 million (2021: CHF 154.9 million) of taxes which leads to an effective tax rate of 70.9% (2021: 17.4%).

NOTE 7 SECURITIES TRANSACTIONS

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Receivables		
Receivables from cash collateral provided in reverse repurchase transactions	**1,300,000**	24,140
Total	**1,300,000**	24,140
Obligations		
Obligations to return cash collateral received in securities lending transactions	**66,742**	60,038
Obligations to return cash collateral received in repurchase transactions	**272,862**	296,861
Total	**339,604**	356,899
Securities collateral		
Own securities lent as well as securities provided as collateral for borrowed securities under securities borrowing and repurchase transactions	**1,529,032**	2,411,360
of which securities the right to pledge or sell has been granted without restriction	***1,529,032***	*2,411,360*
of which recognised in trading assets	***1,335,104***	*2,411,056*
of which recognised in financial investments	***193,928***	*304*
Securities borrowed as well as securities received as collateral for loaned securities under securities lending and reverse repurchase transactions	**6,589,458**	5,792,737
of which repledged	***5,095,104***	*5,093,145*
of which resold	***327,979***	*268,642*

NOTE 8 FINANCIAL INSTRUMENTS – EXPECTED CREDIT LOSSES

An entity is required to recognise expected credit losses at initial recognition of any financial instrument and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of the respective instruments. Refer to the Comment on Risk Management (credit risk section) and the Summary of Significant Accounting Policies for the relevant background information related to the recognition of expected credit losses.

Expected credit loss (ECL) stage allocation
Credit exposure is classified in one of the three ECL stages. At initial recognition, the Bank classifies all financial assets in stage 1, as it does not acquire or originate credit-impaired debt instruments. If a significant risk increase has occurred to the financial instrument, the instrument moves from stage 1 to stage 2. The threshold applied varies depending on the original credit quality of the counterparty. For assets with lower default probabilities at origination due to good credit quality of the counterparty, the threshold for a significant increase in credit risk is set at a higher level than for assets with higher default probabilities at origination.

The Bank generally originates loans and balances due from banks in its internal rating classes R1–R4, which reflect balances with low to medium credit risk. The same applies to the investment grade debt instruments held for investment purposes, which are also classified as R1–R4. Therefore, the Bank determined that moves within these rating classes do not qualify for an increased credit risk, whereas a move from R4 to R5 generally triggers such a credit risk increase. Hence, under this approach, moves from R4 to a higher risk class (R5–R6) generally trigger a move from stage 1 ECL to stage 2 ECL. For example a counterparty moving from R1 to R2 would not trigger a significant increase in credit risk, whereas a counterparty moving from R1 to R5 would.

In addition, and to supplement this quantitative criterion, qualitative criteria based on other available internal data are applied to identify increased risk situations. These qualitative criteria are specific to the respective financial asset types (Lombard loans, mortgages, due from banks, debt instruments). For example if payments are 30 days past due, the counterparty is moved to stage 2 and lifetime expected credit losses are applied.

The model is symmetric, meaning that if the transfer condition (significant increase) is no longer met, the counterparty is transferred back into the 12-month expected credit losses category (stage 1).

Financial instruments are credit-impaired and therefore recognised in stage 3 if they are classified in R7–R10 of the internal credit rating. These ratings are applied to positions with high credit risk; they are carried in the Bank's internal list of exposures which are in a loss position. Such positions show objective evidence of impairment and are referred to as defaulted. Generally, Lombard loans and mortgages are moved to these rating classes if the respective position is not fully covered anymore, i.e. the market value of the collateral is lower than the credit exposure, (critical) credit covenants are not complied with, or any payments are 90 days past due, to name some of the criteria.

ECL measurement
The Bank has modelled its impairment loss estimation methodology to quantify the impact of the expected credit losses on its financial statements for stage 1 ECL and stage 2 ECL. The four models (for the Lombard loans business, mortgages business, due from banks business and treasury business, respectively) are generally based on the specific financial instrument's probability of default (PD), its loss given default (LGD) and the exposure at default (EAD). These models have been tailored to the Bank's fully collateralised Lombard loans and mortgages, and the high-quality debt instruments in the treasury portfolio as outlined below.

For the credit-impaired financial assets in stage 3, the loss allowances are not measured based on a model, but determined individually according to the specific facts and circumstances.

Wherever the Bank uses scenarios in the ECL calculation process, three different settings are applied to take future market situations into account: a baseline, an upside and a downside scenario. Expected probabilities are allocated to the respective scenario; the weightings used for the current year's ECL calculation are 60% for the baseline scenario, 35% for the downside scenario and 5% for the upside scenario. However, the calculation of the ECL is mostly driven by the downside scenario, whereas the baseline and upside scenarios have only limited impact on the measurement of the ECL due to the Bank's credit policy (fully collateralised portfolios). Therefore, an increase in the weighting of the downside scenario would consequently increase the ECL in stage 1 and stage 2.

To apply the expected future economic conditions in the models, the Bank determined the forecast world gross domestic product (GDP) as the main economic input factor for the expected credit losses on its financial asset portfolios, as the counterparties have fully collateralised Lombard loans or mortgages with the Bank or the portfolios consist of investment grade debt instruments. Other forward-looking main macroeconomic factors proved to be of lesser relevance for the Bank's portfolios as a whole. A decrease in the expected GDP would have a negative impact on the ECL in stage 1 and stage 2.

In addition, for each portfolio, supplementary product-specific factors are used as outlined in the following paragraphs. These scenario factors are based on the assessment of the credit department and the risk department for current and expected market developments in the respective product areas. These factors are updated and confirmed on a regular basis by the Bank's ECL committee, which comprises officers from the risk, credit risk and treasury departments.

Due from banks
For due-from-banks positions, the input factors are determined as follows:

Probability of default: For amounts due from banks, publicly available PDs per rating class are applied, using the same PDs for stage 1 and stage 2, as the outstanding balances have a term of maximum 12 months. PDs for an expected life shorter than one year are derived from the available one-year PDs by linear reduction. The ratings and the related PDs are shifted up and down by one notch of the internal rating, using publicly available data sources for the respective PDs. The three scenarios are weighted based on the generally applied probabilities.

Exposure at default: For amounts due from banks, the EAD equals either the nominal value (money market issues, time accounts), or the carrying value (current and transactional accounts).

Loss given default: For amounts due from banks, an average LGD per rating class is applied. This factor is derived from publicly available data sources.

Lombard loans
For Lombard loans, the input factors are determined as follows:

Probability of default: For Lombard loans, PD factors are derived from the Bank-internal 'margin call process' in Lombard lending. This process reflects internal procedures to avoid loan losses and is based on

- the probability that the credit position gets into a significant shortfall within one year;
- the probability that the credit position becomes unsecured within 10 days; and
- the liquidation process to cover the exposure,

taking into consideration their respective probabilities.

This margin call process is simulated for each rating class (R1–R6) and for stage 1 and stage 2 separately. The resulting PDs are then applied uniformly across all counterparties and related Lombard loans in the respective rating class.

Exposure at default: For Lombard loans, the EAD equals the higher of a) the current exposure (based on data from the internal credit supervision system comprising the following credit exposures: cash exposure, derivative exposure, credit guarantees and reservations); and b) the lower of the lending value or approved limit. The Bank therefore assumes the highest possible risk (i.e. the highest outstanding) in determining the EAD, including any unused credit commitments. Consequently, even if no exposure is drawn under the limit, an ECL is calculated.

Loss given default: For Lombard loans the LGDs are formula-based, including the market value of the collateral on a client pledge Bank level. Scenario calculations on the market value of the collateral are performed, resulting in different LGDs per scenario. Three scenarios (base, up and down), including the probability of the respective scenario, are applied in the process.

Mortgages
For mortgages, the input factors are determined as follows:

Probability of default: For mortgages, the PD factor is specifically determined for each counterparty and the related property based on the following input criteria:

- economic area of the counterparty domicile;
- counterparty domicile and property location (country) is the same;
- sufficient assets/collateral within the Bank to pay interest/amortisation;
- counterparty self-used versus rented-out real estate; and
- stage 1 or stage 2.

For each of these criteria, fixed parameters are determined (based on experience) which then add up to the mortgage counterparty-specific PD factors. These criteria have been selected as it is assumed that they influence directly the default behaviour of the counterparty behind the mortgages.

Exposure at default: For mortgages, the carrying value (exposure) equals the EAD.

Loss given default: For mortgages, the LGD is based on scenario calculations on the market value of the real estate collateral and other pledged assets, which is then set in relation to the loan amount (Loan-to-Value ratio; LTV). Three scenarios (base, up and down), including the probability of the respective scenario, are applied in the process. However, instead of applying a fixed percentage for the negative scenario to all real estate uniformly, the negative scenario is based on the combination of a base factor and additional penalties depending on the following real estate specific criteria:

- property location (country/region);
- property size as a function of the property market value;
- property type (e.g. residential, office, commercial); and
- holiday home regions.

For each of these criteria, fixed parameters (based on experience) are determined which then add up to the mortgage-specific negative scenario. These criteria are selected as the resulting different characteristics of the real estate market generally respond differently to market fluctuations and hence the achievable collateral liquidation value. The total simulated market value is then compared with the exposure to determine the LGD.

Treasury portfolio
For the treasury portfolio (debt instruments measured at LOCOM and at amortised cost), the input factors are determined as follows:

Probability of default: For financial instruments in the treasury portfolio (debt securities, including money market instruments), publicly available PDs per rating class are applied, separately for stage 1 (one-year PD or shorter) and stage 2 (respective PD according to expected life). These ratings and the related PDs are shifted by two notches up and down, using publicly available data sources for the respective PDs. The three scenarios are then weighted based on the generally applied probabilities. PDs for an expected life shorter than one year are derived from the available one-year PDs by linear reduction.

Exposure at default: For debt instruments, the EAD equals the amortised cost value plus discounted outstanding interest payments.

Loss given default: For debt instruments, an average LGD per rating class is applied. These factors are derived from publicly available data sources.

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

Exposure to credit risk by credit quality

	Moody's rating	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	31.12.2022 **Total** CHF m
Due from banks, at amortised cost					
R1–R4: Low to medium risk		4,186.1	-	-	**4,186.1**
R5–R6: Increased risk		195.4	1.4	-	**196.8**
R7–R10: Impaired		-	-	-	**-**
Total		4,381.5	1.4	-	**4,382.9**
Loss allowance		-0.2	-	-	**-0.2**
Carrying amount		**4,381.3**	**1.4**	**-**	4,382.7
Due from customers, at amortised cost					
R1–R4: Low to medium risk		32,837.9	22.1	-	**32,860.0**
R5–R6: Increased risk		1,863.6	120.6	-	**1,984.2**
R7–R10: Impaired		-	-	91.7	**91.7**
Total		34,701.5	142.7	91.7	**34,935.9**
Loss allowance		-12.5	-0.6	-87.6	**-100.7**
Carrying amount		**34,689.0**	**142.1**	**4.1**	34,835.2
Mortgages, at amortised cost[1]					
R1–R4: Low to medium risk		5,681.4	321.8	-	**6,003.2**
R5–R6: Increased risk		-	99.0	-	**99.0**
R7–R10: Impaired		-	-	53.0	**53.0**
Total		5,681.4	420.8	53.0	**6,155.2**
Loss allowance		-4.5	-0.9	-6.0	**-11.4**
Carrying amount		**5,676.9**	**419.9**	**47.0**	6,143.8
Debt securities, at LOCOM					
R1–R4: Low to medium risk	Aaa – Baa3	12,993.8	-	-	**12,993.8**
R5–R6: Increased risk	Ba1 – B3	-	-	-	**-**
R7–R10: Impaired	Caa1 – C	-	-	-	**-**
Carrying amount		**12,993.8**	**-**	**-**	12,993.8
Loss allowance		-1.5	-	-	**-1.5**
Debt securities, at amortised cost					
R1–R4: Low to medium risk	Aaa – Baa3	3,702.7	-	-	**3,702.7**
R5–R6: Increased risk	Ba1 – B3	-	-	-	**-**
R7–R10: Impaired	Caa1 – C	-	-	-	**-**
Unrated		100.0	-	-	**100.0**
Carrying amount		**3,802.7**	**-**	**-**	3,802.7
Loss allowance		-0.4	-	-	**-0.4**

[1] Loss allowance on overdue interest payments and cancelled credit-impaired facilities on certain mortgages (CHF 4.4 million), as well as their corresponding exposures (CHF 29.0 million), were reported – as commented in the respective footnote – as Lombard loans in 2021. Thereof, CHF 4.3 million loss allowance on overdue interest payments and their corresponding exposures (CHF 28.3 million) are now reported under mortgages.

