

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 4 June 2021

(the "**Registration Document**")

This Registration Document expires on 10 June 2022. 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significant new factors, material mistakes or material inaccuracies does not apply when this Registration Document is no longer valid.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 4. Juni 2021

(das "**Registrierungsformular**")

Dieses Registrierungsformular ist ab dem 10. Juni 2022 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

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### 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

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

### 1.1 Credit risk

BJB is exposed to the risk that third parties that owe BJB money, securities or other assets default on their payment or other obligations in particular for lack of solvency.

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 a 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. 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 businesses, in particular in relation to accepting deposits, providing loans and credits. As at 31 December 2020 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.

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

### 1.1 Kreditrisiko

Die BJB ist dem Risiko ausgesetzt, dass Dritte, die der BJB Geld, Effekten oder andere Vermögenswerte schulden, ihre Verpflichtungen insbesondere mangels Zahlungsfähigkeit, nicht 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 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 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 2020 wurden die Aktivitäten von BJB weitgehend durch Kundeneinlagen finanziert. Im Fall einer Liquiditätsstörung könnte BJB nicht in der Lage sein,

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- 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
- lack of client confidence in BJB or financial institutions in general.

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 of the date of this Registration Document Moody's Investors Service ("**Moody's**") assigned BJB a "Long-Term Senior Unsecured and Issuer Rating" of "A3".

\* 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 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. BJB is subject to the risk of further credit rating downgrades. 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

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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
- Verlust von Kundenvertrauen in BJB oder in Finanzinstitute im Allgemeinen.

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 bewertet Moody's Investors Services ("**Moody's**") BJB's langfristigen, nicht nachrangigen, ungesicherten Schuldtitel und die BJB als Emittentin mit einem Rating von "A3".

\* 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 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. BJB unterliegt dem Risiko weiterer Bonitätsherabstufungen. Eine Herabstufung des Bonitätsratings könnte z.B. zu Zeiten einer allgemeinen Marktinstabilität erfolgen, in denen die Möglichkeiten der

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general investor confidence is low.

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.

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

### 2. Risks related to the business activities of 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", the "Reputational risk" and the "Pandemic risk".

#### 2.1 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, fraud risk, technology risk and its reliance on third parties for certain key services. The information security risk in particular includes the cyber 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).

The information security risk is deemed one of the most substantial risks for BJB. For banks in particular, the loss

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BJB, auf entsprechende Entwicklungen zu reagieren, eingeschränkt sein könnten und das generelle Vertrauen von Investoren gering sein könnte.

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.

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

### 2. Risiken betreffend der Geschäftsaktivitäten der BJB

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

#### 2.1 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 dem Betrugsrisiko, dem Technologierisiko und der Abhängigkeit von Dritten für die Erbringung wesentlicher 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.

Das Risiko der Informationssicherheit ist eines der substantiellsten Risiken der BJB. Besonders für Banken



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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.

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.

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.

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.

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, including but not limited to home office access during the COVID-19 pandemic, 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.

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

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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.

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.

Das Betrugsrisiko umfasst auch Fehlverhalten oder unsachgemäße Praktiken von Mitarbeitern von 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 für ein solches Fehlverhalten seiner Mitarbeiter.

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 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, insbesondere der Home-Office Zugang während der COVID-19 Pandemie, 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.

Bei der Erbringung von Bankdienstleistungen für ihre Kunden, ist BJB für bestimmte wesentliche Dienstleistungen auf Dritte angewiesen, insbesondere

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and securities, sub-custodians and correspondence banks.

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 the BJB's operational activities.

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

### 2.2 Market risk

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

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:

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auf Clearingsysteme für USD-Transaktionen, andere Währungen und Wertpapiere, Verwahrungsstellen und Korrespondenzbanken.

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.

Daher könnte die Realisierung operationeller Risiken wesentlich negative Auswirkungen auf die Profitabilität und die Ertragslage von BJB haben.

### 2.2 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.

#### 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:



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- 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 sudden and substantial 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; 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 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 352,388 million CHF as at 31 December 2020. Accordingly, BJB's results of operation depend, to a significant extent, on factors such as the returns realized

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- Investoren-, Konsumenten- und Geschäftsklima;
- Marktweite Illiquidität oder Störung in der Liquiditätsbereitstellung;
- Ereignisse, die das Vertrauen in die Finanzmärkte beeinträchtigen;
- Inflation oder Deflation;
- plötzliche und erhebliche 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; 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 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 2020 auf 352.388 Millionen CHF. Dementsprechend, hängt die Ertrags- und Finanzlage der BJB zu einem wesentlichen Teil von

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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.

### 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 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 which could result from:

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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 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 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 zurückzuführen sein könnten auf:

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- 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 from BJB;
- 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.

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.

### 2.4 Pandemic Risk

In early March 2020, the World Health Organization declared COVID-19, a global pandemic. The COVID-19 pandemic and governmental responses thereto have had, and continue to have, a significant impact on the global economic conditions, including:

- significant disruption and volatility in the financial markets;
- disruption of global supply chains in numerous

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- 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 bei der BJB abziehen;
- 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.

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.

### 2.4 Pändemisches Risiko

Anfang März 2020 erklärte die Weltgesundheitsorganisation den Ausbruch von COVID-19 zur globalen Pandemie. Die COVID-19-Pandemie und die daraufhin ergriffenen Massnahmen der Regierungen hatten und haben weiterhin wesentliche Auswirkungen auf die globale Wirtschaft, einschließlich:

- einer signifikante Beeinträchtigung und Volatilität in den Finanzmärkten;

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- industries; and
- closures of many businesses, leading to loss of revenues and increased unemployment.

If the COVID-19 pandemic is further prolonged, the adverse effects on the global economy may increase. The continuation of these negative economic conditions could have the following adverse effects on BJB's businesses:

- a significant decrease in demand for products and services offered by BJB;
- a recognition of credit losses and an increase in balance sheet allowances for credit losses;
- a material decrease in the value of securities and other financial instruments which BJB holds or trades in;
- downgrade in BJB's credit ratings (see also "1.3 Risk of a rating downgrade" on page 5);
- liquidity and capital related constraints, *i.e.*, due to (i) an increase in risk-weighted assets caused by the financing of client activities or (ii) additional regulatory requirements; and
- the possibility that a significant number of BJB's employees are unable to work efficiently, namely due to illness, quarantines, governmental actions or other restrictions related to the COVID-19 pandemic or technical limitations restricting access to BJB's system from the home office when stay at home orders apply.

As it is unprecedented in recent history, the definitive mid-and long-term impacts of the COVID-19 pandemic on the business of BJB currently cannot be reliably foreseen.

The adverse effects of the COVID-19 pandemic could however, result in financial losses and, hence, materially adversely affect BJB's results of operations and financial condition.

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- einer Beeinträchtigung der globalen Lieferketten in zahlreichen Industrien; und
- Schließungen vieler Unternehmen, was zu Verlust von Umsätzen und steigender Arbeitslosigkeit führte.

Wenn die COVID-19-Pandemie weiter andauert, können die nachteiligen Auswirkungen auf die globale Wirtschaft zunehmen. Die Fortsetzung dieser nachteiligen wirtschaftlichen Auswirkungen kann die Geschäftstätigkeit der BJB wie folgt negativ beeinträchtigen:

- ein wesentlicher Rückgang der Nachfrage für die von der BJB angebotenen Produkte und Dienstleistungen;
- die Berücksichtigung von Verlusten im Kreditportfolio und eine Erhöhung der Wertberichtigungen für solche Verluste;
- eine wesentliche Abwertung des Werts von Wertpapieren und anderen Finanzinstrumenten, die von BJB gehalten oder gehandelt werden;
- Herabstufung der Ratings der BJB (siehe auch "1.3 Risiko einer Herabstufung des Ratings" auf Seite 5);
- Einschränkungen bei der Liquidität und beim Kapital aufgrund von (i) der Erhöhung der risikogewichteten Aktiva, verursacht durch die Finanzierung von Kundenaktivitäten oder (ii) zusätzliche regulatorische Anforderungen; und
- die Wahrscheinlichkeit, dass eine beträchtliche Zahl von BJB's Arbeitnehmern aufgrund von Krankheit, Quarantäne, staatlichen Maßnahmen oder anderen Beschränkungen in Bezug auf die COVID-19-Pandemie nicht effektiv arbeiten kann oder technische Einschränkungen, die den Zugang zu den Systemen von BJB vom Home-Office beschränken, während eine Home-Office Pflicht besteht.

Da es in der jüngeren Geschichte beispiellos ist, können die endgültigen mittel- und langfristigen Auswirkungen der COVID-19-Pandemie auf die Geschäftstätigkeit der BJB derzeit nicht verlässlich vorhergesehen werden.

Die nachteiligen Auswirkungen der COVID-19-Pandemie können zu finanziellen Verlusten führen und sich wesentlich nachteilig auf die Ertragslage und die Finanzlage der BJB auswirken.

### 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 824 million CHF to the total operating income of BJB of 2,803million CHF in the financial year 2020. 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.

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

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

### 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 824 Millionen CHF zum Gesamtbetriebsergebnis von BJB von 2.803 Millionen CHF im Finanzjahr 2020 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.

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

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

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negatively impact its profitability.

### 2.6 Strategic risk

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 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.

On 3 February 2020 the Julius Baer Group presented an updated strategy pursuant to which Julius Baer Group aims to enhance its wealth management business. To achieve this, the Julius Baer Group aims to substantially modernise its organization and sharpen its value proposition for high net worth and ultra-high net-worth clients. Investments in technology to power human advice will be accelerated and will be increased. To implement its strategy, the Julius Baer Group started a three-year programme to enhance its client value, improve its productivity and efficiency, and strengthen its risk culture and teamwork.

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verwalteten Kundenvermögen zu steigern, sowie die Rentabilität negativ beeinflussen.

### 2.6 Strategisches Risiko

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 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.

Am 3. Februar 2020 hat die Julius Bär Gruppe eine aktualisierte Strategie veröffentlicht, wonach die Julius Bär Gruppe sein Vermögensverwaltungsgeschäft verbessern will. Um dies zu erreichen, strebt die Julius Bär Gruppe eine substanzielle Modernisierung ihrer Organisation und eine Schärfung ihres Wertversprechens für vermögende und sehr vermögende Kunden an. Die Investitionen in Technologie zur Unterstützung der persönlichen Beratung wird beschleunigt und erhöht. Um Ihre Strategie umzusetzen, hat die Julius Bär Gruppe ein 3 Jahres Programm gestartet um ihren Kundenwert zu steigern, ihre Produktivität und Effizienz zu verbessern und ihre Risikokultur und Teamarbeit zu stärken.



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In this regard, BJB's objective is to achieve a growth in lombard lending commensurate with the evolution of its wealth management business.

Part of the growth strategy of BJB is also the acquisition of other domestic or foreign banks, asset managers or any other operating companies (or business divisions thereof) in the financial industry. To this end, BJB is endeavouring to strengthen its private banking position in Switzerland and to selectively develop its private banking activities abroad. 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.

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

### 2.7 Business risk

BJB defines business risk as the risk arising from a bank's long-term business strategy of pure private banking. It entails the risk of a bank 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.

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BJB's Ziel ist, ein Wachstum der Lombardkredite zu erreichen, das der Entwicklung ihres Vermögensverwaltungsgeschäfts entspricht.

Bestandteil der Wachstumsstrategie der BJB ist auch die Akquisition von anderen in- oder ausländischen Banken, Vermögensverwaltern oder sonstigen im Finanzbereich tätigen Unternehmen (oder deren Geschäftsbereiche). Zu diesem Zweck ist BJB bestrebt ihre Private-Banking-Position in der Schweiz zu stärken und ihre Private-Banking-Aktivitäten im Ausland gezielt auszubauen. 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.

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

### 2.7 Geschäftsrisiko

BJB definiert das Geschäftsrisiko als das Risiko, das sich aus der langfristigen Geschäftsstrategie des reinen Private Banking 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 erwarten, 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

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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 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.

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.

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.

## I. RISIKOFAKTOREN

Drittstaaten zum europäischen Markt zu harmonisieren, und ähnlicher Bestrebungen in einer Reihe anderer Rechtsordnungen.

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 Gewinnspannen durch erhöhte Preistransparenz und Wettbewerb.

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.

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.

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 Tötigung 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.

## I. RISK FACTORS

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.

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.

### 2.8 Risks related to the Julius Baer Group

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.

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.

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.

## I. RISIKOFAKTOREN

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.

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 Risiken in Bezug auf die Julius Bär Gruppe

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.

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.

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 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 will 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 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 wird 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.

## I. RISK FACTORS

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.

## I. RISIKOFAKTOREN

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.

## I. RISK FACTORS

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.

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.

### 3.3 Business conduct risk

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.

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

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).

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.

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 FINMA. In case of revocation of the banking license, clients can no longer be served and the

## I. RISIKOFAKTOREN

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.

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 Risiko des Geschäftsbetriebs

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.

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

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.

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 null und nichtig betrachtet werden (Vertragsauflösung).

Zudem können schwere Verletzungen ausländischen Rechts (und damit auch schwere Verletzungen des schweizerischen Aufsichtsrechts) im schlimmsten Fall zu einem Entzug der Banklizenz durch die FINMA führen. Im Falle eines Entzugs der Banklizenz können



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).

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

### 3.4 Market conduct risk

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 license.

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.

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.

### 3.5 Litigation risk

BJB defines litigation risk as risk of undue financial losses, regulatory/criminal sanctions and reputational exposure resulting out of inadequate management, risk assessment, supervision and reporting of litigation, investigation cases and client complaints.

Kunden nicht mehr länger betreut werden 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).

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

### 3.4 Marktverhaltensrisiko

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 Finanzmarktinfrastuktur, 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 Bußgeldern bis hin zum Verlust der Börsenzulassung oder Lizenz reichen.

Die Nichteinhaltung verschiedener Finanzmarktregeln und -vorschriften, wie z.B. der Regulierung der Finanzmarktinfrastuktur, 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.

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

### 3.5 Prozessrisiko

BJB definiert das Prozessrisiko als das Risiko unangemessener finanzieller Verluste, regulatorischer/strafrechtlicher Sanktionen und der Gefährdung des guten Rufs, die sich aus unangemessenem Management, Risikobewertung,

## I. RISK FACTORS

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 conditions and profitability of BJB.

## I. RISIKOFAKTOREN

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., ZÜRICH

### II. BANK JULIUS BAER & CO. LTD., ZÜRICH

#### 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 and of Arpese SA, Lugano (in liquidation).

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

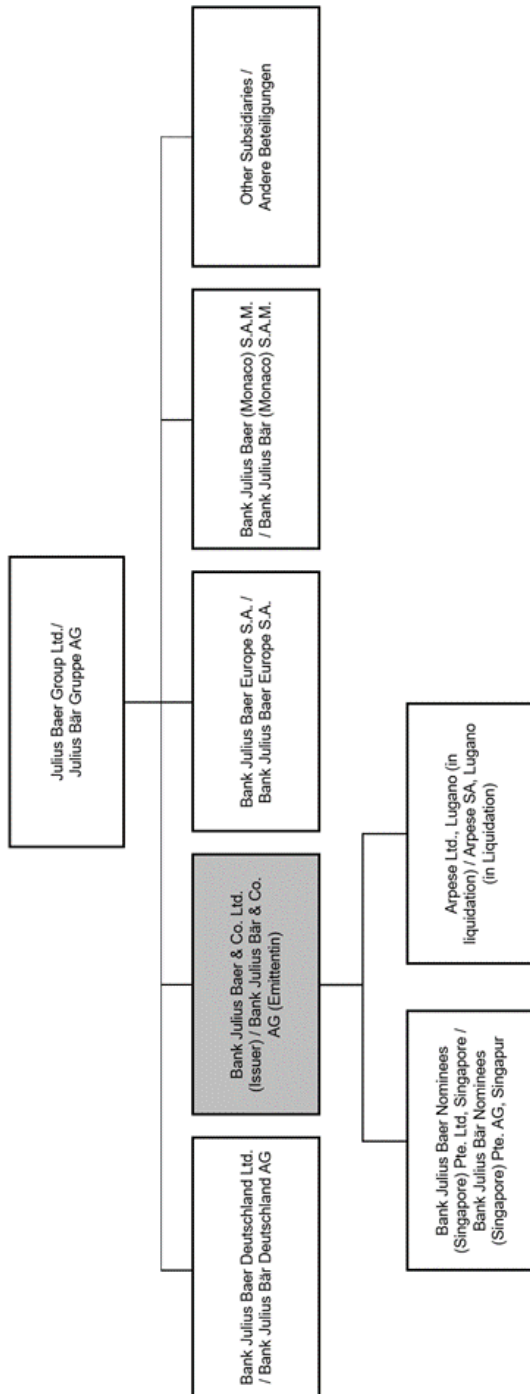
### II. BANK JULIUS BÄR & CO. AG, ZÜRICH

#### 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 und Arpese SA, Lugano (in Liquidation).

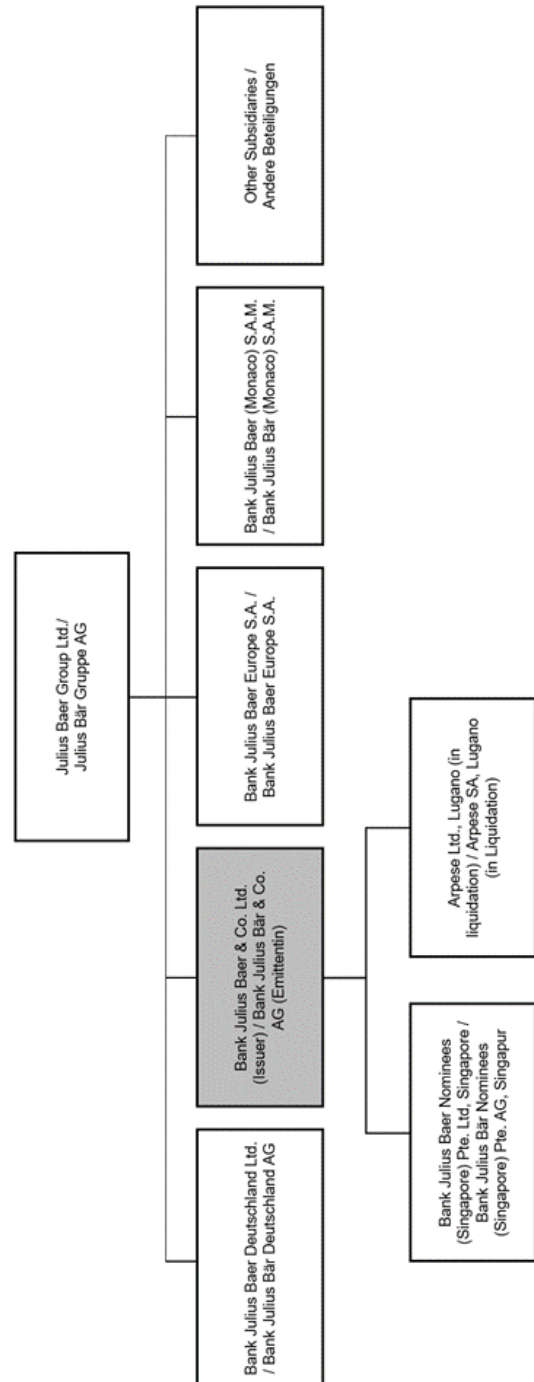
## II. BANK JULIUS BAER & CO. LTD., ZÜRICH



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., ZÜRICH

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'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 2020 BJB has branch offices in Basle, Berne, Crans-Montana, Geneva, Guernsey, Hong Kong, Lausanne, Lugano, Lucerne, Singapore, Sion, St. Gallen, St. Moritz, Verbier and Zurich. It also has representations in Abu Dhabi, Bogota, Istanbul, Johannesburg, Mexico City, , Santiago de Chile, Shanghai and Tel Aviv.