	Moody's rating	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	31.12.2021 Total CHF m
Due from banks, at amortised cost					
R1–R4: Low to medium risk		4,998.0	-	-	4,998.0
R5–R6: Increased risk		79.4	-	-	79.4
R7–R10: Impaired		-	-	-	-
Total		5,077.4	-	-	5,077.4
Loss allowance		-0.1	-	-	-0.1
Carrying amount		5,077.3	-	-	5,077.3
Due from customers, at amortised cost					
R1–R4: Low to medium risk		38,773.2	30.1	-	38,803.3
R5–R6: Increased risk		1,290.2	200.4	-	1,490.6
R7–R10: Impaired		-	-	125.7	125.7
Total		40,063.4	230.5	125.7	40,419.6
Loss allowance		-4.9	-0.1	-85.1	-90.1
Carrying amount		40,058.5	230.4	40.6	40,329.5
Mortgages, at amortised cost[1]					
R1–R4: Low to medium risk		5,647.0	346.4	-	5,993.4
R5–R6: Increased risk		1.8	34.6	-	36.4
R7–R10: Impaired		-	-	30.6	30.6
Total		5,648.8	381.0	30.6	6,060.4
Loss allowance		-0.6	-0.1	-0.8	-1.5
Carrying amount		5,648.2	380.9	29.8	6,058.9
Debt securities, at LOCOM					
R1–R4: Low to medium risk	Aaa – Baa3	12,794.7	-	-	12,794.7
R5–R6: Increased risk	Ba1 – B3	-	-	-	-
R7–R10: Impaired	Caa1 – C	45.5	-	-	45.5
Carrying amount		12,840.2	-	-	12,840.2
Loss allowance		-1.3	-	-	-1.3

[1] Loss allowance on overdue interest payments and cancelled credit-impaired mortgages (CHF 4.4 million), as well as their corresponding exposures (CHF 29.0 million) were allocated to Lombard loans.

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

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

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

Expected credit losses

The following tables present the development of the Bank's expected credit losses by stage; they are based on the Bank's internal credit systems.

	12-month ECL (Stage 1) *CHF m*	Lifetime ECL not credit-impaired (Stage 2) *CHF m*	Lifetime ECL credit-impaired (Stage 3) *CHF m*	**Total** *CHF m*
Due from banks, at amortised cost				
Balance at 1 January 2022	0.1	-	-	**0.1**
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	**-**
Net remeasurement of loss allowance	0.0	0.0	-	**0.0**
New/increase financial assets	0.0	0.0	-	**0.0**
Financial assets that have been derecognised	-0.0	-	-	**-0.0**
Changes in models/risk parameters	0.1	0.0	-	**0.1**
Balance at 31 December 2022	**0.2**	**0.0**	**-**	**0.2**
Due from customers, at amortised cost				
Balance at 1 January 2022	4.9	0.0	85.2	**90.1**
Transfer to/(from) 12-month ECL	0.0	-0.0	-	**-**
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	**-**
Transfer to/(from) lifetime ECL credit-impaired	-0.0	-0.0	0.0	**-**
Net remeasurement of loss allowance	1.2	0.2	0.6	**2.0**
New/increase financial assets	7.1	0.4	5.5[1]	**13.0**
Financial assets that have been derecognised	-2.0	-0.0	-0.1	**-2.1**
Write-offs	-	-	-1.0	**-1.0**
Changes in models/risk parameters	1.3	0.0	0.0	**1.3**
Foreign exchange and other movements	-	-	-2.6	**-2.6**
Balance at 31 December 2022	**12.5**	**0.6**	**87.6**	**100.7**
Mortgages, at amortised cost				
Balance at 1 January 2022	0.6	0.1	0.8	**1.5**
Transfer to/(from) 12-month ECL	0.0	-0.0	-	**-**
Transfer to/(from) lifetime ECL not credit-impaired	-0.1	0.1	-	**-**
Net remeasurement of loss allowance	0.9	0.1	0.3	**1.3**
New/increase financial assets	1.7	0.2	1.6	**3.5**
Financial assets that have been derecognised	-0.1	-0.0	-	**-0.1**
Changes in models/risk parameters	1.5	0.4	-	**1.9**
Foreign exchange and other movements	-	-	3.3	**3.3**
Balance at 31 December 2022	**4.5**	**0.9**	**6.0**	**11.4**

[1] Including outstanding accumulated interest.

	12-month ECL (Stage 1) *CHF m*	Lifetime ECL not credit-impaired (Stage 2) *CHF m*	Lifetime ECL credit-impaired (Stage 3) *CHF m*	**Total** *CHF m*
Debt securities, at LOCOM				
Balance at 1 January 2022	1.3	-	-	**1.3**
Net remeasurement of loss allowance	-0.1	-	-	**-0.1**
New financial assets purchased	0.2	-	-	**0.2**
Financial assets that have been derecognised	-0.1	-	-	**-0.1**
Changes in models/risk parameters	0.2	-	-	**0.2**
Foreign exchange and other movements	-0.0	-	-	**-0.0**
Balance at 31 December 2022	**1.5**	**-**	**-**	**1.5**
Debt securities, at amortised cost				
Balance at 1 January 2022	-	-	-	**-**
New financial assets purchased	0.4	-	-	**0.4**
Balance at 31 December 2022	**0.4**	**-**	**-**	**0.4**

	12-month ECL (Stage 1) *CHF m*	Lifetime ECL not credit-impaired (Stage 2) *CHF m*	Lifetime ECL credit-impaired (Stage 3) *CHF m*	Total *CHF m*
Due from banks, at amortised cost				
Balance at 1 January 2021	0.1	-	-	0.1
Net remeasurement of loss allowance	-0.0	-	-	-0.0
New/increase financial assets	0.1	-	-	0.1
Financial assets that have been derecognised	-0.1	-	-	-0.1
Changes in models/risk parameters	-0.0	-	-	-0.0
Balance at 31 December 2021	0.1	-	-	0.1
Due from customers, at amortised cost				
Balance at 1 January 2021	2.5	0.3	77.4	80.2
Transfer to/(from) 12-month ECL	0.2	-0.2	-	-
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	0.0	-
Transfer to/(from) lifetime ECL credit-impaired	-0.0	-0.0	0.0	-
Net remeasurement of loss allowance	-1.8	-0.1	0.8	-1.1
New/increase financial assets	4.6	0.0	5.1[1]	9.7
Financial assets that have been derecognised	-0.5	-0.0	-0.0	-0.5
Write-offs	-	-	-1.8	-1.8
Changes in models/risk parameters	-0.1	0.0	0.0	-0.1
Foreign exchange and other movements	-	-	3.7	3.7
Balance at 31 December 2021	4.9	0.0	85.2	90.1
Mortgages, at amortised cost				
Balance at 1 January 2021	1.0	0.1	2.7	3.8
Transfer to/(from) lifetime ECL not credit-impaired	-	-	-	-
Net remeasurement of loss allowance	0.1	-	2.7	2.8
New/increase financial assets	0.4	0.1	-	0.5
Financial assets that have been derecognised	-0.9	-0.1	-2.7	-3.7
Write-offs	-	-	-	-
Changes in models/risk parameters	0.0	-	-	0.0
Foreign exchange and other movements	-	-	-1.9	-1.9
Balance at 31 December 2021	0.6	0.1	0.8	1.5
Debt securities, at LOCOM				
Balance at 1 January 2021	1.8	-	-	1.8
Net remeasurement of loss allowance	-0.1	-	-	-0.1
New financial assets purchased	0.3	-	-	0.3
Financial assets that have been derecognised	-0.7	-	-	-0.7
Changes in models/risk parameters	-0.0	-	-	-0.0
Foreign exchange and other movements	-0.0	-	-	-0.0
Balance at 31 December 2021	1.3	-	-	1.3

[1] Including outstanding accumulated interest.

NOTE 9 LISTING OF COLLATERAL

	Type of collateral			
	Mortgage collateral *CHF 1,000*	Other collateral *CHF 1,000*	Without collateral *CHF 1,000*	**Total** *CHF 1,000*
Balance sheet items[1]				
Due from banks	-	2,458,213	1,924,639	**4,382,852**
Due from customers	-	33,675,408	1,260,469	**34,935,877**
Mortgages	6,148,695	69	6,458	**6,155,222**
of which residential real estate	*5,360,906*	-	-	***5,360,906***
of which office and business premises	*152,683*	-	-	***152,683***
of which trade and industrial property	*635,106*	-	-	***635,106***
of which other	-	*69*	*6,458*	***6,527***
Total gross balance sheet items 31.12.2022	6,148,695	36,133,690	3,191,566	**45,473,951**
Total gross balance sheet items 31.12.2021	6,069,342	43,079,255	2,408,921	51,557,518

1 The amounts presented in this table are gross of loss allowances and therefore not comparable to the net amounts in the balance sheet.

Off-balance sheet items				
Contingent liabilities	-	1,192,057	13,610	**1,205,667**
Irrevocable commitments	-	189,891	164,059	**353,950**
Total off-balance sheet items 31.12.2022	-	1,381,948	177,669	**1,559,617**
Total off-balance sheet items 31.12.2021	-	1,427,978	199,420	1,627,398

	Gross claims *CHF 1,000*	Estimated proceeds from liquidation of collateral *CHF 1,000*	Net claims *CHF 1,000*	Loss allowances *CHF 1,000*
Impaired receivables 31.12.2022	**142,822**	**48,955**	**93,867**	**93,611**
Impaired receivables 31.12.2021	151,549	65,382	86,167	85,909

NOTE 10 TRADING PORTFOLIOS

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Trading assets		
Debt instruments	**4,286,067**	3,263,789
of which quoted	***2,139,563***	*2,135,984*
of which unquoted	***2,146,504***	*1,127,805*
Equity instruments	**8,633,829**	11,417,388
of which quoted	***7,026,975***	*9,180,085*
of which unquoted	***1,606,854***	*2,237,303*
Precious metals	**3,340,408**	4,108,107
Total	**16,260,304**	18,789,284
of which measurement is based on a valuation model	***6,502,572***	*7,056,651*
of which repo-eligible securities	***32,821***	*5,040*

Trading liabilities		
Short positions - debt	**113,743**	174,040
of which quoted	***106,237***	*133,060*
of which unquoted	***7,506***	*40,980*
Short positions - equity	**488,096**	575,499
of which quoted	***429,407***	*548,269*
of which unquoted	***58,689***	*27,230*
Total	**601,839**	749,539
of which measurement is based on a valuation model	***62,922***	*68,614*

NOTE 11 FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Financial assets designated at fair value		
Financial investments	**277,664**	306,895
of which private equity	***160,513***	*187,739*
of which funds	***117,151***	*119,156*
Total	**277,664**	306,895
of which measurement is based on a valuation model	***263,143***	*284,809*

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Financial liabilities designated at fair value		
Issued certificates	**1,597,653**	2,506,829
of which interest instruments	***165,082***	*144,034*
of which equity instruments	***1,432,571***	*2,362,795*
Structured products	**9,973,700**	11,952,159
of which interest instruments	***7,475,539***	*9,028,628*
of which equity instruments	***1,410,071***	*1,659,939*
of which foreign exchange instruments	***1,088,090***	*1,263,592*
Total	**11,571,353**	14,458,988
of which measurement is based on a valuation model	***11,571,353***	*14,458,988*

NOTE 12A DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives held for trading

			31.12.2022			31.12.2021
	Positive replacement value *CHF m*	Negative replacement value *CHF m*	Contract volume *CHF m*	Positive replacement value *CHF m*	Negative replacement value *CHF m*	Contract volume *CHF m*
Interest rate derivatives						
Swaps	346.8	277.5	25,390.8	119.4	131.0	38,266.9
Futures	0.5	4.8	197.3	0.9	0.7	466.1
Options (OTC)	3.2	4.4	674.3	8.0	8.0	216.3
Options (traded)	0.0	-	41.2	-	-	-
Total	**350.5**	**286.7**	**26,303.6**	128.3	139.7	38,949.3
Foreign exchange derivatives						
Forward contracts	1,056.8	1,404.8	97,557.0	663.8	846.2	107,655.6
Combined interest rate/currency swaps	1.6	1.4	174.0	0.7	7.3	173.6
Futures	0.1	6.6	61.9	0.9	0.4	183.4
Options (OTC)	305.1	254.4	21,858.0	185.7	130.5	19,435.6
Total	**1,363.6**	**1,667.2**	**119,650.9**	851.1	984.4	127,448.2
Precious metals derivatives						
Forward contracts	76.5	83.1	4,017.2	22.5	30.1	2,439.2
Futures	0.5	1.1	39.3	2.0	2.0	119.1
Options (OTC)	104.8	49.0	4,231.3	47.6	51.0	3,553.0
Options (traded)	2.2	86.9	1,866.3	-	30.3	1,063.8
Total	**184.0**	**220.1**	**10,154.1**	72.1	113.4	7,175.1
Equity/indices derivatives						
Swaps	1.1	-	11.4	-	-	-
Futures	10.4	27.4	1,021.1	32.8	6.5	1,006.4
Options (OTC)	241.9	142.3	10,102.0	487.7	220.2	10,898.4
Options (traded)	669.9	520.4	18,777.2	481.9	1,139.4	25,811.0
Total	**923.3**	**690.1**	**29,911.7**	1,002.4	1,366.1	37,715.8
Credit derivatives						
Credit default swaps	1.4	1.1	66.7	0.1	0.5	83.5
Total return swaps	-	-	-	29.8	48.1	1,385.2
Total	**1.4**	**1.1**	**66.7**	29.9	48.6	1,468.7
Other derivatives						
Swaps	23.9	47.1	1,984.5	-	-	-
Futures	7.7	1.6	168.4	3.9	2.6	325.2
Total	**31.6**	**48.7**	**2,152.9**	3.9	2.6	325.2
Total derivatives held for trading	**2,854.4**	**2,913.9**	**188,239.9**	2,087.7	2,654.8	213,082.3