BJB's branch in Guernsey has its registered office at Lefebvre Court, Lefebvre Street, 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.

### 2. Auditors of BJB

For the financial years ended 31 December 2019 and 31 December 2020, 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 2019 and 31 December 2020 and the financial statements of BJB for the financial year ended 31 December 2020. KPMG AG is a member of the Swiss Institute of Certified Accountants and Tax Consultants with registered office in Zurich.

### 3. Business overview of BJB

#### Principal Activities

BJB operates a bank and may, in accordance with Article 2

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

PNWU8O0BLT17BBV61Y18.

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.

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 2020 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, Shanghai und Tel Aviv.

Die Zweigniederlassung der BJB in Guernsey hat ihren Sitz in Lefebvre Court, Lefebvre Street, 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. Abschlussprüfer der BJB

Für die am 31. Dezember 2019 und am 31. Dezember 2020 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 2019 und am 31. Dezember 2020 beendeten Geschäftsjahre und die Finanzberichte der BJB für das am 31. Dezember 2020 beendete Geschäftsjahr geprüft. KPMG AG ist Mitglied der Treuhandkammer mit Sitz in Zürich.

### 3. Geschäftsüberblick der BJB

#### Haupttätigkeiten

BJB betreibt eine Bank und kann, entsprechend Artikel 2

## II. BANK JULIUS BAER & CO. LTD., ZÜRICH

of its articles of incorporation dated 30 November 2015, 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 2020, BJB achieved (according to the audited BJB Consolidated Financial Information 2020 which has been prepared in accordance with International Financial Reporting Standards ("IFRS") (See "II.8. Historical Financial Information of BJB" on page 35 below) an operating income of CHF 2,804 million, thereof CHF 1,934 million in Switzerland, CHF 152 million in Europe (excluding Switzerland), CHF 824 million in Asia and other countries and CHF -106 million consolidation items (on BJB's branches and representative offices See

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

ihrer Statuten vom 30. November 2015, 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. 2020 erreichte BJB gemäß den geprüften BJB Konsolidierten Finanzinformationen 2020, die gemäß den internationalen Rechnungslegungsstandards IFRS ("IFRS") erstellt wurden, (siehe "II.8. Historische Finanzinformationen der BJB" nachstehend auf Seite 35) ein Betriebsertrag in Höhe von CHF 2.804 Millionen, davon CHF 1.934 Millionen in der Schweiz, CHF 152 Millionen in Europa (ohne Schweiz), CHF 824 Millionen in Asien und anderen Ländern sowie CHF -106 Million Konsolidierungsposten (zu BJB's Niederlassungen und Repräsentanzen siehe "II.



## II. BANK JULIUS BAER & CO. LTD., ZÜRICH

"II. 1. General Information about BJB" above).

### 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 endeavouring to strengthen its private banking position in Switzerland and to selectively develop its private banking activities abroad.

### 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 2020).

The first months of the year 2021 were again characterized by the impacts of the COVID-19 pandemic. Further, a number of jurisdictions ordered additional or ordered the extension of existing measures, such as lock-downs and closures of retail trade segment. Despite these developments, BJB recorded an improved profitability and increased its assets under management during the first months of the year 2021. Despite the general positive outlook for the financial year 2021, the definitive mid-and long-term impacts of the COVID-19 pandemic on the global economy, the financial markets and the financial results of BJB for the remaining financial year 2021 currently cannot be reliably foreseen.

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

1. Allgemeine Informationen über BJB" oben).

### 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.

JBs 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 zu stärken und seine Private Banking Tätigkeiten im Ausland gezielt zu entwickeln.

### 4. Trendinformationen

Seit dem Datum des letzten veröffentlichten geprüften Abschlusses (31. Dezember 2020) hat es keine wesentliche Verschlechterung der Aussichten der BJB gegeben.

Die ersten Monate des Jahres 2021 waren wieder durch die Auswirkungen der COVID-19 Pandemie gekennzeichnet. Im Übrigen haben verschiedene Jurisdiktionen zusätzliche Massnahmen angeordnet bzw. bestehende Massnahmen verlängert, wie Lock-downs oder Schliessungen des Detailhandel-Segments. Trotz dieser Entwicklungen konnte die BJB in den ersten Monaten des Jahres 2021 eine verbesserte Profitabilität und ein Wachstum in den verwalteten Kundenvermögen verzeichnen. Trotz des grundsätzlich positiven Ausblicks für das Geschäftsjahr 2021, können die konkreten mittel- und langfristigen Auswirkungen der COVID-19 Pandemie auf die Weltwirtschaft, die Finanzmärkte und die Ergebnisse der BJB für das verbleibende Geschäftsjahr 2021 dennoch aktuell nicht mit Sicherheit verlässlich vorausgesagt werden.

**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.

**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	Member of the Board of Directors, incl. Chairman of the Nomination and Remuneration Committee, Vice-Chairman of the Investment Committee and Co-Chairman of the Strategy and Innovation Committee of Worldline SA, Bezons, France
	Member of the Board of Directors of Economiesuisse, Zurich, Switzerland
	Vice-Chairman of the Board of Directors of Swiss Finance Institute Stiftung, Zurich, Switzerland

**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.

**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	Mitglied des Verwaltungsrates, inkl. Präsident des Nomination und des Remuneration Committee, Vizepräsident des Investment Committee und Co-Präsident des Strategy und des Innovation Committee der Worldline SA, Bezons, Frankreich
	Mitglied des Verwaltungsrates der Economiesuisse, Zürich, Schweiz
	Vizepräsident des Verwaltungsrates des Swiss Finance Institute Stiftung, Zürich, Schweiz

## II. BANK JULIUS BAER & CO. LTD., ZÜRICH

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 of Ypsomed Holding AG
	Member of the Board of Directors of Vifor Pharma Gruppe
	Member of the Board of Directors of the ITI Association and ITI Foundation, Basle, Switzerland
	Member of the Executive Committee and its Commission of the Chamber of Commerce of both Basle, Basle, Switzerland
	Member of the Supervisory Board of IMD International Institute for Management Development, Lausanne, Switzerland
Dr. Heinrich Baumann Member of the Board of Directors	Vice President of the Board of Directors of Atlis AG, Biberist, Switzerland
	Vice President of the Board of Directors of Completo AG, Biberist, Switzerland
	Member of the Board of Directors of KSHB Holding AG (Holding Company of Atlis AG, Biberist, Switzerland), Bern, Switzerland
	Vice-President of the Foundation Board of the International Foundation for Research Paraplegia, Chêne-Bourg, Switzerland
Claire Giraut Member of the Board of Directors	Member of the Board of Directors of DBV Technologies, Montrouge, France
David Nicol Member of the Board of Directors	Multrees Investor Services Limited Non-Executive Member of the Board (nominated as Chairman as of 1 May 2021)
	The Urology Foundation, Trustee
	Federated Hermes Property Unit Trust
	Chairman of the Appointments Committee

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

Gilbert Achermann Mitglied des Verwaltungsrats	Präsident des Verwaltungsrates der Straumann Gruppe, Basel, Schweiz
	Mitglied des Verwaltungsrates der Ypsomed Holding AG
	Mitglied des Verwaltungsrates der Vifor Pharma Gruppe
	Mitglied des Verwaltungsrates der ITI Association und ITI Foundation, Basel, Schweiz
	Mitglied des Vorstandes sowie seines Ausschusses, Handelskammer beider Basel, Basel, Schweiz
	Mitglied des Stiftungsrates von IMD, International Institute for Management Development, Lausanne, Schweiz
Dr. Heinrich Baumann Mitglied des Verwaltungsrats	Vizepräsident des Verwaltungsrates der Atlis AG, Biberist, Schweiz
	Vizepräsident des Verwaltungsrates der Completo AG, Biberist, Schweiz
	Mitglied des Verwaltungsrates der KSHB Holding AG (Holdinggesellschaft der Atlis AG, Biberist, Schweiz), Bern, Schweiz
	Vizepräsident des Stiftungsrates der Internationalen Stiftung für Forschung in Paraplegie, Chêne- Bourg, Schweiz
Claire Giraut Mitglied des Verwaltungsrats	Mitglied des Verwaltungsrates von DBV Technologies, Montrouge, Frankreich
David Nicol Mitglied des Verwaltungsrats	Multrees Investor Services Limited Nicht-exekutives Mitglied des Verwaltungsrats (nominiert als Präsident ab 1 Mai 2021)
	The Urology Foundation, Trustee
	Federated Hermes Property Unit Trust
	Präsident des Appointments Committee

## II. BANK JULIUS BAER & CO. LTD., ZÜRICH

Kathryn Shih Member of the Board of Directors	Hong Kong University of Science and Technology Business School Member of the University Committee
	Wealth Management Institute, Singapur Temasek Fellow
Dr. Ivo Furrer Member of the Board of Directors	Member of the Board of Directors of responsAbility Investments AG, Zurich, Switzerland
	Member of the Board of Directors of Fundamenta Group AG, Zug, Switzerland
	Member of the Board of Directors of the Financial Market Authority Liechtenstein, Vaduz, Liechtenstein
	President of the Executive Committee of digitalswitzerland, Zurich, Switzerland
	Member of the Foundation Board of Swiss Foundation for Work and Further Education, Brugg, Switzerland
	Member of Swiss Economic Forum/Powerpreneurs, Gwatt, Switzerland
	Member of the Board of Directors of Helvetia Insurance, St. Gallen, Switzerland
	Member of the Board of Directors of inventx, Chur, Switzerland
Richard M. Campbell-Breeden Member of the Board of Directors	Founder and Chairman of the Board of Directors of Omeshorn Capital Advisors, London, UK
	Director, Omeshorn Holdings Ltd., British Virgin Islands
	Chairman of the Board of Directors of Arq Limited (incl. Arq International Limited, Arq UK Management Limited and Arq IP Limited), London, UK
Eunice Zehnder-Lai Member of the Board of Directors	Member of the Board of Directors of DKSH Holding Ltd, Zurich, Switzerland
	Member of the Board of Directors of Geberit AG, Rapperswil-Jona, Switzerland