Derivatives held for hedging

	31.12.2022 Positive replacement value *CHF m*	31.12.2022 Negative replacement value *CHF m*	31.12.2022 Contract volume *CHF m*	31.12.2021 Positive replacement value *CHF m*	31.12.2021 Negative replacement value *CHF m*	31.12.2021 Contract volume *CHF m*
Derivatives designated as fair value hedges						
Interest rate swaps	4.0	78.1	1,216.4	8.3	16.6	1,555.5
Derivatives designated as cash flow hedges						
Interest rate swaps	-	55.2	599.5	-	8.9	544.9
Foreign exchange derivatives	2.4	0.3	305.3	1.0	1.1	464.7
Total derivatives held for hedging	**6.4**	**133.6**	**2,121.2**	9.3	26.6	2,565.1
Total derivative financial instruments	**2,860.8**	**3,047.5**	**190,361.1**	2,097.0	2,681.4	215,647.4

	Positive replacement value *CHF m*	Negative replacement value *CHF m*	Contract volume *CHF m*	Positive replacement value *CHF m*	Negative replacement value *CHF m*	Contract volume *CHF m*
Analysis according to remaining life						
up to 12 months	2,342.0	2,440.2	166,733.0	1,604.0	2,139.5	194,665.0
1 to 5 years	434.7	503.1	21,554.9	443.0	480.6	19,360.4
over 5 years	84.1	104.2	2,073.2	50.0	61.3	1,622.0
Total	**2,860.8**	**3,047.5**	**190,361.1**	2,097.0	2,681.4	215,647.4
of which measurement is based on a valuation model	*2,841.6*	*3,006.0*		*2,056.6*	*2,669.2*	
after netting	***2,860.8***	***3,047.5***		*2,097.0*	*2,681.4*	

	31.12.2022 Central clearing houses *CHF m*	31.12.2022 Banks and brokers *CHF m*	31.12.2022 Other clients *CHF m*	31.12.2021 Central clearing houses *CHF m*	31.12.2021 Banks and brokers *CHF m*	31.12.2021 Other clients *CHF m*
After netting						
Positive replacement value after netting	671.0	1,473.5	716.3	489.8	804.0	803.2
Total	**671.0**	**1,473.5**	**716.3**	489.8	804.0	803.2

NOTE 12B HEDGE ACCOUNTING

Fair value hedges of interest rate risk
The Bank hedges part of its interest rate exposure from fixed rate CHF denominated mortgages to changes in fair value by using interest rate swaps on a portfolio basis. Such portfolio hedges are based on mortgages with similar maturities and the hedge relationships are rebalanced on a monthly basis. The amount of fair value hedge adjustments remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses are amortised over the remaining terms to maturity of the hedged items using the straight-line method.

In addition, different interest rate swaps are used to hedge the interest rate risks of some of the time deposits of the Bank which are denominated in USD, CHF or SGD, as well as a very limited number of individual mortgages and debt instruments measured at LOCOM. The fixed legs of these swaps are in correspondence to the respective (fixed rate) time deposits and mortgages. As such, the interest rate risk of each asset is substantially reduced to the interest rate risk of the floating-rate leg of the respective swap.

The counterparties of the swaps transactions used for portfolio hedges as well as those used for the single hedges are investment-grade counterparties. However, the Bank does not incur any credit risk with these derivative instruments as all credit risk is eliminated through clearing or because of collateral agreements in place. Prior to committing to a hedge relationship, an assessment takes place in order to justify that the fair value of the hedged item and the hedging instrument do offset their interest rate risks and that the economic hedge relationships meet the hedge accounting criteria. Besides this qualitative assessment, regular quantitative assessments are carried out based on prospective (i.e. forward-looking, using regression analysis) as well as retrospective effectiveness tests. These tests allow assessing whether the hedging instrument is expected to be or has been highly effective in offsetting changes in the fair value of the hedged item. Hedge ineffectiveness may arise from minor differences in the core data of the time deposits and swap fixed leg, or the interest rate sensitivities of the floating leg of the swap.

	Hedges of time deposits (single hedges) *CHF m*	Hedges of mortgages (single hedges) *CHF m*	Hedges of mortgages (portfolio hedges) *CHF m*	**31.12.2022** Hedges of bonds (single hedges) *CHF m*
Hedged items				
Amortised cost value	**917.2**	**19.9**	**189.4**	**41.3**
Accumulated amount of fair value hedge adjustment on the hedged item included in the carrying amount of the hedged item	**78.3**	**-2.7**	**17.5**	**-0.3**
Carrying amount hedged items	**995.5**	**17.2**	**206.9**	**41.0**
Hedging instruments - interest rate swaps				
Notional amount (overall average fixed interest rate: 0.56%)	**916.8**			
- whereof remaining maturity 1–5 years (average fixed interest rate: 0.91%)	***656.8***			
- whereof remaining maturity > 5 years (average fixed interest rate: -0.33%)	***260.0***			
Notional amount (overall average fixed interest rate: 0.31%)		**18.0**		
- whereof remaining maturity > 5 years (average fixed interest rate: -0.31%)		***18.0***		
Notional amount (overall average fixed interest rate: 0.85%)			**240.0**	
- whereof remaining maturity <1 year (average fixed interest rate: 1.00%)			**190.0**	
- whereof remaining maturity 1-5 years (average fixed interest rate: 0.27%)			***50.0***	
Notional amount (overall average fixed interest rate: 3.63%)				***41.6***
- whereof remaining maturity > 5 years (average fixed interest rate: 3.63%)				***41.6***
Positive replacement value	**-**	**3.0**	**0.9**[1]	**0.1**
- related notional amount	**-**	***18.0***	***140.0***	***41.6***
Negative replacement value	**-78.1**	**-**	**0.0**[1]	**-**
- related notional amount	***916.8***	**-**	***100.0***	**-**
Hedge effectiveness testing and related ineffectiveness				
Change in fair value of hedged item used for calculation of hedge ineffectiveness	**78.3**	**-2.7**	**-0.4**	**-0.3**
Change in fair value of interest rate swaps used for calculation of hedge ineffectiveness	**-78.1**	**3.0**	**0.3**[1]	**0.1**
Amount of hedge ineffectiveness recognised in the income statement	**0.2**	**0.3**	**-0.1**	**-0.2**
Termination of hedge relationship				
Accumulated amount of fair value hedge adjustments remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses	**-**	**-**	**17.8**	**-**

[1] The change in fair value of the interest rate swaps used for the calculation of the hedge effectiveness for the portfolio hedges reflects the changes in the fair value of the latest hedge period only, whereas the sum of the positive and negative replacement values reflects the differences in fair values of the interest rate swaps between inception and reporting date.

	Hedges of time deposits (single hedges) *CHF m*	Hedges of mortgages (single hedges) *CHF m*	31.12.2021 Hedges of mortgages (portfolio hedges) *CHF m*
Hedged items			
Amortised cost value	1,127.4	20.2	399.1
Accumulated amount of fair value hedge adjustment on the hedged item included in the carrying amount of the hedged item	3.8	-	25.2
Carrying amount hedged items	1,131.2	20.2	424.3
Hedging instruments - interest rate swaps			
Notional amount (overall average fixed interest rate: 0.80%)	1,127.5		
- whereof remaining maturity <1 year (average fixed interest rate: 1.83%)	217.6		
- whereof remaining maturity 1–5 years (average fixed interest rate: 0.9%)	*649.9*		
- whereof remaining maturity > 5 years (average fixed interest rate: -0.33%)	*260.0*		
Notional amount (overall average fixed interest rate: -0.31%)		18.0	
- whereof remaining maturity > 5 years (average fixed interest rate: -0.31%)		*18.0*	
Notional amount (overall average fixed interest rate: 0.77%)			410.0
- whereof remaining maturity < 1 year (average fixed interest rate: 0.90%)			*220.0*
- whereof remaining maturity 1–5 years (average fixed interest rate: 0.68%)			*190.0*
Positive replacement value	7.8	0.5	-[1]
- related notional amount	*554.3*	*18.0*	-
Negative replacement value	-12.1	-	-4.5[1]
- related notional amount	*573.1*	-	*410.0*
Hedge effectiveness testing and related ineffectiveness			
Change in fair value of hedged item used for calculation of hedge ineffectiveness	3.8	-	-1.0
Change in fair value of interest rate swaps used for calculation of hedge ineffectiveness	-4.3	0.5	0.7[1]
Amount of hedge ineffectiveness recognised in the income statement	-0.5	0.5	-0.3
Termination of hedge relationship			
Accumulated amount of fair value hedge adjustments remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses	-	-	25.4

[1] The change in fair value of the interest rate swaps used for the calculation of the hedge effectiveness for the portfolio hedges reflects the changes in the fair value of the latest hedge period only, whereas the sum of the positive and negative replacement values reflects the differences in fair values of the interest rate swaps between inception and reporting date.

Cash flow hedges

The Bank applies cash flow hedge accounting to protect its recurring fees in foreign currencies. These fees represent a foreign currency (FX) transaction risk for the Bank since it charges the clients for their fees based on the currency mix of the assets under management on a quarterly basis; hence, the forward-looking FX hedge transaction has the risk objective to protect the Bank's earnings from changes in the CHF (the functional currency of the Bank) against the respective currency of the fee charged. The Bank uses zero cost risk reversal (or collar) structures consisting of puts and calls; the maturity of the hedges falls on the same day as the hedged item (fees in foreign currency) is charged to the clients.

The effectiveness of the hedges is measured on the monthly change of the intrinsic value of the option against the FX spot moves of the hedged item. The monthly change of the intrinsic value of the options is recognised in other comprehensive income (OCI)[1] as hedge result as long as the hedge is effective. The time value of the option is allocated to the income statement over the life time of the option. A possible ineffective portion of the hedge is also recognised in the income statement.

In addition, the Bank uses longer-term interest rate swaps to hedge the variability of future interest rate payments on selected Lombard loans with short maturities (and roll-over assumption). These loans share the same currency and type of risk.

The following table relates to the derivatives (FX options, interest rate swaps) used for the cash flow hedges and the related amounts recognised in OCI[1] and the income statement:

		31.12.2022
	Interest rate hedges *CHF m*	FX hedges *CHF m*
Hedging instrument – Derivatives		
Positive replacement value of derivatives	**-**	**2.4**
Negative replacement values of derivatives	**55.2**	**0.3**
Nominal value of derivatives	**599.5**	**305.3**
Amounts recognised in OCI[1]		
OCI on cash flow hedges	**-54.9**	**2.1**
Amounts recognised in the income statement		
Hedge ineffectiveness recognised in net income from financial instruments measured at FVTPL	**0.2**	**-**
Amortisation of time value of the derivatives into income statement	**4.1**	**-**

[1] Under Swiss GAAP, direct bookings into equity are not allowed; therefore, such amounts are instead recognised in the settlement account which is part of other assets/other liabilities.

	Interest rate hedges *CHF m*	31.12.2021 FX hedges *CHF m*
Hedging instrument – Derivatives		
Positive replacement value of derivatives	-	1.0
Negative replacement values of derivatives	8.9	1.1
Nominal value of derivatives	544.9	464.7
Amounts recognised in OCI[1]		
OCI on cash flow hedges	-8.7	-
Amounts recognised in the income statement		
Hedge ineffectiveness recognised in net income from financial instruments measured at FVTPL	-0.2	-
Amortisation of time value of the derivatives into income statement	-	-

[1] Under Swiss GAAP, direct bookings into equity are not allowed; therefore, such amounts are instead recognised in the settlement account which is part of other assets/other liabilities.