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

Kathryn Shih Mitglied des Verwaltungsrats	Hong Kong University of Science and Technology Business School Mitglied des Universitätskomitees
	Wealth Management Institute, Singapur Temasek Fellow
Dr. Ivo Furrer Mitglied des Verwaltungsrats	Mitglied des Verwaltungsrates, responsAbility Investments AG, Zürich, Schweiz
	Mitglied des Verwaltungsrates der Fundamenta Group AG, Zug, Schweiz
	Mitglied des Aufsichtsrates der Finanzmarktaufsicht Liechtenstein, Vaduz, Liechtenstein
	Präsident des Executive Committee der digitalswitzerland, Zürich, Schweiz
	Mitglied des Stiftungsrates der Stiftung Swiss Foundation for Work and Further Education, Brugg, Schweiz
	Mitglied des Swiss Economic Forum/Powerpreneurs. Gwatt, Schweiz
	Mitglied des Verwaltungsrates der Helvetia Versicherung, St. Gallen, Schweiz
	Mitglied des Verwaltungsrates der inventx, Chur, Schweiz
Richard M. Campbell-Breeden Mitglied des Verwaltungsrats	Gründer und Präsident des Verwaltungsrates der Omeshorn Capital Advisors, London, Grossbritannien
	Direktor Omeshorn Holdings Ltd., Britische Jungferninseln
	Präsident des Verwaltungsrates, Arq Limited (inkl. Arq International Limited, Arq UK Management Limited und Arq IP Limited), London, Grossbritannien
Eunice Zehnder-Lai Mitglied des Verwaltungsrats	Mitglied des Verwaltungsrates der DKSH Holding AG, Zürich, Schweiz
	Mitglied des Verwaltungsrates der Geberit AG, Rapperswil-Jona, Schweiz

## II. BANK JULIUS BAER & CO. LTD., ZÜRICH

President of the Foundation Board  
of Friends of Asia Society  
Switzerland Arts & Culture  
Foundation, Zurich, Switzerland

Member of the Board of Directors  
of Asia Society Switzerland,  
Zurich, Switzerland

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

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

### Executive Board of BJB

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

Name and Position held	Significant activities outside	Name und Ausgeübte Position	Wesentliche Tätigkeiten externe
Philipp Rickenbacher Chief Executive Officer	Chief Executive Officer of Julius Baer Group  Vice Chairman of the Association of Swiss Asset and Wealth Management Banks, Zurich, Switzerland  Member of the Foundation Board of IMD – International Institute for Management Development, Lausanne, Switzerland  Councilor of Masayoshi Son Foundation for Scholarship, Tokyo, Japan  Beijing International Wealth Management Institute Co. Ltd, Beijing, China Member of Advisory Board	Philipp Rickenbacher Chief Executive Officer	Chief Executive Officer der Julius Bär Gruppe  Vizepräsident der Vereinigung Schweizerischer Assetmanagement und Vermögens- verwaltungsbanken, Zürich, Schweiz  Mitglied des Stiftungsrates des IMD – International Institute for Management Development, Lausanne, Schweiz  Ratsmitglied der Masayoshi Son Foundation for Scholarship, Tokyo, Japan  Beijing International Wealth Management Institute Co. Ltd, Peking, China Mitglied des Beirats
Dieter A. Enkelmann Chief Financial Officer	Chief Financial Officer of Julius Baer Group	Dieter A. Enkelmann Chief Financial Officer	Chief Financial Officer der Julius Bär Gruppe

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

Präsidentin des Stiftungsrates der  
Friends of Asia Society  
Switzerland Arts & Culture Stiftung,  
Zürich, Schweiz

Mitglied des Verwaltungsrates der  
Asia Society Schweiz Stiftung,  
Zürich, Schweiz

Olga Zoutendijk  
Mitglied des  
Verwaltungsrats

Mitglied des Stiftungsrates sowie  
Vorsitzende des Audit Committee  
der Universität Leiden,  
Niederlande

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

### Geschäftsleitung der BJB

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

## II. BANK JULIUS BAER & CO. LTD., ZÜRICH

	Member of the Board of Directors of Cosmo Pharmaceuticals NV, Dublin, Ireland, including Head of the Audit Committee and member of the Nomination Committee
Nic Dreckmann Chief Operating Officer / Head Intermediaries & Global Custody	
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
Beatriz Sanchez Head America	Chair of the Advisory Board of Georgetown Institute for Women, Peace and Security, Washington DC, United States  Member of the Advisory Board of Foundation for Human Rights in Cuba, Miami, United States  Member of the Advisory Board of The Ideas Center at Miami Dade College, Miami, United States
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
Yves Robert-Charrue Head Switzerland & Europe, Middle East, Africa	Member of the Advisory Committee of the European and Central Asia Division of Human Rights Watch, New York, USA  Member of the CEO Action Group for the European Green Deal of the World Economic Forum

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

	Mitglied des Verwaltungsrates von Cosmo Pharmaceuticals NV, Dublin, Irland, einschliesslich Head Audit Committee und Mitglied des Nomination Committee
Nic Dreckmann Chief Operating Officer / Head Intermediaries & Global Custody	
Dr. Oliver Bartholet Chief Risk Officer	Vizedirektor und Lehrbeauftragter am IFF, Institut für Finanzwirtschaft und Finanzrecht, Universität St. Gallen (HSG), Schweiz
Beatriz Sanchez Leiterin Amerika	Vorsitzender des Beirats des Georgetown Institute for Women, Peace and Security, Washington DC, Vereinigte Staaten von Amerika  Mitglied des Beirats der Foundation for Human Rights in Cuba, Miami, Vereinigte Staaten von Amerika  Mitglied des Beirats für The Ideas Center at Miami Dade College, Miami, Vereinigte Staaten von Amerika
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
Yves Robert-Charrue Leiter Schweiz & Europa, Naher Osten, Afrika	Mitglied des Beirats für European and Central Asia Division of Human Rights Watch, New York, Vereinigte Staaten von Amerika  Mitglied der CEO Action Group for the European Green Deal of the World Economic Forum.



## II. BANK JULIUS BAER & CO. LTD., ZÜRICH

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

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.

### 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

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

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,  
Leiter Wealth  
Management Solutions

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. 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 Anleiheobligationen 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

## II. BANK JULIUS BAER & CO. LTD., ZÜRICH

as the date of this Registration Document the main shareholders in Julius Baer Group Ltd:

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

Registrierungsformulars die folgenden Personen/Gruppen die wesentlichen Aktionäre der Julius Bär Gruppe AG:

Name	Portion of the Share Capital	Name	Anteil Aktienkapital am
MFS Investment Management, Boston, USA	9.98%	MFS Investment Management, Boston, USA	9.98%
Wellington Management Group LLP	5.00%	Wellington Management Group LLP	5.00%
BlackRock, Inc., New York, USA	4.80%	BlackRock, Inc., New York, USA	4.80%
T. Rowe Price Associates Inc.	3.18%	T. Rowe Price Associates Inc.	3.18%
Government of Singapore	3.09%	Government of Singapore	3.09%
UBS Fund Management (Switzerland) AG, Basel, Switzerland	3.09%	UBS Fund Management (Switzerland) AG, Basel, Schweiz	3.09%

## II. BANK JULIUS BAER & CO. LTD., ZÜRICH

### 7. Audit Committee of BJB

Dr. Heinrich Baumann

Dr. Ivo Furrer

Claire Giraut

Eunice Zehnder-Lai

Olga Zoutendijk

### 8. Historical Financial Information of BJB\*

For the financial year ended 31 December 2019, 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 2019**"). The BJB Consolidated Financial Statements 2019 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 45 below.

For the financial year ended 31 December 2020, 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 2020**"). The BJB Consolidated Financial Statements 2020 are included in pages I-1 to I-107 of section IV. to this Registration Document.

For the financial year ended 31 December 2020, BJB has published financial information including the Income statement, balance sheet, notes to the financial statements and the Auditors' report (the "**BJB Financial Statements 2020**"). The BJB Financial Statements 2020 are included in pages J-1 to J-76 of section V. to this Registration Document.

The BJB Consolidated Financial Statements 2019 and the BJB Consolidated Financial Statements 2020 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

### 7. Audit Committee der BJB

Dr. Heinrich Baumann

Dr. Ivo Furrer

Claire Giraut

Eunice Zehnder-Lai

Olga Zoutendijk

### 8. Historische Finanzinformationen der BJB\*

Für das am 31. Dezember 2019 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 2019**") veröffentlicht. BJB Konsolidierten Finanzinformationen 2019 werden hiermit mittels Verweis in dieses Registrierungsformular aufgenommen. Eine Liste, die alle mittels Verweis aufgenommenen Informationen enthält, ist im nachfolgenden Abschnitt "6. Mittels Verweis Aufgenommene Angaben" auf Seite 45 enthalten.

Für das am 31. Dezember 2020 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 2020**") veröffentlicht. BJB Konsolidierten Finanzinformationen 2020 sind auf den Seiten I-1 bis I-107 im Abschnitt IV. dieses Registrierungsformulars enthalten.

Für das am 31. Dezember 2020 beendete Geschäftsjahr hat BJB Finanzinformationen einschliesslich Erfolgsrechnung, Bilanz, einen Anhang zu den Finanzinformationen sowie den Bericht der Abschlussprüfer (die "**BJB Finanzinformationen 2020**") veröffentlicht. Die BJB Finanzinformationen 2020 sind auf den Seiten J-1 bis J-76 im Abschnitt V. dieses Registrierungsformulars enthalten.