NOTE 13A FINANCIAL INVESTMENTS MEASURED AT LOCOM

	31.12.2022 Carrying value *CHF 1,000*	31.12.2021 Carrying value *CHF 1,000*	**31.12.2022** Fair value *CHF 1,000*	31.12.2021 Fair value *CHF 1,000*
Government and agency bonds	**4,418,192**	*4,423,579*	**4,419,431**	4,430,719
Financial institution bonds	**5,935,503**	*5,206,988*	**5,951,758**	5,232,362
Corporate bonds	**2,638,601**	*3,208,329*	**2,640,065**	3,229,143
Debt instruments	**12,992,296**	12,838,896	**13,011,254**	12,892,224
of which quoted	***8,152,571***	*8,787,572*	***8,155,130***	*8,831,959*
of which unquoted	***4,839,725***	*4,051,324*	***4,856,124***	*4,060,265*
Equity instruments	**114,590**	114,170	**338,614**	339,294
of which unquoted	***114,590***	*114,170*	***338,614***	*339,294*
Total	**13,106,886**	12,953,066	**13,349,868**	13,231,518
of which repo-eligible securities	***1,033,764***	*645,488*		

NOTE 13B FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST

	31.12.2022 Carrying value *CHF 1,000*	31.12.2021 Carrying value *CHF 1,000*	**31.12.2022** Fair value *CHF 1,000*	31.12.2021 Fair value *CHF 1,000*
Government and agency bonds	**2,098,080**	-	**2,018,340**	4,430,719
Financial institution bonds	**1,334,465**	-	**1,296,878**	5,232,362
Corporate bonds	**369,751**	-	**367,282**	3,229,143
Total	**3,802,296**	-	**3,682,500**	12,892,224
of which quoted	***3,287,337***	-	***3,175,850***	*8,831,959*
of which unquoted	***514,959***	-	***506,650***	*4,060,265*

NOTE 13C FINANCIAL INVESTMENTS – CREDIT RATINGS

			31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Debt instruments by the Bank's credit rating classes	**Fitch, S&P**	**Moody's**		
1–2	AAA – AA-	Aaa – Aa3	**12,686,659**	8,827,580
3	A+ – A-	A1 – A3	**3,671,675**	3,674,535
4	BBB+ – BBB-	Baa1 – Baa3	**336,258**	291,267
Unrated			**100,000**	45,514
Total			**16,794,592**	12,838,896

NOTE 14 GOODWILL, INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS

	Goodwill *CHF 1,000*	Customer relationships *CHF 1,000*	**Total intangible assets** *CHF 1,000*	Bank premises *CHF 1,000*	Software *CHF 1,000*	Other tangible fixed assets *CHF 1,000*	**Total tangible fixed assets** *CHF 1,000*
Historical cost							
Balance on 01.01.2021	1,516,085	1,389,192	2,905,277	366,073	1,097,723	170,267	1,634,063
Additions	-	-	-	6,251	168,007	13,344	187,602
Disposals/transfers[1]	-	-	-	-	65,982	44,801	110,783
Balance on 31.12.2021	1,516,085	1,389,192	2,905,277	372,324	1,199,748	138,810	1,710,882
Additions	-	-	-	5,253	146,329	31,031	182,613
Disposals/transfers[1]	-	-	-	-	12,917	22,973	35,890
Balance on 31.12.2022	1,516,085	1,389,192	2,905,277	377,577	1,333,160	146,868	1,857,605
Depreciation and amortisation							
Balance on 01.01.2021	1,126,371	1,276,881	2,403,252	137,684	455,216	137,514	730,414
Charge for the period	74,609	56,675	131,284	7,564	97,105[2]	17,048[2]	121,717
Disposals/transfers[1]	-	-	-	-	65,982	44,801	110,783
Balance on 31.12.2021	1,200,980	1,333,556	2,534,536	145,248	486,339	109,761	741,348
Charge for the period	73,397	43,673	117,070	7,620	104,841[3]	17,008[3]	129,469
Disposals/transfers[1]	-	-	-	-	12,917	22,973	35,890
Balance on 31.12.2022	1,274,377	1,377,229	2,651,606	152,868	578,263	103,796	834,927
Carrying value							
Balance on 31.12.2021	315,105	55,636	370,741	227,076	713,409	29,049	969,534
Balance on 31.12.2022	**241,708**	**11,963**	**253,671**	**224,709**	**754,897**	**43,072**	**1,022,678**

[1] Includes derecognition of fully depreciated assets
[2] Includes impairment of CHF 14.5 million related to software and other property and equipment not used anymore
[3] Includes impairment of CHF 2.2 million related to software and other property and equipment not used anymore

NOTE 15 OTHER ASSETS

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Compensation account	**133,478**	24,120
Withholding taxes, VAT and other taxes	**2,971,913**	3,051,873
Other	**174,440**	196,216
Total	**3,279,831**	3,272,209

NOTE 16 OTHER LIABILITIES

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Compensation account	**162**	1,803
Withholding taxes, VAT and other taxes	**38,627**	41,548
Other	**97,187**	94,605
Total	**135,976**	137,956

NOTE 17 FINANCIAL ASSETS PLEDGED OR CEDED

		31.12.2022		31.12.2021
	Carrying value *CHF 1,000*	Effective commitment *CHF 1,000*	Carrying value *CHF 1,000*	Effective commitment *CHF 1,000*
Securities	**2,674,686**	**2,674,686**	3,408,291	3,408,291
Other	**17,466**	**17,466**	15,624	15,624
Total	**2,692,152**	**2,692,152**	3,423,915	3,423,915

The assets are mainly pledged for Lombard limits at central banks, stock exchange securities deposits and collateral in over the counter (OTC) derivatives trading. Not included in these numbers are financial assets provided as collateral in securities transactions (refer to Note 7 for details).

NOTE 18 DEBT ISSUED

Bonds

	Stated interest rate / effective interest rate %		Currency	Notional amount *m*	**31.12.2022** Carrying value *CHF 1,000*	31.12.2021 Carrying value *CHF 1,000*
Bank Julius Baer & Cie Ltd.						
2021	0.125/0.103	Senior unsecured bond	CHF	260.0	260,304	260,362
Bank Julius Baer & Cie Ltd.						
2021	0.000/0.092	Senior unsecured bond	EUR	500.0	493,055	516,898
Total					**753,359**	777,260

Changes in debt issued

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Balance at the beginning of the year	777,260	-
Changes from financing cash flows:		
– Proceeds from issuance of new bonds	**-**	806,945
Total changes from financing cash flows	**-**	806,945
Changes related to amortisation of premiums/discounts	**394**	205
Changes related to foreign exchange	**-24,295**	-29,890
Balance at the end of the year	**753,359**	777,260

NOTE 19 PENSION PLANS

The Bank maintains various defined contribution and defined benefit pension plans in Switzerland and abroad. The pension plans in Switzerland have been set up on the basis of the Swiss method of defined contributions under the Swiss pension law. Employees and pensioners or their survivors receive statutorily determined benefits upon leaving the Bank or retiring as well as in the event of death or invalidity. These benefits are the result of the conversion rate applied on the accumulated balance of the individual plan participant's pension account at the retirement date. The accumulated balance equals the sum of the regular employer's and employees' contribution that have been made during the employment period, including the accrued interest on these amounts. However, these plans do not fulfil all the criteria of a defined contribution pension plan according to IAS 19 and are therefore treated as defined benefit pension plans for the purpose of the Bank's financial statements.

The pension obligations are largely covered through pension plan assets of pension funds that are legally separated and independent from the Bank. In case the plans become significantly underfunded over an extended period as per the Swiss pension law, the Bank and the employees share the risk of additional payments into the pension fund. The pension funds are managed by a board of trustees consisting of representatives of the employees and the employer. Managing of the pension funds includes pursuing of a medium- and long-term consistency and sustainability balance between the pension plans' assets and liabilities, based on a diversified investment strategy correlating with the maturity of the pension obligations.
The organisation, management, financing and investment strategy of the pension plans comply with the legal requirements, the foundation charters and the applicable pension regulations.

	2022 *CHF 1,000*	2021 *CHF 1,000*
1. Development of pension obligations and assets		
Present value of defined benefit obligation at the beginning of the year	**-3,355,126**	-3,178,226
Current service cost	**-74,588**	-77,750
Employees' contribution	**-46,379**	-44,818
Interest expense on defined benefit obligation	**-39,122**	-6,469
Past service cost, curtailments, settlements, plan amendments	**-7,412**	4,633
Benefits paid (incl. benefits paid directly by employer)	**77,233**	109,359
Transfer payments in/out	**1,947**	20
Experience gains/(losses) on defined benefit obligation	**-17,373**	-201,193
Actuarial gains/(losses) arising from change in demographic assumptions[1]	**21,703**	81,816
Actuarial gains/(losses) arising from change in financial assumptions	**563,579**	-41,897
Translation differences	**2,322**	-601
Present value of defined obligation at the end of the year	**-2,873,216**	-3,355,126
whereof due to active members	***-1,986,650***	*-2,277,855*
whereof due to deferred members	***-6,211***	*-12,691*
whereof due to pensioners	***-880,355***	*-1,064,580*
Fair value of plan assets at the beginning of the year	**3,455,420**	3,096,134
Interest income on plan assets	**44,973**	6,361
Employees' contributions	**46,379**	44,818
Employer's contributions	**96,935**	95,755
Curtailments, settlements, plan amendments	**-2,840**	-1,506
Benefits paid by fund	**-77,233**	-109,359
Transfer payments in/out	**-1,947**	-20
Administration cost (excluding asset management cost)	**-1,064**	-1,038
Return on plan assets (excl. interest income)	**-359,585**	323,871
Translation differences	**-1,813**	404
Fair value of plan assets at the end of the year	**3,199,225**	3,455,420

[1] In 2021, the Bank switched from the BVG 2015 mortality table – with future improvements determined by calibrating the Continuous Mortality Investigation ('CMI') 2016 model to Swiss population data – to the BVG 2020 CMI mortality table.

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
2. Development of effect of asset ceiling		
Effect of asset ceiling at the beginning of the year	**-96,497**	-
Interest income/(expenses) on effect of asset ceiling	**-5,930**	-
Change in effect of asset ceiling excluding interest expense/(income)	**-212,914**	-96,497
Effect of asset ceiling at the end of the year	**-315,341**	-96,497

3. Balance sheet	**31.12.2022** *CHF 1,000*	31.12.2021 *CHF 1,000*
Fair value of plan assets	**3,199,225**	3,455,420
Present value of funded obligation	**-2,873,216**	-3,355,126
Surplus (deficit)	**326,009**	100,294
Effect of the asset ceiling	**-315,341**	-96,497
Net defined benefit asset/(liability)	**10,668**	3,797[1]

[1] This amount has been recognised as a provision under Swiss GAAP (see Note 20).

4. Income statement	**2022** *CHF 1,000*	2021 *CHF 1,000*
Current service cost (employer)	**-74,588**	-77,750
Interest expense on defined benefit obligation	**-39,122**	-6,469
Past service cost, curtailments, settlements, plan amendments	**-10,252**	3,127
Interest income on plan assets	**44,973**	6,361
Interest income/(expense) on effect of asset ceiling	**-5,930**	-
Administration cost (excluding asset management cost)	**-1,064**	-1,038
Defined benefit cost recognised in the income statement	**-85,983**	-75,769
whereof service cost	***-85,904***	*-75,661*
whereof net interest on the net defined benefit/(liability) asset	***-79***	*-108*

5. Movement in defined benefit asset/(liability)	**2022** *CHF 1,000*	2021 *CHF 1,000*
Net defined benefit asset/(liability) at the beginning of the year	**3,797**	-82,092
Translation differences	**509**	-197
Defined benefit cost recognised in the income statement	**-85,983**	-75,769
Employer's contributions	**96,935**	95,755
Remeasurements of the net defined benefit asset/(liability)	**-4,590**	66,100
Amount recognised in the balance sheet	**10,668**	3,797[1]

Remeasurements of the net defined benefit asset/(liability)	**2022** *CHF 1,000*	2021 *CHF 1,000*
Actuarial gains/(losses) of defined benefit obligation	**567,909**	-161,274
Return on plan assets excl. interest income	**-359,585**	323,871
Effect of asset ceiling	**-212,914**	-96,497
Total recognised in other comprehensive income[2]	**-4,590**	66,100

[1] This amount has been recognised as a provision under Swiss GAAP (see Note 20).
[2] This amount has been recognised in the income statement under Swiss GAAP.

6. Composition of plan assets	2022 CHF 1,000	2021 CHF 1,000
Cash	**153,615**	120,751
Debt instruments	**780,692**	860,308
Equity instruments	**1,225,031**	1,418,749
Real estate	**656,031**	625,486
Alternative instruments	**380,653**	424,525
Other	**3,203**	5,601
Total	**3,199,225**	3,455,420

7. Aggregation of plan assets – quoted market prices in active markets	2022 in %	2021 in %
Cash	**4.80**	3.49
Debt instruments	**21.22**	21.90
Equity instruments	**38.29**	41.06
Real estate	**7.50**	7.18
Other	**2.72**	5.62
Total	**74.53**	79.25

8. Sensitivities	2022 CHF 1,000	2021 CHF 1,000
Decrease of discount rate - 0.25%		
Effect on defined benefit obligation	**-58,040**	-92,935
Effect on service cost	**-1,762**	-3,017
Increase of discount rate + 0.25%		
Effect on defined benefit obligation	**54,843**	87,759
Effect on service cost	**1,667**	2,832
Decrease of salary increase - 0.25%		
Effect on defined benefit obligation	**7,514**	10,436
Effect on service cost	**731**	962
Increase of salary increase + 0.25%		
Effect on defined benefit obligation	**-7,673**	-10,666
Effect on service cost	**-747**	-985
Life expectancy		
Increase in longevity by one additional year	**-48,362**	-80,362

Actuarial calculation of pension assets and obligations
The latest actuarial calculation was carried out as at 31 December 2022. The actuarial assumptions are based on local economic conditions and are as follows for Switzerland, which accounts for 100% (2021: 99%) of all benefit obligations and plan assets:

	2022	2021
Discount rate	**2.25%**	0.25%
Average future salary increases	**1.75%**	0.50%
Future pension increases	**0.00%**	0.00%
Duration (years)	**12**	14

Investment in Julius Baer Group Ltd. shares
The pension plan assets are invested in accordance with local laws and do not include shares of Julius Baer Group Ltd.

Expected employer contributions
The expected employer contributions for the 2023 financial year related to defined benefit plans are estimated at CHF 94.5 million.

Outstanding liabilities to pension plans
The Bank had outstanding liabilities to various pension plans in the amount of CHF 21.3 million (2021: CHF 4.3 million).

Defined contribution pension plans
The Bank maintains a number of defined contribution pension plans outside Switzerland. In the case of defined contribution pension plans, the pension expenses are charged to the income statement in the corresponding financial year. The expenses for contributions to these pension plans amounted to CHF 22.1 million for the 2022 financial year (2021: CHF 23.4 million).