Die BJB Konsolidierten Finanzinformationen 2019, und die die BJB Konsolidierten Finanzinformationen 2020 sind gemäß den internationalen Rechnungslegungsgrundsätzen IFRS ("**IFRS**") erstellt

\* The Income Statement in the BJB Consolidated Financial Statements 2019, the BJB Consolidated Financial Statements 2020 and the BJB Financial Statements 2020 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 2019 and 31 December 2020 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 2020.

### **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 2020.

### **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.

worden.

\* Die Gewinn- und Verlustrechnung den BJB Konsolidierten Finanzinformationen 2019, den BJB Konsolidierten Finanzinformationen 2020 und den BJB Finanzinformationen 2020 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 Operative 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 2019 und 31. Dezember 2020 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 2020 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 2020 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.

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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 2020. These contingent liabilities might have a material effect on BJB.

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

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 vereinzelt 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 2020 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

## II. BANK JULIUS BAER & CO. LTD., ZÜRICH

Finally, in further proceedings, the trustee of Madoff's broker-dealer company (the "**Trustee**") seeks to recover over USD 83 million in the courts of New York (including USD 46 million 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.

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. A decision on the merits of the appeal is expected in 2021. Whilst such appeal is pending, the Bankruptcy Court has additionally decided on certain other aspects in BJB's favour in late 2020. Such decision can be appealed.

BJB is confronted with a claim by the liquidator of a foreign corporation arguing that BJB did not prevent two of its clients from embezzling assets of the foreign corporation. In this context, the liquidator as of 2013 presented draft complaints with different claim amounts for a potential Swiss proceeding and filed a payment order ("*Betreibungsbegehren*") against BJB in the amount of CHF 422 million (plus accrued interest from 2009). On 8 February 2017, BJB has been served with a claim from said corporation (in liquidation) in the amount of EUR 306 million. The court proceeding against BJB has been initiated in the plaintiff's country of domicile in the European Union. Under the judgment dated 19. October 2018 the courts definitively held that the courts at the domicile of the plaintiff do not have jurisdiction over the matter. On 1 July 2019, BJB was served with a conciliation request from the liquidator representing the assets of the foreign corporation in liquidation filed with the first instance court in Geneva, related to a claim of EUR 335 million plus accrued interest since 2011. On 8 January 2020, BJB was served with the corresponding claim in the amount of EUR 335 million plus 5% interest since December 2011. BJB is

## II. BANK JULIUS BÄR & CO. AG, ZÜRICH

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 83 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.

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. Ein materieller Entscheid wird im Jahr 2021 erwartet. Das Verfahren ist zwar noch hängig aber das Konkursgericht hat zusätzlich gewisse Teilentscheide zugunsten der BJB gefällt.

Der Liquidator einer ausländischen Gesellschaft macht geltend, BJB habe nicht verhindert, dass zwei Kunden Vermögenswerte dieser Gesellschaft veruntreuten. In diesem Zusammenhang stellte der Liquidator BJB Klageentwürfe über verschiedene Beträge für ein allfälliges Schweizer Verfahren zu und hat gegenüber der BJB Betreuung über den Betrag von CHF 422 Millionen (plus seit dem Jahr 2009 aufgelaufene Zinsen) eingeleitet. Am 8. Februar 2017 hat die vorgenannte Gesellschaft (in Liquidation) den Betrag von EUR 306 Millionen eingeklagt. Das Verfahren gegen BJB wurde am Sitz der Klägerin in der Europäischen Union eingereicht. Mit Entscheid vom 19. Oktober 2018 wurde die Zuständigkeit der Gerichte am Sitz des Klägers zugunsten der BJB endgültig verneint. Am 1. Juli 2019 wurde der BJB ein Schlichtungsgesuch betreffend eine Forderung über EUR 335 Millionen plus Zinsen seit 2011 zugestellt, welches der die Konkursmasse vertretende Liquidator beim erstinstanzlichen Gericht Genf eingereicht hatte. Am 8. Januar 2020 wurde der BJB eine entsprechende Klage in der Höhe von EUR 335 Millionen plus 5% Zins seit Dezember 2011 zugestellt. BJB bestreitet die Forderung



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continuing to contest the claim whilst taking appropriate measures to defend its interests.

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 fine possible accordingly having been reimbursed to BJB, has been deposited again, as in July 2017, a new procedure with respect to the same matter has been initiated against BJB. In May 2020, following an application by the prosecutor, the court admitted a new indictment against BJB in this matter, scheduled to be tried in Court in mid-December 2021. BJB is cooperating with the French authorities within the confines of applicable laws to clarify the situation and to protect its interests.

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

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, that were former clients of Bank of China (Suisse) S.A. having been acquired by BJB, in the total amount of USD 29 million (plus accrued interests). Additionally, in October 2015, the claimant filed an amendment of claim in court, by which additionally USD 39 million was claimed. In March 2017, the claimant reduced the totally claimed amount to USD 44.6 million. The claimant argues that Bank of China (Suisse) S.A. as a custodian bank acted in breach of the regulations on

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und hat angemessene Massnahmen zum Schutz ihrer Interessen getroffen.

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 Kautions im Betrag von EUR 3,75 Millionen als vorsorgliche Massnahme, im Umfang der höchstmöglichen Busse, wurde an BJB zurückbezahlt, musste jedoch wieder hinterlegt werden, 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, die voraussichtlich vom Gericht Mitte Dezember 2021 behandelt wird. BJB kooperiert mit den französischen Untersuchungsbehörden zwecks Aufklärung des Sachverhalts und Wahrnehmung ihrer Interessen im Rahmen der gesetzlichen Möglichkeiten.

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 91,3 Millionen (zuzüglich aufgelaufenen Zinsen) ein. Im Dezember 2017 wurde gegen die BJB erneut ein Betreibungsbegehren eingereicht im Gesamtbetrag von ca. CHF 153 Millionen (zuzüglich aufgelaufenen Zinsen), welches seither jährlich erneuert wurde. BJB bestreitet die Forderung und hat angemessene Massnahmen zum Schutz ihrer Interessen getroffen.

Ein Investmentfonds, handelnd in eigenem Namen und im Auftrag dreier anderer betroffener Fonds, alles ehemalige Kunden der von der BJB übernommenen Bank of China (Suisse) S.A., hat die BJB im November 2014 in Genf in der Höhe von insgesamt rund USD 29 Millionen (plus Zinsen) eingeklagt. Zusätzlich reichte der Kläger im Oktober 2015 eine Klageänderung ein, mittels welcher zusätzlich 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) S.A. nicht nur als

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collective investment schemes and allowed an excess in leverage. It claims that the funds suffered a severe loss consequently to the liquidation of almost the entire portfolio of their assets in May 2010, arguing that this liquidation was performed by Bank of China (Suisse) SA without the consent of the funds' directors and was ill-timed, disorderly and occurred in exceptionally unusual market conditions. BJB is contesting the claim whilst taking appropriate measures to defend its interests. In addition, such claims are subject to acquisition-related contractual claims due representations and warranties granted by the seller.

BJB has received inquiries from authorities investigating corruption and bribery allegations surrounding Fédération Internationale de Football Association (in Switzerland and the USA). These requests focus on persons named in the so-called "FIFA Indictment" of 20 May 2015 (Indictment filed in United States v. Webb [E.D.N.Y. 15 CR 0252 (RJD)(RML)]) and in the respective superseding indictment of 25 November 2015. The authorities in Switzerland and abroad have 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 BJB has been closed by an order as published on 20 February 2020. On 27 May 2021, BJB announced that it entered into a three year deferred prosecution agreement with the US Department of Justice (DOJ) to settle the FIFA-related investigation in the U.S. The agreement entails BJB paying an amount of USD 79.7 million. BJB had previously taken a provision for such payment which was charged against the 2020 financial results.

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 has been closed by an order as published on 20 February 2020. BJB has been

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Depotbank kollektivanlagerechtlich unzulässig gehandelt habe 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 Gegenstand von akquisitionsbezogenen, vertragsrechtlichen Gewährleistungsansprüchen aufgrund durch die Verkäuferin abgegebener Zusicherungen.

BJB hat verschiedene Anfragen von Behörden erhalten, welche die Korruptions- und Bestechungsvorwürfe um die Fédération Internationale de Football Association (FIFA) in der Schweiz und den USA untersuchen. Die Anfragen beziehen sich insbesondere auch auf Personen, die im sogenannten "FIFA Indictment" vom 20. Mai 2015 (Indictment filed in United States v. Webb [E.D.N.Y. 15 CR 0252 (RJD)(RML)]) und in der entsprechenden ergänzten Anklage (superseding indictment) vom 25. November 2015 genannt sind. Die Behörden in der Schweiz und im Ausland untersuchten, 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. Am 27. Mai 2021 gab die BJB bekannt, dass sie mit dem US-Justizministerium (DOJ) ein dreijähriges sogenanntes Deferred-Prosecution-Agreement abgeschlossen hat, um die FIFA-bezogene Untersuchung in den USA abzuschliessen. Die Vereinbarung beinhaltet unter anderem auch eine Zahlung in Höhe von USD 79,7 Millionen durch die BJB, welche durch eine entsprechende dem Finanzergebnis 2020 belastete Rückstellung abgedeckt ist.

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. Am 21. Januar 2021 hat die FINMA die Untersuchung betreffend die Verantwortung

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supporting related inquiries and investigations and has been cooperating with the competent authorities, whilst on 21 January 2021, FINMA concluded the investigation regarding individual accountability of former employees of BJB following the PDVSA-related conclusion of the enforcement proceeding. Save for in one case of a middle manager, FINMA did not open individual proceedings and closed the investigation with reprimands. In addition, FINMA lifted an acquisition ban at the end of March 2021 initially imposed with the closing of the enforcement procedure in February 2020. Related to the PDVSA matter, in November 2019, a former employee 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 whilst taking appropriate measures to defend its interests.

As publicly stated, FINMA has initiated an additional enforcement procedure against BJB related to the compliance treatment of a historical Latin American client relationship. Julius Baer has been fully cooperating with FINMA in its investigative work.

BJB is confronted with a Swiss court procedure in which a client, in the context of a mature loan arrangement, requests the release of certain assets, which have been blocked by the Bank and third-party custodians and their sub-custodians under Office of Foreign Assets Control (OFAC) sanctions. The procedure relates to questions of applicability and enforceability of international sanctions and orders under local Swiss law. BJB is defending its position in the context of its regulatory duties to respect international orders and sanctions and abide by its contractual agreements with third-party custody banks. The competent court has decided in favour of BJB in November 2020; however, the claimant has appealed this decision to the Swiss Federal Supreme Court. In addition, against the recent political and regulatory intensification of the topic of international sanctions, BJB has addressed this issue with the U.S. OFAC with which it is also in resumed discussion to resolve certain open issues with regard to historic compliance with OFAC regulations.

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

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einzelner ehemaliger BJB Mitarbeiter im Nachgang zur Beendigung des PDVSA Enforcement Verfahrens abgeschlossen. Ausser in einem Fall eines Mitarbeiters des mittleren Managements hat die FINMA keine weiteren Verfahren eröffnet und das Verfahren mit einer Rüge abgeschlossen. Darüber hinaus hob die FINMA Ende März 2021 ein ursprünglich im Zusammenhang mit dem Abschluss des Enforcement Verfahrens im Februar 2020 verhängtes Akquisitionsverbot auf. Im Zusammenhang mit dem PDVSA 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 eingereicht. BJB bestreitet die Forderung und das Arrestbegehren und hat angemessene Maßnahmen zum Schutz ihrer Interessen getroffen.

Wie öffentlich bekanntgegeben hat die FINMA ein weiteres Enforcement-Verfahren gegen die BJB eröffnet betreffend die Einhaltung der Compliance Vorschriften in Bezug auf einen ehemaligen aus Lateinamerika stammenden Kunden. BJB kooperiert mit FINMA im Rahmen der Untersuchungstätigkeit.

Im Rahmen eines Schweizer Gerichtsverfahrens im Zusammenhang mit einem Kreditvertrag verlangt ein Kunde von der BJB die Freigabe von gewissen Vermögenswerten, die von der BJB und anderen Drittverwahrstellen unter den Office of Foreign Assets Control (OFAC) Sanktionen blockiert wurden. Das Verfahren bezieht sich auf die Frage der Anwendbarkeit und Durchsetzbarkeit von internationalen Sanktionen und Anordnungen in der Schweiz. Die BJB verteidigt ihre Position und macht geltend sie habe internationale Sanktionen und ihre vertraglichen Abreden mit Drittverwahrstellen einzuhalten. Das zuständige Gericht hat im November 2020 einen Entscheid zugunsten der BJB gefällt, allerdings hat der Kläger gegen diesen Entscheid eine Beschwerde beim Bundesgericht eingereicht. Im Lichte der aktuellen politischen und regulatorischen Intensivierung der Diskussionen um das Thema der internationalen Sanktionen hat BJB den Fall mit U.S. OFAC aufgenommen, mit welchem des Weiteren Gespräche hinsichtlich noch hängige historische Fälle betreffend die Nichteinhaltung von OFAC Regularien weitergeführt werden.

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. BJB bestreitet die Forderung und wird

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2016. 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 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: A3.

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>.

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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 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: A3.

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, Lefebvre Court, Lefebvre Street, 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 billigt 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, Lefebvre Court, Lefebvre Street, 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.



### III. GENERAL INFORMATION

#### 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 2019\*\*;
- BJB Consolidated Financial Statements 2020\*\*;
- and
- BJB Financial Statements 2020\*\*.

\* 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/>

### III. ALLGEMEINE INFORMATIONEN

#### 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 2019\*\*;
- BJB Konsolidierte Finanzinformationen 2020\*\*, und
- BJB Finanzinformationen 2020\*\*.

\* 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/>



### III. GENERAL INFORMATION

### III. ALLGEMEINE INFORMATIONEN

#### 6. Information Incorporated by reference

The following information contained in the Registration Document of BJB dated 17 June 2020 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 17 June 2020**	Incorporated into this Registration Document on the following pages:
<b>BJB Consolidated Financial Statements 2019</b>		<b>35</b>
Consolidated Income Statement	H-1	35
Consolidated Statement of Comprehensive Income	H-2	35
Consolidated Balance Sheet	H-3 and H-4	35
Consolidated Statement of Changes in Equity	H-5 and H-6	35
Consolidated Statement of Cash Flows	H-7 and H-8	35
Notes	H-37 to H-101	35
Auditor's Report	H-102 to H-104	35

\* 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 17 June 2020 has been approved by BaFin and has been published on the website of BJB ([www.derivatives.juliusbaer.com](http://www.derivatives.juliusbaer.com)) in section "Base Prospectus", "Programme for the issuance of derivatives 2019/2020") and can be downloaded by clicking on this [link](#).

#### 6. Mittels Verweis Aufgenommene Angaben

Die folgenden Angaben aus dem Registrierungsformular der BJB vom 17. Juni 2020 werden gemäß Artikel 19 (1)(a) der Prospektverordnung mittels Verweis in dieses Registrierungsformular aufgenommen und sind Bestandteil dieses Registrierungsformulars:

Information*	Seite des Registrierungsformulars vom 17. Juni 2020**	Aufgenommen in dieses Registrierungsformular auf den folgenden Seiten
<b>BJB Konsolidierte Finanzinformationen 2019</b>		<b>35</b>
Konsolidierte Gewinn- und Verlustrechnung	H-1	35
Konsolidierte Gesamtergebnisrechnung	H-2	35
Konsolidierte Bilanz	H-3 und H-4	35
Konsolidierte Eigenkapitalveränderungsrechnung	H-5 und H-6	35
Konsolidierte Kapitalflussrechnung	H-7 und H-8	35
Anhang	H-37 bis H-101	35
Bestätigungsvermerk der Abschlussprüfer	H-102 bis H-104	35

\* 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 17. Juni 2020 wurde von der BaFin gebilligt und wurde im Internet auf der Seite der BJB veröffentlicht ([www.derivatives.juliusbaer.com](http://www.derivatives.juliusbaer.com)) unter "Basisprospekte", "Emissionsprogramme für Derivate 2019/2020") und kann durch klicken auf diesen [Link](#) heruntergeladen werden.

#### IV. BJB CONSOLIDATED FINANCIAL STATEMENTS

#### IV. BJB KONSOLIDIERTE FINANZINFORMATIONEN

##### IV. BJB Consolidated Financial Statements as at 31 December 2020

##### IV. BJB Konsolidierte Finanzinformationen zum 31. Dezember 2020

Consolidated Income Statement	I-1	Konsolidierte Gewinn- und Verlustrechnung	I-1
Consolidated Statement of Comprehensive Income	I-2	Konsolidierte Gesamtergebnisrechnung	I-2
Consolidated Balance Sheet	I-3	Konsolidierte Bilanz	I-3
Consolidated Statement of Changes in Equity	I-5	Konsolidierte Eigenkapitalveränderungsrechnung	I-5
Consolidated Statement of Cash Flows	I-7	Konsolidierte Kapitalflussrechnung	I-7
Notes	I-38	Anhang	I-38
Auditors Report	I-105	Bestätigung der Wirtschaftsprüfers	I-105

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT

	Note	2020 CHF 1,000	2019 CHF 1,000	Change %
Interest income on financial instruments measured at amortised cost or FVOCI		<b>744,572</b>	1,186,082	-37.2
Interest expense on financial instruments measured at amortised cost		<b>179,678</b>	456,325	-60.6
Net interest income	1	<b>564,894</b>	729,757	-22.6
Commission and fee income		<b>1,861,412</b>	1,701,389 <sup>1</sup>	9.4
Commission expense		<b>505,086</b>	452,267	11.7
Net commission and fee income	2	<b>1,356,326</b>	1,249,122	8.6
Net income from financial instruments measured at FVTPL	3	<b>832,475</b>	549,673	51.4
Net credit losses/(recoveries) on financial assets		<b>35,958</b>	18,215	97.4
Other ordinary results	4	<b>85,820</b>	117,105 <sup>1</sup>	-26.7
<b>Operating income</b>		<b>2,803,557</b>	2,627,442	6.7
Personnel expenses	5	<b>1,187,221</b>	1,171,180	1.4
General expenses	6	<b>701,622</b>	788,874	-11.1
Depreciation of property and equipment	11	<b>72,474</b>	70,277	3.1
Amortisation of customer relationships	12	<b>32,220</b>	46,861	-31.2
Amortisation and impairment of intangible assets	12	<b>76,905</b>	65,414	17.6
<b>Operating expenses</b>		<b>2,070,442</b>	2,142,606	-3.4
<b>Profit before taxes</b>		<b>733,115</b>	484,836	51.2
Income taxes	7	<b>119,348</b>	75,709	57.6
<b>Net profit attributable to the shareholder of Bank Julius Baer &amp; Co. Ltd.</b>		<b>613,767</b>	409,127	50.0

<sup>1</sup> The 2019 numbers have been aligned to the improved structure of commission reporting.