NOTE 20 PROVISIONS

	Balance on 01.01.2022 *CHF 1,000*	Specific usage *CHF 1,000*	Currency differences *CHF 1,000*	New creation charged to income statement *CHF 1,000*	Reversals credited to income statement *CHF 1,000*	**Balance on 31.12.2022** *CHF 1,000*
Legal risks	72,207	129,132	33	100,985	3,170	**40,923**
Other	1,580	-	-	-	-	**1,580**
Total provisions	73,787	129,132	33	100,985	3,170	**42,503**

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

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

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

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

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

In rare cases in which the amount cannot be reasonably estimated due to the early stage of the proceedings, the complexity of the proceedings and/or other factors, no provision is recognised but the case is recorded as a contingent liability as of 31 December 2022. The contingent liabilities may result in a materially adverse effect on the Group or may for other reasons be of interest to investors and other stakeholders.

In 2010 and 2011, litigation was commenced against the Bank and numerous other financial institutions by the liquidators of the Fairfield funds (the 'Fairfield Liquidators'), which funds had served as feeder funds for the Madoff fraudulent investment schemes. In the direct claims against the Bank, the Fairfield Liquidators are seeking to recover a total amount of approximately USD 64 million in the courts of New York (including approximately USD 17 million that relates to redemption payments made to clients of ING Bank (Suisse) SA, which merged with the Bank in 2010, and approximately USD 25 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions). The proceedings in the courts of the British Virgin Islands, where an amount of approximately USD 8.5 million had been claimed from the Bank, were finally dismissed in favour of the Bank with a ruling of the Privy Council, the highest court of appeals for the British Virgin Islands. In addition to the direct claims against the Bank, the Fairfield Liquidators have made combined claims in the amount of approximately USD 1.8 billion against more than 80 defendants, with only a fraction of this amount being sought from the Bank (and ultimately its clients concerned). The combined claims aggregate the damages asserted against all defendants, such that a reliable allocation of the claimed amounts between the Bank and the other defendants cannot be made at this time. Finally, in further proceedings, the trustee of Madoff's broker-dealer company (the 'Trustee') seeks to recover approximately USD 110 million in the courts of New York (including approximately USD 46 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions), largely in relation to the same redemption payments which are the subject matter of the claims asserted by the Fairfield Liquidators.

The Bank is challenging these actions on procedural and substantive grounds and has taken further measures to defend and protect its interests. In the proceedings initiated by the Trustee, the Bankruptcy Court in New York dismissed the case against the Bank and other defendants based on extraterritoriality principles in November 2016. The Trustee has appealed this decision, and, in February 2019, the Court of Appeal has reversed the decision by the Bankruptcy Court. The Supreme Court denied reviewing such decision, therefore the proceedings continued with the Bankruptcy Court. In the proceedings initiated by the Liquidators, the Bankruptcy Court in New York decided in December 2018 on certain aspects, which were appealed by the Liquidators. The Bankruptcy Court has additionally decided on certain other aspects in the Bank's favour in late 2020. That decision was appealed as well by the Liquidators. Both appeals were consolidated. In August 2022, the U.S. District Court for the Southern District of New York ruled on the pending appeals and confirmed the Bankruptcy Court's decision. The Liquidators have appealed the decision to the Court of Appeals, where the appeal is currently pending. Further, in October 2021, the Bank filed a motion to dismiss for lack of personal jurisdiction. In response, the Liquidators requested jurisdictional discovery, which has been completed.

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

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

The Bank has been confronted with a claim by a former client arguing that the Bank initiated transactions without appropriate authorisations and that the Bank has not adhered to its duties of care, trust, information and warnings. In April 2015, the former client presented a complaint for an amount of USD 70 million (plus accrued interest) and BRL 24 million, which between 2017 and 2021 was supported with yearly payment orders ('Betreibungsbegehren') in various currencies filed against the Bank in the total amount of approximately CHF 139 million (plus accrued interest). The Bank has been contesting the claim whilst taking appropriate measures to defend its interests.

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

In 2018 and 2019, the Bank had received inquiries from, and has been cooperating with, authorities in Switzerland and the USA investigating corruption and bribery allegations surrounding Petróleos de Venezuela S.A. (PDVSA). These requests in particular focused on persons named in the indictment 'United States of America v. Francisco Convit Guruceaga, et al.' of 23 July 2018. The authorities in Switzerland and abroad had, in addition to the corruption and bribery allegations against third parties, opened investigations and inquired whether financial institutions failed to observe due diligence standards as applied in financial services and in particular in the context of anti-money laundering laws in relation to suspicious and potentially illegal transactions. FINMA's related enforcement procedure against the Bank and Julius Baer Group Ltd. was closed by an order as published on 20 February 2020. Julius Baer has been supporting related inquiries and investigations and has been cooperating with the competent authorities. At the end of March 2021, FINMA lifted an acquisition ban that had initially been imposed with the closing of the enforcement procedure. This ban was lifted as a consequence of the Bank's material progress in the implementation of remediation measures, which was completed at the end of 2022. Related to the PDVSA matter, in November 2019, a former employee filed a labour law-based claim in the amount of USD 34.1 million in Venezuela against several Julius Baer companies combined with a respective precautionary seizure request in the double amount. Julius Baer has been contesting the claim and seizure request while taking appropriate measures to defend its interests.

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

NOTE 21 CAPITAL STRUCTURE OF BANK JULIUS BAER & CO. LTD., ZURICH

	31.12.2022	31.12.2021
Share capital		
Notional amount (CHF)	**100**	100
Number of shares	**5,750,000**	5,750,000
Share capital entitled to dividend (CHF)	**575,000,000**	575,000,000

There is no authorised capital or conditional capital.
All registered shares are fully paid.

NOTE 22 SIGNIFICANT SHAREHOLDERS[1]

Bank Julius Baer is a wholly owned subsidiary of Julius Baer Group Ltd.

Significant shareholders/participants of Julius Baer Group Ltd.[3]	Disclosure of purchase positions[2]	Disclosure of sale positions[2]
MFS Investment Management[4]	9.98%	
T. Rowe Price Associates Inc.[5]	5.07%	
BlackRock, Inc.[6]	5.06%	0.00%
UBS Fund Management (Switzerland) AG[7]	3.09%	

[1] The percentage holding of voting rights as well as the other terms as used herein have to be defined and read in the context of the relevant and applicable stock exchange rules. Please note that some of the above figures base on reports made before the following events: capital reduction on 1 July 2021 following share buy-back program reducing the number of registered shares of Julius Baer Group Ltd. by 2'585'000 to 221'224'448 (as from 1 July 2021); capital reduction on 24 June 2022 following share buy-back program reducing the number of registered shares of Julius Baer Group Ltd. by 7'423'208 to 213'801'240 (as from 24 June 2022).

[2] Purchase positions disclosed pursuant to art. 14 para. 1 a FINMA Financial Market Infrastructure Ordinance (FMIO-FINMA) and sales positions pursuant to art. 14 para. 1 b FMIO-FINMA.

[3] Please note that a change in the holding of voting rights within reportable thresholds does not trigger a notification duty. Further details on individual shareholdings can be found on www.juliusbaer.com/shareholders or on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange at the address www.ser-ag.com in the section Fundamentals > Notices Market Participants > Significant Shareholders, Issuer Julius Bär Gruppe AG.

[4] MFS Investment Management, Boston/USA, and its subsidiaries (reported on 30 December 2013)

[5] T. Rowe Price Associates, Inc., Baltimore/USA (reported on 2 November 2021)

[6] BlackRock, Inc., New York/USA (reported on 23 June 2021)

[7] UBS Fund Management (Switzerland) AG, Basle/Switzerland (reported on 26 September 2019)

NOTE 23 SHARE-BASED PAYMENTS

The programmes described below reflect the plan landscape as at 31 December 2022. All plans are reviewed annually to reflect any regulatory changes and/or market conditions. The Bank's overall compensation landscape is described in the chapter Remuneration Report of Julius Baer Group Ltd.

Deferred variable compensation plans
Cash-based variable compensation – Deferred Cash Plan
The Deferred Cash Plan (DCP) promotes sound business activities by remaining subject to forfeiture while providing an inherently less volatile payout than shares. The DCP grant is generally made once a year as part of the annual variable compensation awarded to the individual concerned, and participation is determined on an annual basis.

These annually granted deferred cash awards vest in equal tranches over at least three years subject to continued employment. The DCP may be granted outside the annual variable compensation cycle in cases where share-based plans are not permissible under local legislation or as an alternative to a Long-Term Incentive Plan award (as described below), or in other situations where deemed reasonable and appropriate to apply cash-based deferral.

Deferred Bonus Plan
Similar to the DCP, the Deferred Bonus Plan (DBP) promotes sound business activities by remaining subject to forfeiture while providing an inherently less volatile payout than shares. The DBP grant is made once per year and is determined in reference to the annual variable compensation awarded to the individual concerned.

Eligibility for the DBP is based on various factors, which include nomination by the CEO, overall role within the Bank, total variable compensation and individual contribution in the reporting period. All members of the Executive Board, key employees and the employees defined as risk takers of the Bank by virtue of their function within the organisation are considered for the DBP based on their specific role.

These annually granted deferred cash awards vest in equal tranches over at least four years subject to continued employment.

Equity-based variable compensation – Premium Share Plan
The Premium Share Plan (PSP) is designed to link a portion of the employee's variable compensation to the long-term success of the Bank through the share price of Julius Baer Group. A PSP grant is made once a year as part of the annual variable compensation awarded to the individual concerned and participation is determined on an annual basis. The employee is granted a number of shares equal in value to the deferred element. These shares vest in equal tranches over at least three years. At the end of the plan period, subject to continued employment, the employee then receives an additional share award representing a further one-third of the number of shares granted to him or her at the beginning of the plan period.

Equity-based variable compensation – Equity Performance Plan
The Equity Performance Plan (EPP) is a robust long-term incentive mechanism for participants. It is an equity plan which seeks to create a retention element for key employees and to link a significant portion of the executive compensation to the future performance of the Bank.

Eligibility for the EPP, similar to that of the DBP (as described above), is based on various factors, which include nomination by the CEO, overall role within the Bank, total variable compensation and individual contribution in the reporting period. All members of the Executive Board, key employees and employees defined as risk takers of the Bank by virtue of their function within the organisation are considered for the EPP based on their specific role. An EPP grant is made once a year and is determined in reference to the annual variable compensation awarded to the individual concerned, and participation is determined on an annual basis.

The EPP is an annual rolling equity grant (made in February each year) that awards performance units to eligible participants subject to individual performance in the reporting period and future performance-based requirements.

The goal of the EPP is to incentivise participants in two ways:

- Firstly, by the nature of its construction, the ultimate value of the award to the participants fluctuates with the market value of Julius Baer Group Ltd. shares.
- Secondly, the performance units are contingent on continued service and two key performance indicators (KPIs), cumulative Economic Profit (cEP) and relative Total Shareholder Return (rTSR). The service condition requires that the participant generally remains with the Bank for three to five years after the grant (plans granted through 2021 vest in one tranche over three years; plans granted thereafter vest pro rata in years three, four, and five following the grant date). Under all plans, the performance of the two KPIs is assessed during the three-year performance period to determine the number of shares the participant ultimately receives.

The number of shares delivered under the EPP is between 0% and 150% of the number of performance units granted in any given year (with each individual KPI being capped at a maximum multiplying factor of 200%). The cap serves to limit EPP awards so as to avoid any unforeseen outcome of the final EPP multiplier resulting in unintentionally high or excessive levels of compensation. A high level of performance is required to attain a maximum share delivery (creating a maximum uplift of 50% of the performance units granted), while low-level performance potentially leads to nil compensation.

The KPI targets are set based on the strategic three-year budget/plan that is approved by the Board of Directors on an annual basis. Extremely high (and, thus, unrealistic) performance targets are avoided, so as not to incentivise excessive risk-taking by executives and other managerial staff.

Long-Term Incentive Plan (LTI)
In certain specific situations, the Bank may also offer incentives outside the annual compensation cycle by granting an equity-based LTI. These may include such items as compensatory payments to new hires for deferred awards they have forfeited by resigning from their previous employer or retention payments to key employees during extraordinary or critical circumstances. The LTI may also be used as a replacement of the PSP where required for regulatory reasons.

An LTI granted in these circumstances generally runs over a three-year plan period. The Bank generally operates two different vesting schedules for this plan: (1) three equal one-third tranches vesting over a three-year period, (2) cliff-vesting of all granted shares in one single tranche at the end of a three-year period.

Staff Participation Plan (SPP)
The SPP is offered to most of the Bank's global employee population. Some individuals or employees in specific locations are excluded from participating because, for example, the employees concerned are participants in another Group equity-based plan or because the SPP cannot be offered in a particular jurisdiction for legal, regulatory or administrative reasons. Under this plan, eligible participants may voluntarily purchase Julius Baer Group Ltd. shares at the prevailing market price and for every three shares so purchased they will receive one additional share free of charge. These free shares vest after three years, subject to continued employment. Purchases under the SPP only occur once a year.

The objective of this plan is to strengthen the employee's identification with the Bank, to encourage entrepreneurial spirit, to generate greater interest in the business through ownership, and to provide employees with financial recognition for their long-term dedication to the Bank.

Movements in shares/performance units granted under various participation plans are as follows:

	31.12.2022 Number of units Economic Profit	31.12.2022 Number of units Total Shareholder Return	31.12.2021 Number of units Economic Profit	31.12.2021 Number of units Total Shareholder Return
Equity Performance Plan				
Unvested units outstanding, at the beginning of the year	**864,002**	**864,002**	838,305	838,305
Granted during the year	**249,201**	**249,201**	242,766	242,766
Exercised during the year	**-376,943**	**-376,943**	-211,037	-211,037
Forfeited during the year	**-2,844**	**-2,844**	-6,032	-6,032
Unvested units outstanding, at the end of the year	**733,416**	**733,416**	864,002	864,002

	31.12.2022	31.12.2021
Premium Share Plan		
Unvested shares outstanding, at the beginning of the year	**987,379**	909,196
Granted during the year	**637,269**	480,315
Vested during the year	**-435,001**	-370,975
Transferred (net) during the year	**7,017**	3,774
Forfeited during the year	**-36,184**	-34,931
Unvested shares outstanding, at the end of the year	**1,160,480**	987,379
Weighted average fair value per share granted (CHF)	**59.37**	54.88
Fair value of outstanding shares at the end of the year (CHF 1,000)	**62,503**	60,408

Long-Term Incentive Plan	31.12.2022	31.12.2021
Unvested shares outstanding, at the beginning of the year	**373,278**	449,021
Granted during the year	**96,213**	96,704
Vested during the year	**-260,272**	-158,037
Transferred (net) during the year	**-607**	4,961
Forfeited during the year	**-4,785**	-19,371
Unvested shares outstanding, at the end of the year	**203,827**	373,278
Weighted average fair value per share awarded (CHF)	**50.66**	56.77
Fair value of outstanding shares at the end of the year (CHF 1,000)	**10,978**	22,837

Staff Participation Plan	31.12.2022	31.12.2021
Unvested shares outstanding, at the beginning of the year	**139,682**	135,446
Granted during the year	**55,678**	38,555
Vested during the year	**-43,313**	-30,092
Transferred (net) during the year	**37**	278
Forfeited during the year	**-3,633**	-4,505
Unvested shares outstanding, at the end of the year	**148,451**	139,682
Weighted average fair value per share granted (CHF)[1]	**47.60**	58.75
Fair value of outstanding shares at the end of the year (CHF 1,000)	**7,996**	8,546

Number and value of equity securities across all plans held by all executives and directors and by employees:

	31.12.2022 Number of equity securities	**31.12.2022** Value of equity securities *CHF m*	31.12.2021 Number of equity securities	31.12.2021 Value of equity securities *CHF m*
Equity plans				
Total granted during the year	**789,160**	**45.4**	615,574	34.1
of which members of executive bodies	***9,602***	***0.5***	*7,125*	*0.4*
of which employees	***779,558***	***44.9***	*608,449*	*33.7*

	31.12.2022 Number of units	**31.12.2022** Value of units *CHF m*	31.12.2021 Number of units	31.12.2021 Value of units *CHF m*
Plans based on units				
Total granted during the year	**498,401**	**23.9**	485,532	21.9
of which members of executive bodies	***207,079***	***9.9***	*188,764*	*8.5*
of which employees	***291,322***	***14.0***	*296,768*	*13.4*

Compensation expense recognised for the various share plans are:

	31.12.2022 *CHF m*	31.12.2021 *CHF m*
Compensation expense		
Equity Performance Plan	**23.3**	33.0
Premium Share Plan	**29.4**	21.6
Long-Term Incentive Plan	**4.1**	6.6
Staff Participation Plan	**2.1**	1.9
Total	**58.9**	63.1

NOTE 24 RELATED PARTY TRANSACTIONS

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Claims on	**3,551,248**	4,034,239
affiliated companies	**664,976**	933,800
significant shareholders	**2,862,501**	3,069,388
members of the Bank's corporate bodies	**23,771**	31,051
of which Board of Directors	**-**	*2,100*
of which Executive Board	***23,771***	*28,951*
Liabilities to	**7,042,940**	8,021,396
affiliated companies	**4,585,921**	5,522,549
significant shareholders	**2,418,516**	2,473,294
members of the Bank's corporate bodies	**17,165**	21,263
of which Board of Directors	***6,947***	*5,321*
of which Executive Board	***10,218***	*15,942*
own pension funds	**21,338**	4,290
Credit guarantees to	**172,682**	167,939
affiliated companies	**172,604**	167,828
members of the Bank's corporate bodies	**78**	111
of which Board of Directors	***73***	*77*
of which Executive Board	***5***	*34*
Services provided to	**529,512**	520,700
affiliated companies	**380,031**	375,661
significant shareholders	**148,987**	144,502
members of the Bank's corporate bodies	**494**	537
of which Board of Directors	***150***	*209*
of which Executive Board	***344***	*328*
Services provided by	**78,506**	58,630
affiliated companies	**65,107**	55,938
significant shareholders	**13,399**	2,692

The loans granted to key management personnel consist of Lombard loans on a secured basis (through pledging of the securities portfolios) and mortgage loans on a fixed and variable basis. Transactions with the Bank and own pension funds are at arm's length.

The interest rates of the Lombard loans and mortgage loans are in line with the terms and conditions that are available to other employees, which are in line with the terms and conditions granted to third parties adjusted for reduced credit risk.

NOTE 25 ASSETS – COUNTRY RATINGS

		31.12.2022			31.12.2021
		CHF 1,000	*%*	*CHF 1,000*	*%*
Total assets by the Bank's country risks rating classes	**Moody's**				
1–2	Aaa – Aa3	**79,511,019**	**82.7**	87,961,340	81.5
3	A1 – A3	**6,971,053**	**7.2**	8,290,021	7.7
4	Baa1 – Baa3	**1,959,697**	**2.0**	2,333,324	2.2
5	Ba1 – Ba3	**446,268**	**0.5**	677,747	0.6
6–7	B1 – Caa3	**620,708**	**0.6**	834,758	0.8
8–9	Ca – C	**65,923**	**0.1**	157,715	0.1
Unrated		**6,646,112**	**6.9**	7,606,855	7.1
Total		**96,220,780**	**100.0**	107,861,760	100.0

NOTE 26 COMPANY STRUCTURE

	Domicile	Currency	Share capital m	Equity interest %
Companies				
Bank Julius Baer & Co. Ltd.	Zurich	CHF	575.000	100
Branches in Basle, Berne, Crans-Montana, Geneva, Guernsey,				
Hong Kong, Lausanne, Lucerne, Lugano, Singapore, Sion				
St. Gallen, St. Moritz, Verbier, Zurich				
Representative Offices in Abu Dhabi, Bogotá, Istanbul, Johannesburg,				
Mexico City, Santiago de Chile, Shanghai				
including				
Bank Julius Baer Nominees (Singapore) Pte. Ltd.	*Singapore*	*SGD*	*0.000*	*100*

NOTE 27 CONTINGENT LIABILITIES

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Credit guarantees in the form of obligations under avals, sureties and guarantees, including guarantee obligations in the form of irrevocable letters of credit	**1,205,667**	1,209,805

NOTE 28 IRREVOCABLE COMMITMENTS

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Unutilised irrevocable commitments to extend credit	**305,738**	366,177
Irrevocable commitments to the Swiss deposit guarantee institution	**48,212**	51,416
Total	**353,950**	417,593

NOTE 29 FIDUCIARY TRANSACTIONS

	31.12.2022 *CHF 1,000*	31.12.2021 *CHF 1,000*
Fiduciary deposits at third-party banks	**11,568,033**	4,786,055

NOTE 30 ASSETS UNDER MANAGEMENT

	31.12.2022 *CHF m*	31.12.2021 *CHF m*	Change *%*
Assets with discretionary mandate	**48,780**	60,142	-18.9
Other assets under management	**292,765**	325,199	-10.0
Total assets under management (including double counting)	**341,545**	385,341	-11.4
of which double counting	***14,129***	*16,423*	*-14.0*
Change through net new money	**5,574**	13,580	
Change through market and currency impacts	**-45,851**	20,341	
Change through divestment[1]	**-1,872**	-968	
Change through other effects	**-1,647**[2]	-	
Client assets	**408,321**	464,875	-12.2

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

[2] Reclassifications into assets under custody in 2022 result from externally imposed restrictions impacting the service offering to clients, including Russia-affected clients.

Assets under management include all bankable assets managed by or deposited with the Bank for investment purposes. Assets included are portfolios of wealth management clients for which the Bank provides discretionary or advisory asset management services. Assets deposited with the Bank held for transactional or safekeeping/custody purposes, and for which the Bank does not offer advice on how the assets should be invested, are excluded from assets under management. In general, transactional or safekeeping/custody assets belong to banks, brokers, securities traders, custodians, or certain institutional investors. Non-bankable assets (e.g. art collections, real estate), asset flows driven more by liquidity requirements than investment purposes or assets primarily used for cash management, funding or trading purposes are also not considered assets under management.

Assets with discretionary mandate are defined as assets for which the investment decisions are made by the Bank, and cover assets deposited with the Bank as well as assets deposited at third-party institutions. Other assets under management are defined as the assets for which the investment decision is made by the client themselves. Both, assets with a discretionary mandate and other assets under management, take into account client deposits as well as market values of securities, precious metals, and fiduciary investments placed at third-party institutions.

When assets under management are subject to more than one level of asset management services, double counting arises within the total assets under management. Each such separate discretionary or advisory service provides additional benefits to the respective client and generates additional revenue to the Bank.

Net new money consists of new client acquisitions, client departures and in- or outflows attributable to existing clients. It is calculated through the direct method, which is based on individual client transactions. New or repaid loans and related interest expenses result in net new money flows. Interest and dividend income from assets under management, market or currency movements as well as fees and commissions are not included in the net new money result. Effects resulting from any acquisition or divestment of the Bank are stated separately. Generally, reclassifications between assets under management and assets held for transactional or safekeeping/custody purposes result in corresponding net new money in- or outflows.

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

Client assets are defined as all bankable assets managed by or deposited with the Bank companies for investment purposes and only those deposited assets held for transactional, safekeeping/custody or administrative purposes for which additional services – e.g. analysis and reporting or securities lending and borrowing – are provided. Non-bankable assets (e.g. art collections, real estate), asset flows driven more by liquidity requirements than investment purposes, assets primarily used for cash management, funding or trading purposes or deposited assets held purely for transactional or safekeeping/custody purposes are excluded from client assets.

NOTE 31 EVENTS AFTER THE BALANCE SHEET DATE

There are no events to report that had an influence on the balance sheet or the income statement for the 2022 financial year.

REPORT OF THE STATUTORY AUDITOR TO THE ORDINARY ANNUAL GENERAL MEETING OF BANK JULIUS BAER & CO. LTD., ZURICH

KPMG

Statutory Auditor's Report

To the General Meeting of Bank Julius Baer & Co. Ltd., Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank Julius Baer & Co. Ltd., which comprise the balance sheet as at 31 December 2022, and the income statement and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 4 to 76) for the year ended 31 December 2022 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

GOODWILL IMPAIRMENT TESTING

LITIGATION AND REGULATORY PROCEEDINGS

VALUATION OF FINANCIAL INSTRUMENTS

IMPAIRMENT OF LOANS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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GOODWILL IMPAIRMENT TESTING

Key Audit Matter

As at 31 December 2022, the Bank recognizes goodwill of CHF 241.7m arising from a number of acquisitions.

Goodwill impairment testing is performed at the level of the cash generating unit ('CGU') and relies on estimates of value-in-use based on discounted future cash flows.

Due to the significance of the Bank's recognized goodwill and the inherent uncertainty of forecasting and discounting future cash flows, this is deemed to be a significant area of judgment.

Our response

Our procedures included the assessment of the Bank's process and key controls for the testing of goodwill impairment, including the assumptions used.

With the assistance of our own valuation specialists, we critically assessed the key assumptions and methodologies used to determine the value-in-use for the CGU. We assessed the reasonableness of cash flow projections, discount rate and growth rates by comparison with the Bank's own historical data and performance and externally available industry, economic and financial data respectively.

Additionally, we considered whether the Bank's disclosures of the application of judgment in estimating key assumptions and the sensitivity of the results of those estimates adequately reflect the risk associated with goodwill impairment.

For further information on goodwill impairment testing refer to the accounting policies on page 29 and to note 14 to the financial statements on page 55.

LITIGATION AND REGULATORY PROCEEDINGS

Key Audit Matter

As at 31 December 2022, the Bank recognizes provisions for legal risks of CHF 40.9m arising from litigation and regulatory proceedings (together 'legal and regulatory matters').

The Bank is involved in a number of legal and regulatory matters which could have a material effect on the Bank but do not qualify for the recognition of a provision. These matters are disclosed as contingent liabilities.

The recognition and measurement of provisions and the measurement and disclosure of contingent

Our response

Our procedures included the assessment of key controls over the identification, evaluation and measurement of potential obligations arising from legal and regulatory matters.

We paid particular attention to significant matters that experienced notable developments or that emerged during the period. For matters identified, we considered whether an obligation exists, the appropriateness of provisioning and/or disclosure based on the facts and circumstances available.