	Note	2020 CHF	2019 CHF	Change %
<b>Share information</b>				
Basic earnings per share (EPS)	18	<b>106.74</b>	71.15	50.0
Diluted earnings per share (EPS)	18	<b>106.74</b>	71.15	50.0

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2020 CHF 1,000	2019 CHF 1,000
<b>Net profit recognised in the income statement</b>	<b>613,767</b>	409,127
Other comprehensive income (net of taxes):		
<b>Items that may be reclassified to the income statement</b>		
Net unrealised gains/(losses) on debt instruments measured at FVOCI	<b>104,822</b>	106,905
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	<b>-15,204</b>	-9,501
Net credit losses on debt instruments measured at FVOCI	<b>491</b>	-809
<b>Items that will not be reclassified to the income statement</b>		
Net unrealised gains/(losses) on equity instruments designated at FVOCI	<b>-11,382</b>	66,648
Gains/(losses) from own credit risk on financial liabilities designated at fair value	<b>-3,895</b>	0
Remeasurement of defined benefit obligation	<b>32,960</b>	-69,606
<b>Other comprehensive income</b>	<b>107,792</b>	93,637
<b>Total comprehensive income attributable to the shareholder of Bank Julius Baer &amp; Co. Ltd.</b>	<b>721,559</b>	502,764

## CONSOLIDATED BALANCE SHEET

	Note	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000
<b>Assets</b>			
Cash		<b>12,095,674</b>	7,573,152
Due from banks		<b>7,258,188</b>	6,930,081
Loans	25	<b>43,394,815</b>	44,629,063
Financial assets measured at FVTPL	9/24	<b>13,557,552</b>	13,819,581
Derivative financial instruments	23	<b>2,576,313</b>	1,643,235
Financial assets designated at fair value	24	<b>252,178</b>	287,533
Financial assets measured at FVOCI	10/25	<b>13,653,013</b>	13,028,283
Property and equipment	11	<b>469,044</b>	519,485
Goodwill and other intangible assets	12	<b>2,205,318</b>	2,164,573
Accrued income and prepaid expenses		<b>296,472</b>	323,274
Other assets	17	<b>6,337,280</b>	3,659,547
<b>Total assets</b>		<b>102,095,847</b>	94,577,807

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	Note	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000
<b>Liabilities and equity</b>			
Due to banks		<b>8,519,471</b>	6,520,416
Due to customers		<b>69,842,674</b>	65,239,485
Financial liabilities measured at FVTPL	9/24	<b>896,520</b>	613,778
Derivative financial instruments	23	<b>2,710,008</b>	2,120,631
Financial liabilities designated at fair value	14	<b>13,154,769</b>	13,281,080
Accrued expenses and deferred income		<b>501,393</b>	536,882
Current tax liabilities		<b>192,066</b>	173,610
Deferred tax liabilities	15	<b>56,136</b>	45,464
Provisions	16	<b>90,443</b>	173,889
Other liabilities	17	<b>461,576</b>	572,921
<b>Total liabilities</b>		<b>96,425,056</b>	89,278,156
Share capital	18	<b>575,000</b>	575,000
Capital reserves		<b>1,931,051</b>	1,931,051
Retained earnings		<b>2,925,232</b>	2,628,706
Other components of equity		<b>239,508</b>	164,894
Total equity attributable to shareholder of Bank Julius Baer & Co. Ltd.		<b>5,670,791</b>	5,299,651
<b>Total liabilities and equity</b>		<b>102,095,847</b>	94,577,807



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital CHF 1,000	Capital reserves CHF 1,000
At 1 January 2019	575,000	1,915,907
Net profit	-	-
Items that may be reclassified to the income statement	-	-
Items that will not be reclassified to the income statement	-	-
Total other comprehensive income	-	-
Total comprehensive income	-	-
Capital contribution <sup>2</sup>	-	15,144
Dividend payment	-	-
Share-based payments expensed for the year	-	-
Distribution to the parent related to share-based payments for the year	-	-
At 31 December 2019	575,000	1,931,051
<b>At 1 January 2020</b>	<b>575,000</b>	<b>1,931,051</b>
Net profit	-	-
Items that may be reclassified to the income statement	-	-
Items that will not be reclassified to the income statement	-	-
Total other comprehensive income	-	-
Total comprehensive income	-	-
Dividend payment	-	-
Share-based payments expensed for the year	-	-
Distribution to the parent related to share-based payments for the year	-	-
<b>At 31 December 2020</b>	<b>575,000</b>	<b>1,931,051</b>

<sup>1</sup> Including OCI related to ECL changes on debt instruments at FVOCI

<sup>2</sup> In January 2019, the Bank acquired Zurich-based Aktiengesellschaft formerly Waser Söhne & Cie, Werdmühle Altstetten from its parent company Julius Baer Group Ltd. The transaction was accounted for as a common control transaction, meaning that the book values of the transferred assets and liabilities have not been adjusted. The equity (net asset value) of the acquired company was recognised as addition in the Bank's capital reserves and reflects the capital contribution from the parent.

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Other components of equity				
Retained earnings CHF 1,000	OCI related to equity instruments at FVOCI CHF 1,000	OCI related to debt instruments at FVOCI <sup>1</sup> CHF 1,000	Own credit risk on financial liabilities designated at FV CHF 1,000	Total equity attributable to shareholder of Bank Julius Baer & Co. Ltd. CHF 1,000
2,688,672	65,349	-63,698	0	5,181,230
409,127	-	-	-	409,127
-	-	96,595	-	96,595
-69,606	66,648	-	-	-2,958
-69,606	66,648	96,595	-	93,637
339,521	66,648	96,595	-	502,764
-	-	-	-	15,144
-400,000	-	-	-	-400,000
50,778	-	-	-	50,778
-50,265	-	-	-	-50,265
2,628,706	131,997	32,897	0	5,299,651
<b>2,628,706</b>	<b>131,997</b>	<b>32,897</b>	<b>0</b>	<b>5,299,651</b>
<b>613,767</b>	-	-	-	<b>613,767</b>
-	-	90,109	-	90,109
33,178	-11,600	-	-3,895	17,683
33,178	-11,600	90,109	-3,895	107,792
646,945	-11,600	90,109	-3,895	721,559
-350,000	-	-	-	-350,000
52,495	-	-	-	52,495
-52,914	-	-	-	-52,914
2,925,232	120,397	123,006	-3,895	5,670,791

## CONSOLIDATED STATEMENT OF CASH FLOWS

	2020 CHF 1,000	2019 CHF 1,000
Net profit	613,767	409,127
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	72,474	70,277
- Amortisation and impairment of intangible assets	109,125	112,275
- Change in loss allowance	35,958	18,215
- Deferred tax expense/(benefit)	380	-24,674
- Net loss/(gain) from investing activities	-679	-23,035
- Other non-cash income and expenses	52,495	50,778
Net increase/decrease in operating assets and liabilities:		
- Net due from/to banks	-3,103,922	-2,258,710
- Net financial assets measured at FVTPL and derivative financial instruments	236,425	-3,977,699
- Net loans/due to customers	5,801,913	-2,465,494
- Issuance and repayment of financial liabilities designated at fair value	-130,206	-422,518
- Accrued income, prepaid expenses and other assets	-2,650,931	-415,299
- Accrued expenses, deferred income, other liabilities and provisions	-185,792	168,165
Adjustment for income tax expenses	118,968	100,383
Income taxes paid	-100,453	-85,432
Cash flow from operating activities	869,522	-8,743,641
Purchase of property and equipment and intangible assets	-170,392	-142,345
Disposal of property and equipment and intangible assets	7	-
Net (investment in)/divestment of financial assets measured at FVOCI	3,470,995	2,083,457
Cash flow from investing activities	3,300,610	1,941,112
Dividend payments	-350,000	-400,000
Distribution to the parent related to share-based payments for the year	-52,914	-50,265
Cash flow from financing activities	-402,914	-450,265
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>3,767,218</b>	<b>-7,252,794</b>
Cash and cash equivalents at the beginning of the year	15,978,114	23,181,593
Cash flow from operating activities	869,522	-8,743,641
Cash flow from investing activities	3,300,610	1,941,112
Cash flow from financing activities	-402,914	-450,265
Effects of exchange rate changes on cash and cash equivalents	-84,548	49,315
<b>Cash and cash equivalents at the end of the year</b>	<b>19,660,784</b>	<b>15,978,114</b>

**Cash and cash equivalents are structured as follows:**

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000
Cash	<b>12,095,674</b>	7,573,152
Debt instruments measured at fair value through other comprehensive income (original maturity of less than three months)	<b>5,821,670</b>	1,886,595
Due from banks (original maturity of less than three months)	<b>1,743,440</b>	6,518,367
<b>Total</b>	<b>19,660,784</b>	15,978,114

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000
<b>Additional information</b>		
Interest received	<b>815,688</b>	1,308,310
Interest paid	<b>-300,590</b>	-709,269
Dividends on equities received	<b>231,489</b>	211,075

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000
<b>Leasing</b>		
Cash payments – leases	<b>-33,249</b>	-36,041
Cash payments – interest paid	<b>-4,527</b>	-4,894
Short-term lease payments	<b>-640</b>	-456
<b>Total</b>	<b>-38,416</b>	-41,391

## 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 29 January 2021. In addition, they are submitted for approval at the Annual General Meeting on 26 March 2021.

Amounts in the annual 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, which 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: determining 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.

The outbreak of COVID-19 in 2020 has also resulted in enormous economic damage. Global gross domestic product (GDP) has contracted significantly in the first half of the year, and a sharp increase in the volatility of the prices for financial instruments was observed, especially at the beginning of the pandemic. Despite the ongoing impact of COVID-19 on the economies around the world, the Bank's relatively conservative lending policies related to Lombard loans and mortgages, as well as the Bank's treasury policy of investing in high-quality bonds, prevented it from material losses on its financial instruments across 2020.

Despite the widely held belief in a positive development of the world economy and hence the optimistic forecasts, management had to overhaul its significant judgements and assumptions, and the estimation uncertainty increased accordingly. Refer to the Notes on goodwill impairment and credit quality for details on the COVID-19 impact on the Bank's financial statements.

### ACCOUNTING POLICIES

All Bank companies apply uniform accounting and measurement principles, which have remained the same as in the previous year, except as outlined at the end of this summary of significant accounting policies addressing implemented changes in accounting policies.