In order to assess the facts and circumstances, we obtained and assessed the relevant regulatory and litigation documents and interviewed the Bank's internal

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liabilities in respect of legal and regulatory matters requires significant judgment.

and external legal counsels. We also critically assessed the assumptions made and key judgments applied and considered possible alternative outcomes.

Additionally, we considered whether the Bank's disclosures of the application of judgment in estimating provisions and contingent liabilities adequately reflected the uncertainties associated with legal and regulatory matters.

For further information on litigation and regulatory proceedings refer to note 20 to the financial statements on pages 63 to 66.

VALUATION OF FINANCIAL INSTRUMENTS

Key Audit Matter

As at 31 December 2022, the Bank reports financial assets of CHF 19,398.8m and financial liabilities of CHF 15,220.7m measured at fair value representing 20.2% and 15.8% of total assets and total liabilities and equity respectively.

The fair value of financial instruments that are traded in an active market is determined based on quoted market prices. The exercise of judgment and the use of estimates and assumptions is in particular required for instruments where observable market prices or market parameters are not available. For such instruments the fair value is determined through the use of valuation techniques or models applied by the Bank.

Due to the significance of such financial instruments to the balance sheet and the degree of complexity involved, there is estimation uncertainty with regard to the valuation of financial instruments.

Our response

Our procedures included the assessment of key controls over the identification, measurement and management of valuation risk, as well as evaluating the methodologies and input parameters used by the Bank in determining fair values.

For the Bank's fair value models, we involved our own valuation specialists to assess the appropriateness of the models and inputs. We further compared observable inputs against independent sources and externally available market data and re-performed independent valuations for a sample of instruments with the assistance of our own valuation specialists.

Additionally, we assessed whether the fair value determination is appropriately disclosed.

For further information on valuation of financial instruments refer to notes 10, 11 and 12A to the financial statements on pages 45 to 48.

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IMPAIRMENT OF LOANS

Key Audit Matter	Our response
As at 31 December 2022, the Bank reports loans of CHF 40,979.0m representing 42.6% of total assets and records a credit loss allowance of CHF 112.1m. Loans are measured at amortized cost considering any impairment losses. The impairment of loans is estimated through the application of judgment and use of assumptions. This particularly applies to the specific allowances measured on an individual basis for credit losses established for impaired loan amounts. The loan portfolios which give rise to the greatest uncertainty are typically those with concentration risks in collaterals that are potentially more sensitive to global economic trends.	Our procedures included the assessment of key controls over the approval, recording and monitoring of loans and an evaluation of the methodologies, inputs and assumptions used by the Bank to assess the adequacy of impairment allowances for individually assessed loans. For a sample of loans with specific allowances for credit losses we evaluated the Bank's individual impairment assessment and specifically challenged the Bank's assumptions used, including the value of realizable collateral and the estimated recoverability. Based on a retrospective review, we further critically assessed whether the Bank revised its estimates and assumptions for specific allowances established in prior year. We also tested a sample of individually significant exposures which had not been identified as potentially impaired by the Bank and assessed whether appropriate consideration was given to the collectability of future cash flows and the valuation of the underlying collaterals.

For further information on impairment of loans refer to note 8 to the financial statements on pages 35 to 43.

Other Information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the SA-CH (PS-CH 890), we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Mirko Liberto Licensed Audit Expert Auditor in Charge	Corina Wipfler Licensed Audit Expert

Zurich, 17 February 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

Appendix pursuant to Article 26 IV Regulation (EU) 2017/1129 of the European Parliament and of the Council relating to the Registration Document of Bank Julius Baer & Co. Ltd. dated 7 June 2023

Key information on the Issuer

Who is the Issuer of the Securities?

The Issuer is registered with the names Bank Julius Bär & Co. Ltd., Banque Julius Baer & Cie SA, Bank Julius Bär & Co. AG, Banca Julius Baer & Co. SA ("BJB"). Those names refer to one and the same legal entity. BJB has its registered office at Bahnhofstrasse 36, 8001 Zürich, Switzerland, and is registered with the Commercial Register of the Canton of Zurich under the number CH-020.3.902.727-1 and in the UID-Register under CHE-105.940.833 BJB is incorporated as a stock corporation with limited liability under the laws of Switzerland. The LEI is PNWU8O0BLT17BBV61Y18. The website of the Issuer is https://www.juliusbaer.com.

Principal Activities

BJB's core business is wealth management and investment advice for private clients, family offices and external asset managers from around the world. BJB may also purchase real estate, pledge it as security and sell it.

In cooperation with other companies of the Julius Baer Group, comprehensive services are offered i.a. in the areas of wealth and tax planning, foreign exchange, equity, precious metals and fund trading, custody and execution services and other, complementary business fields.

BJB is also active in the Lombard credit business for portfolio management and trading clients and provides straight residential mortgages to its private clients predominantly in Switzerland, but also in high-end market areas of other European countries. BJB within the group companies Bank Julius Bär Deutschland AG, Frankfurt a. M., Bank Julius Baer (Monaco) S.A.M., Bank Julius Baer Europe S.A., Luxembourg and others, is a fully owned subsidiary of Julius Baer Group Ltd. (Julius Baer Group Ltd. together with its subsidiaries the "**Julius Baer Group**"), BJB operates as the central underwriter for traditional and innovative derivative investment products. BJB also engages in securities lending and borrowing.

Major Shareholders

BJB is a one hundred per cent subsidiary of Julius Baer Group Ltd..

Key Managing Directors

The Executive Board of BJB consists of the following members: Philipp Rickenbacher (Chief Executive Officer), Evangelia (Evie) Kostakis (Chief Financial Officer), Nic Dreckmann (Chief Operating Officer / Head Intermediaries), Dr. Oliver Bartholet (Chief Risk Officer), Beatriz Sanchez (Head Americas), Jimmy Lee Kong Eng (Head Asia Pacific), Yves Robert-Charrue (Head Switzerland & Europe, Middle East, Africa), Yves Henri Bonzon (Investment & Wealth Management Solutions, Chief Investment Officer) Nicolas de Skowronski (Investment & Wealth Management Solutions) and

Appendix nach Artikel 26 IV der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates in Verbindung mit dem Registrierungsdokument der Bank Julius Baer & Co. Ltd. vom 7. Juni 2023

Basisinformationen über den Emittenten

Wer ist der Emittent der Wertpapiere?

BJB ist mit der Firma Bank Julius Bär & Co. AG, Banque Julius Baer & Cie. SA, Bank Julius Baer & Co. Ltd. und Banca Julius Baer & Co. SA im Handelsregister des Kantons Zürich unter der Nummer CH-020.3.902.727-1 seit 31. Dezember 1974 und im UID-Register unter der Nummer CHE-105.940.833 eingetragen. Die genannten Namen beziehen sich auf ein und dieselbe juristische Person. BJB hat keinen kommerziellen Namen. Der Legal Entity Identifier (LEI) der BJB ist: PNWU8O0BLT17BBV61Y18. Die Website der Emittentin ist: https://www.juliusbaer.com.

Haupttätigkeiten

Das wichtigste Geschäftsgebiet der BJB ist die Vermögensverwaltung und Anlageberatung für Privatkunden, Familienunternehmen und unabhängige Vermögensverwalter aus aller Welt. BJB kann Grundstücke erwerben, belasten und veräussern.

In Zusammenarbeit mit anderen Gesellschaften der Julius Bär Gruppe werden umfassende Dienstleistungen u.a. in den Bereichen Wealth & Tax Planning, Devisen- und Wertschriftenhandel, Edelmetall- und Fondshandel, Depot- und Abwicklungsleistungen sowie in weiteren ergänzenden Geschäftsfeldern angeboten.

Für ihre Portfolio-Management- und Handelskunden ist die BJB ausserdem im Lombard-Kreditgeschäft tätig. Sie bietet ihren Privatkunden, vor allem in der Schweiz, aber auch in High-end-Märkten in anderen europäischen Ländern, Hypotheken für Wohnimmobilien an. Innerhalb der Gruppengesellschaften, Bank Julius Bär Deutschland AG, Frankfurt a.M., Bank Julius Baer (Monaco) S.A.M., Bank Julius Baer Europe S.A., Luxemburg und anderen, ist BJB eine hundertprozentige Tochtergesellschaft der Julius Bär Gruppe AG (Julius Bär Gruppe AG zusammen mit allen Tochtergesellschaften die "**Julius Bär Gruppe**") und übernimmt die zentrale Funktion als Emissionshaus für traditionelle und innovative derivative Anlageprodukte. Zudem ist die Emittentin aktiv im Wertpapierleihgeschäft (Securities Lending and Borrowing).

Hauptgesellschafter

BJB ist eine hundertprozentige Tochter der Julius Bär Gruppe AG.

Hauptgeschäftsführer

Die Geschäftsleitung der BJB bestät aus den nachfolgenden Mitgliedern: Philipp Rickenbacher (Chief Executive Officer), Evangelia (Evie) Kostakis (Chief Financial Officer), Nic Dreckmann (Chief Operating Officer / Head Intermediaries), Dr. Oliver Bartholet (Chief Risk Officer), Beatriz Sanchez (Head Americas), Jimmy Lee Kong Eng (Head Asia Pacific), Yves Robert-Charrue (Head Switzerland & Europe, Middle East, Africa), Yves Henri Bonzon (Investment & Wealth Management Solutions, Chief Investment Officer) and Nicolas de Skowronski (Investment &

Luigi Vignola (Head Markets).

Wealth Management Solutions) und Luigi Vignola (Head Markets).

Statutory Auditors

For the financial years ended 31 December 2021 and 31 December 2022, the independent auditors of BJB were KPMG AG, Badenerstrasse 172, 8004 Zurich, Switzerland, acting in terms of the provisions of company and banking law as well as BJB's articles of association. KPMG AG have audited the consolidated financial statements of BJB for the financial years ended 31 December 2021 and 31 December 2022 and the financial statements of BJB for the financial year ended 31 December 2022. KPMG AG is a member of the Swiss Institute of Certified Accountants and Tax Consultants with registered office in Zurich.

Abschlussprüfer

Für die am 31. Dezember 2021 und am 31. Dezember 2022 beendeten Geschäftsjahre war KPMG AG Badenerstrasse 172, 8004 Zürich, Schweiz der unabhängige Abschlussprüfer der BJB gemäss Gesellschafts- und Bankrecht sowie BJBs Statuten. KPMG AG hat die konsolidierten Finanzberichte der BJB für die am 31. Dezember 2021 und am 31. Dezember 2022 beendeten Geschäftsjahre und die Finanzberichte der BJB für das am 31. Dezember 2022 beendete Geschäftsjahr geprüft. KPMG AG ist Mitglied der Treuhandkammer mit Sitz in Zürich.

What is the key financial information regarding the Issuer?	Welches sind die wesentlichen Finanzinformationen über den Emittenten

Except as otherwise marked below, the following key financial information is based on the audited consolidated financial statements of Bank Julius Baer & Co. LTD. for 31 December 2021 and 31 December 2022

Income statement

	31.12.2021 *CHF m*	**31.12.2022** *CHF m*
Net interest income	577,3	731,0
Commission and fee income	2119,9	1,800.7
Net credit losses/ (recoveries) on financial assets	7,1	21,1
Operating income*	3,054.8	3,038.3
Net profit attributable to the shareholder of Bank Julius Baer & Co. Ltd.	807.7	727.7
Share information	*CHF*	*CHF*
- Basic earnings per share (EPS)	140.47	126.56
- Diluted earnings per share (EPS)	140.47	126.56

* Alternative Performance Measure

Sofern nicht anders gekennzeichnet, basieren die folgenden wesentlichen Finanzinformationen auf den geprüften konsolidierten Finanzinformationen der Bank Julius Bär & Co. Ltd. für den 31. Dezember 2021 und 31. Dezember 2022

Gewinn- und Verlustrechnung

	31.12.2021 *CHF 1.000*	**31.12.2022** *CHF 1.000*
Nettozinserträge	577.3	731.0
Kommissions- und Gebühreneinnahmen	2119.9	1.800,7
Netto-Kreditverluste/ (Wiedereingänge) auf Finanzanlagen	7.1	21.1
Operativer Gewinn*	3.054,8	3.038,3
Gewinn des Aktionärs der Bank Julius Bär & Co. AG	807,7	727,7
Aktien-Informationen	*CHF*	*CHF*
- Gewinn je Aktie (EPS)	140,47	126,56
- Verwässertes Ergebnis je Aktie (EPS)	140,47	126,56

*Alternative Leistungskennzahl

Balance sheet

	31.12.2021	31.12.2022
Total assets *(in CHF m)*	109,452.7	97,846.9
Financial liabilities measured at FVTPL *(in CHF m)*	749.5	601.8
Total subordinated liabilities***(in CHF 1,000)*	480,000	852,401
Loans with customers (at net) *(in CHF m)****	46,399,021	40,979.2
Liabilities due to customers *(in CHF m)*	75,458.6	68,900.0
Total equity attributable to shareholder of Bank Julius Baer & Co. Ltd. *(in CHF m)*	6,084.5	5,558.7
Non performing loans (based on net carrying amount)/ Loans and receivables *(in CHF m)*	70.4****	51.1*****
Common Equity Tier 1 capital (CET1) ratio***(in %)*	19.6%	15.7%
Total Capital Ratio***(in %)*	22.7%	20.3%
Basel III leverage ratio (in %)**	3.7%	4.2%

Key financial information has been extracted from the Julius Baer Group Ltd.** Annual Report 2022.

***This figures comprise of lombard loans and mortgage loans.

****This figure consist of the following credit-impared (Stage 3) items: 40.5 m carrying amount in relation to lombard Loans (at amortised cost) and 29.9 m carrying amount in relation to mortgage Loans (at amortised cost). The figure is not audited

*****This figure consist of the following credit-impared (Stage 3) items: 4.1 m carrying amount in relation to lombard Loans (at amortised cost) and 47.0 m carrying amount in relation to mortgage Loans (at amortised cost). The figure is not audited.

Bilanz

	31.12.2021	31.12.2022
Vermögenswerte insgesamt *(in CHF m)*	109.452,7	97.846,9
Finanzielle Verbindlichkeiten bewertet bei FVTPL *(in CHF m)*	749,5	601,8
Nachrangige Verbindlichkeiten***(in CHF 1.000)*	480,000	852.401
Darlehen gegenüber Kunden (netto) *(in CHF m)* ****	46.399.021	40.979,2
Verpflichtungen gegenüber Kunden *(in CHF m)*	75.458,6	68.900,0
Total Eigenkapital der Aktionäre der Bank Julius Bär & Co. Ltd *(in CHF m)*	6.084,5	5.558,7
Notleidende Kredite (basierend auf Nettobuchwert) / Kredite und Forderungen *(in CHF m)*	70,4****	51,1*****
Kernkapitalquote (CET1)** *(in %)*	19,6%	15,7%
Gesamtkapitalquote** *(in %)*	22,7%	20,3%
Basel III Verschuldungsquote ** *(in %)*	3,7%	4,2%

******Diese Finanzinformationen entstammen aus den Finanzinformationen 2022 der Julius Bär Gruppe AG.

***Diese Kennzahl setzt sich zusammen aus den aus Lombardkrediten und Hypothekenkrediten.

*** Diese Kennzahl setzt sich zusammen aus den folgenden credit-impared (Stage 3) Kennzahlen zusammen: 40,5 m Nettobuchwert in Bezug auf Lombardkredite (zu fortgeführten Anschaffungskosten) und 29,9 m Nettobuchwert in Bezug auf Hypothekenkrediten (zu fortgeführten An-schaffungskosten). Diese Angabe ist ungeprüft..

***** Diese Kennzahl setzt sich zusammen aus den folgenden credit-impared (Stage 3) Kennzahlen zusammen: 4,1 m Nettobuchwert in Bezug auf Lombardkredite (zu fortgeführten Anschaffungskosten) und 47,0 m Nettobuchwert in Bezug auf Hypothekenkrediten (zu fortgeführten An-schaffungskosten). Diese Angabe ist ungeprüft.

What are the key risks that are specific to the Issuer?

In the following the most material risks to BJB are set out. The assessment of materiality of each risk has been made by the Issuer based on the probability of their occurrence and the expected magnitude of their negative impact on the Issue. The realization of these risks could results in adverse effects on BJB's business, results of operations, profitability, financial condition or prospects.

Credit risk: BJB is exposed to the credit risk of its counterparties. Credit risk is the risk of financial losses due to a client or a counterparty of BJB being either unable, or only partially able, to meet an obligation owed to BJB.

Treasury risk: Treasury risk is defined as the risk associated with BJB's ability to convert an asset into cash to ensure it can meet its obligations in adverse scenarios. The transformation of short-term deposits into long-term assets exposes banks to treasury risk. The treasury risk of BJB consists of the financing risk and the liquidity risk. Financing risk is the risk of BJB being unable to

Welches sind die zentralen Risiken, die für den Emittenten spezifisch sind?

Im Folgenden werden die wesentlichsten Risiken von BJB dargelegt. Die Beurteilung der Wesentlichkeit jedes Risikos wurde von der Emittentin auf der Grundlage der Wahrscheinlichkeit ihres Eintretens und des zu erwartenden Umfangs ihrer negativen Auswirkungen auf die Emittentin durchgeführt. Die Realisierung dieser Risiken könnte zu nachteiligen Auswirkungen auf den Geschäftsbetrieb, die Ertragslage, die Profitabilität, die Finanzlage oder die Aussichten der BJB haben.

Kreditrisiko: Die BJB ist dem Kreditrisiko ihrer Gegenparteien ausgesetzt. Das Kreditrisiko ist das Risiko von finanziellen Verlusten, die dadurch entstehen, dass ein Kunde oder eine Gegenpartei, nicht oder nur teilweise in der Lage ist, eine Verpflichtung gegenüber der BJB zu erfüllen.

Finanzrisiko: Das Finanzrisiko ist definiert als das Risiko, welches mit der Fähigkeit von BJB zusammenhängt, Aktiven in nachteiligen Szenarien in Geld umzuwandeln, um ihren Verpflichtungen nachzukommen. Banken sind aufgrund der Umwandlung von kurzfristigen Einlagen in langfristige Aktiven dem Finanzrisiko ausgesetzt. Das Finanzrisiko von BJB besteht aus dem Finanzierungsrisiko und finance its existing or planned activities on an ongoing basis at acceptable prices. A diminution of BJB's liquidity may be caused by events over which it has little or no control. Failure by BJB to effectively manage its liquidity could constrain its ability to fulfil its obligations and fund or invest in its businesses in particular in relation to accepting deposits, providing loans and credits. A realization of the treasury risk could therefore materially affect BJB´s results of operations and financial condition.

dem Liquiditätsrisiko. Das Finanzierungsrisiko ist das Risiko, dass BJB nicht in der Lage ist, ihre bestehenden oder geplanten Aktivitäten laufend zu angemessenen Preisen zu finanzieren. Eine Beeinträchtigung der Liquiditätslage der BJB kann durch Ereignisse bewirkt werden, über welche BJB kaum oder gar keine Kontrolle hat. Ein Versagen der BJB ihre Liquidität effektiv zu verwalten, könnte die Fähigkeit, ihren Verpflichtungen nachzukommen beeinflussen, insbesondere in Bezug auf die Annahme von Einlagen, die Gewährung von Darlehen und Krediten. Eine Realisierung des Finanzrisikos könnte demnach die Ertragslage und die Finanzlage der BJB wesentlich beeinträchtigen.

Risk of a rating downgrade: A downgrading of BJB's credit rating could have a material adverse effect on BJB's profitability and results of operations.

Risiko einer Herabstufung des Ratings: Eine Herabstufung des Bonitätsratings könnte sich wesentlich nachteilig auf die Profitabilität und die Ertragslage der BJB auswirken.

Operational risk: BJB is exposed to operational risks. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, external events or fraud. It includes the risk of unexpected losses from isolated events, caused for example by faulty information systems, unsuitable organisational structures or deficient control mechanisms. BJB's operational risk consists, in particular of information security risk (including cyber risk), fraud risk and technology risk.. In an industry where business processes are becoming increasingly complex, BJB relies heavily on its financial, accounting and other data processing systems. If any of these systems, were not to operate properly or were disabled including due to a systems malfunction, cyber breach or other systems failure, BJB could suffer financial loss, liability to clients, loss of client confidence, regulatory intervention and/or reputational damage. Therefore, the realisation of operational risks could have a material adverse effect on BJB's profitability and results of operations.

Operationelles Risiko: Die BJB ist operationellen Risiken ausgesetzt. Operationelles Risiko ist das Risiko von Verlusten, die auf unangemessene oder fehlerhafte interne Prozesse, Menschen, Systeme, externe Ereignisse oder Betrug zurückzuführen sind. Es umfasst das Risiko von unerwarteten Verlusten aus isolierten Ereignissen, die zum Beispiel durch fehlerhafte Informationssysteme, ungeeignete Organisationsstrukturen oder mangelhafte Kontrollmechanismen verursacht werden. BJB's operationelles Risiko besteht insbesondere aus dem Risiko in Bezug auf Informationssicherheit (einschließlich dem Cyber-Risiko), dem Betrugsrisiko und dem Technologierisiko. In einer Industrie, in der die Geschäftsprozesse zunehmend komplex werden, verlässt sich die BJB in erheblichem Masse auf finanzielle buchungs- und andere Datenverarbeitungssysteme. Falls ein solches System, künftig nicht ordnungsgemäß funktionieren oder ausfallen würde, könnte die BJB dadurch finanzielle Verluste, Haftung gegenüber Kunden, Verlust von Kundenvertrauen regulatorische Eingriffe und/oder Reputationsschäden erleiden. Daher könnte die Realisierung operationeller Risiken wesentlich negative Auswirkungen auf die Profitabilität und die Ertragslage von BJB haben.

Market risks: Market risk refers to the potential losses through changes in the valuation of its assets and liabilities because of changes in market prices, volatilities, correlations and other valuation-relevant factors. BJB separates its market risk into the trading market risk and the non-trading market risk. Trading market risk results in the context of structuring such structured products by BJB as well of providing access to global equity, bonds, foreign exchange, fx and precious metal markets. BJB’s results of operation depend, to a significant extent, on factors such as the returns realized by its clients on their investments as well as its ability to attract new money inflows. Weak investment performance in the financial markets, in general, will negatively affect the value of the assets BJB manages for its clients and may lead to a decline in BJB’s revenues and profitability. If the market risk realizes this could therefore have a material adverse effect on BJB's results of operation.

Marktrisiko: Das Marktrisiko bezieht sich auf die potenziellen Verluste durch Änderungen in der Bewertung seiner Vermögenswerte und Verbindlichkeiten aufgrund von Änderungen der Marktpreise, Volatilitäten, Korrelationen und anderer bewertungsrelevanter Faktoren. BJB unterteilt ihr Marktrisiko in das Marktrisiko aus Handelsaktivitäten und das Marktrisiko ohne Handelsaktivitäten. Die Ertrags- und Finanzlage der BJB hängen zu einem wesentlichen Teil von Faktoren ab, wie die Rendite, welche ihre Kunden auf ihren Anlagen erzielt haben und der Fähigkeit neue Kundengelder anzuziehen. Schwache Anlageergebnisse auf den Finanzmärkten im Allgemeinen werden den Wert der Vermögen negativ beeinflussen, welche die BJB für ihre Kunden verwaltet und könnten zu einer Beeinträchtigung des Ertrages und der Profitabilität der BJB führen. Wenn sich das Marktrisiko realisiert, könnte sich dies wesentlich nachteilig auf BJB's Ertragslage auswirken.

Reputational risk: BJB's reputation may deteriorate due to cases in which stakeholders’ perception of BJB differs negatively from BJB´s actual conduct performance and business practice. Negative sentiment relating BJB's business practices can involve any aspect of its operations, but usually relates to topics of business ethics and integrity, or quality of products and services. The realisation of Reputational risk could therefore have a material adverse effect on BJB’s business, results of operations and its prospects.

Reputationsrisiko: BJB's Reputation kann sich dadurch verschlechtern, dass die Wahrnehmung von BJB durch die Interessengruppen negativ von der tatsächlichen Leistungsfähigkeit und der Geschäftspraxis abweicht. Eine negative Einstellung zu den Geschäftspraktiken der BJB kann jeden Aspekt ihrer Tätigkeit betreffen, bezieht sich aber in der Regel auf Themen der Geschäftsethik und Integrität oder die Qualität von Produkten und Dienstleistungen. Die Verwirklichung des Reputationsrisikos könnte daher den Geschäftsbetrieb, die Ertragslage und die Aussichten der BJB wesentlich beeinträchtigen.

Compliance risk: BJB is subject to compliance risks in particular by providing services to clients and counterparties, by receiving services from third parties and by operating in a regulated industry. BJB is a financial services firm and has operations in various jurisdictions, in particular in Switzerland, Middle East, Europe, Asia and Latin America. It must comply with the laws and regulations that apply to its business in all of the jurisdictions in which it does business and its operations are subject to supervision by

Compliance Risiko: Insbesondere ist BJB Compliance Risiken ausgesetzt, die bei der Erbringung von Dienstleistungen für Kunden und Gegenparteien, durch den Erhalt von Dienstleistungen von Dritten und durch die Tätigkeit in einer regulierten Branche entstehen. Die BJB ist ein Finanzdienstleistungsunternehmen, welches in verschiedenen Jurisdiktionen, insbesondere der Schweiz, Mittlerer Osten, Europa, Asien und Lateinamerika, operativ tätig ist. Die BJB muss infolgedessen die Gesetze und regulatorischen regulatory authorities in multiple jurisdictions. Potential non-compliance with legal and regulatory requirements may result in civil, criminal or regulatory consequences for BJB which can materially affect BJB's results of operations and profitability.

Anforderungen in sämtlichen Jurisdiktionen einhalten, in denen sie eine operative Tätigkeit ausübt und die jeweiligen Geschäftseinheiten unterliegen der Aufsicht von Behörden in verschiedenen Jurisdiktionen. Eine mögliche Missachtung dieser aufsichtsrechtlichen Anforderungen könnte zu zivilrechtlichen, strafrechtlichen oder behördliche Konsequenzen für BJB führen was die Ertragslage und die Profitabilität der BJB wesentlich beeinträchtigen kann.