#### **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	
	31.12.2020	31.12.2019	2020	2019
USD/CHF	0.8839	0.9682	0.9340	0.9930
EUR/CHF	1.0816	1.0870	1.0705	1.1110
GBP/CHF	1.2083	1.2827	1.2060	1.2720

### 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, how much 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. In addition, they 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.

*Fair value through other comprehensive income (FVOCI):* A debt instrument is measured at fair value through other comprehensive income if it meets the following conditions:

- 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 in addition the SPPI criterion is fulfilled as well.

*Fair value through profit or loss (FVTPL):* All financial assets which 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 which 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 for 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, 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) and
- 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 impairment 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, only after foreclosure sale of the pledged assets 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 counter-parties 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 and 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 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.

The Bank continues to apply IAS 39 for hedge accounting, as permitted by IFRS 9. The Bank uses derivative financial instruments for hedging the fair values (fair value hedges) or the net investments in foreign operations (net investment hedges) when transactions meet the specified criteria to obtain the respective hedge accounting treatment. Derivatives categorised as serving such purposes on their trade date are treated as hedging instruments in the financial statements if they fulfil the following criteria:

- existence of documentation that specifies the underlying transaction (balance sheet item or cash flow), the hedging instrument as well as the hedging strategy/relationship;
- effective and reliably measurable elimination of the hedged risks through the hedging transaction during the entire reporting period; and
- sustained high effectiveness of the hedging transaction. A hedge is regarded as highly effective if actual results are within a range of 80% to 125%.

*Fair value hedges:* Changes in the fair value of derivatives that are designated and qualify as fair value hedges are reported in the income statement. The changes in the fair value of the hedged item that are attributable to the risk hedged with the derivative are reflected in an adjustment to the carrying value of the hedged item and are also recognised in the income statement.

When fair value hedge accounting is discontinued prospectively, any hedging adjustment made previously to a hedged financial instrument is amortised to the income statement over the remaining term to maturity of the hedged item.

*Net investment hedges:* Derivative instruments or non-derivative financial assets and liabilities may be used and designated as the hedging instrument in a hedge of a net investment in a foreign operation. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and reported as translation differences within equity. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount recognised in OCI is fully or partially reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation.

**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 relationships for accounting purposes. The derivatives are therefore reported as trading positions. Changes in fair value are recognised directly 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.

#### **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.

Restructuring provisions are recognised if a constructive obligation is incurred, which requires commencement of an approved, detailed and formal restructuring plan or the announcement of its main features to the affected employees before the balance sheet date.

### **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. 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 are not remeasured for subsequent changes in the fair value of the underlying equity instruments.

The Bank applies equity-settled accounting for the services received from its employees, with a corresponding increase recognised in its equity as a contribution from the parent.

### 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 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 2020, the Bank applied the following new standards for the first time. All these amendments had no material impact on the Bank's financial statements.

### Definition of Material (Amendments to IAS 1 and IAS 8)

The amendments clarify the definition of 'material': Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements which provide financial information about a specific reporting entity. Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information.

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements as a whole.



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

These first-phase amendments related to the interbank offered rates (IBOR) reform provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to the IBOR reform by modifying some specific hedge accounting requirements. More specifically, an entity shall assume that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are mandatory and apply to all hedging relationships directly affected by uncertainties related to the IBOR reform.

### **Definition of a Business (Amendments to IFRS 3)**

The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

### **IFRS 9 – Expected credit losses**

End of March 2020, the IASB issued a statement on accounting for expected credit losses (ECL) under IFRS 9 Financial Instruments due to the uncertainty resulting from the COVID-19 pandemic.

The core message that the applied models regarding the determination of the ECL should not be adjusted, but the input factors into the model may have to be adjusted based on management's judgement, has been considered by the Bank. The critical uncertainties existing in particular when assessing future macroeconomic conditions and whether a significant increase in credit risk has occurred, have been addressed accordingly. Refer to Note 27 Financial Instruments – Expected Credit Losses (especially the section Credit Quality Analysis) for the impact of the statement and the COVID-19 outbreak in general on the Bank's credit portfolio.

### **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:

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

These second amendments related to the interbank offered rates (IBOR) reform address issues that might affect financial reporting, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, and hedge accounting.

The amended standards will be effective 1 January 2021. The amendments 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 2020 of Julius Baer Group Ltd.

## INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

### NOTE 1 NET INTEREST AND DIVIDEND INCOME

	<b>2020</b> CHF 1,000	2019 CHF 1,000	Change %
Interest income on amounts due from banks	<b>9,670</b>	48,176	-79.9
Interest income on loans	<b>574,850</b>	860,382	-33.2
Interest income on debt instruments at FVOCI	<b>133,190</b>	255,764	-47.9
Negative interest received on financial liabilities	<b>26,862</b>	21,760	23.4
Interest income on financial instruments measured at amortised cost or FVOCI	<b>744,572</b>	1,186,082	-37.2
Interest expense on amounts due to banks	<b>10,388</b>	26,150	-60.3
Interest expense on amounts due to customers	<b>124,448</b>	408,240	-69.5
Negative interest paid on financial assets	<b>40,315</b>	17,041	136.6
Interest expense on lease liabilities	<b>4,527</b>	4,894	-7.5
Interest expense on financial instruments measured at amortised cost	<b>179,678</b>	456,325	-60.6
<b>Total</b>	<b>564,894</b>	729,757	-22.6

### NOTE 2 NET COMMISSION AND FEE INCOME

	<b>2020</b> CHF 1,000	2019 CHF 1,000	Change %
Advisory and management fees	<b>1,042,152</b>	1,064,632	-2.1
Brokerage commissions and income from securities underwriting	<b>756,076</b>	557,844	35.5
Commission income from credit-related activities	<b>20,782</b>	8,431	146.5
Commission and fee income on other services	<b>42,402</b>	70,482 <sup>1</sup>	-39.8
Total commission and fee income	<b>1,861,412</b>	1,701,389	9.4
Commission expense	<b>505,086</b>	452,267	11.7
<b>Total</b>	<b>1,356,326</b>	1,249,122	8.6

<sup>1</sup> The 2019 numbers have been aligned to the improved structure of commission reporting (see Note 4).

### NOTE 3 NET INCOME FROM FINANCIAL INSTRUMENTS MEASURED AT FVTPL

	<b>2020</b> CHF 1,000	2019 CHF 1,000	Change %
Net gains/(losses) from debt instruments and foreign exchange	<b>470,051</b>	421,553	11.5
Net gains/(losses) from equity instruments	<b>362,424</b>	128,120	182.9
<b>Total</b>	<b>832,475</b>	549,673	51.4

#### NOTE 4 OTHER ORDINARY RESULTS

	<b>2020</b> CHF 1,000	2019 CHF 1,000	Change %
Dividend income on equity instruments at FVOCI	<b>1,811</b>	17,480	-89.6
Result from disposal of debt instruments at FVOCI	<b>14,713</b>	10,310	42.7
Real estate income	<b>5,099</b>	6,902	-26.1
Other ordinary income	<b>64,211</b>	82,428 <sup>1</sup>	-22.1
Other ordinary expenses	<b>14</b>	15	-6.7
<b>Total</b>	<b>85,820</b>	117,105	-26.7

<sup>1</sup> The 2019 numbers have been aligned to the improved structure of commission reporting (see Note 2).

#### NOTE 5 PERSONNEL EXPENSES

	<b>2020</b> CHF 1,000	2019 CHF 1,000	Change %
Salaries and bonuses	<b>944,365</b>	926,870	1.9
Contributions to staff pension plans (defined benefits)	<b>82,633</b>	77,567	6.5
Contributions to staff pension plans (defined contributions)	<b>20,809</b>	21,521	-3.3
Other social security contributions	<b>69,197</b>	65,109	6.3
Share-based payments	<b>52,495</b>	50,778	3.4
Other personnel expenses	<b>17,722</b>	29,335	-39.6
<b>Total</b>	<b>1,187,221</b>	1,171,180	1.4

#### NOTE 6 GENERAL EXPENSES

	<b>2020</b> CHF 1,000	2019 CHF 1,000	Change %
Occupancy expense	<b>22,288</b>	21,492	3.7
IT and other equipment expense	<b>77,296</b>	71,712	7.8
Information, communication and advertising expense	<b>130,324</b>	156,125	-16.5
Service expense, fees and taxes	<b>388,741</b>	343,385	13.2
Provisions and losses	<b>80,516</b>	191,103	-57.9
Other general expenses	<b>2,457</b>	5,057	-51.4
<b>Total</b>	<b>701,622</b>	788,874	-11.1

## NOTE 7 INCOME TAXES

	2020 CHF 1,000	2019 CHF 1,000	Change %
Income tax on profit before taxes (statutory tax expense)	146,767	106,462	37.9
Effect of tax rate differences in foreign jurisdictions	-19,269	-22,497	-
Effect of domestic tax rate differences	-	-1,229	-
Income subject to a reduced tax rate	-15,582	-21,412	-
Adjustments related to prior years	-4,722	13,996	-
Non-deductible expenses	12,637	420	-
Other	-483	-31	-
<b>Actual income tax expense</b>	<b>119,348</b>	<b>75,709</b>	<b>-</b>

The basis for the above table is the statutory income tax rate of 20% (2019: 22%) which corresponds to the average Bank tax rate in Switzerland.

There is no unrecognised 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 which 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.

### Adoption of Swiss corporate tax reform

The tax reform has entered into force on 1 January 2020. The changes had no material impact on the tax liability of the Bank. Additionally, the enacted tax rate reduction in certain cantons has been already reflected in the deferred tax positions in 2019.

	2020 CHF 1,000	2019 CHF 1,000	Change %
Domestic income taxes	65,635	39,405	66.6
Foreign income taxes	53,713	36,304	48.0
<b>Total</b>	<b>119,348</b>	<b>75,709</b>	<b>57.6</b>
Current income taxes	118,968	100,383	18.5
Deferred income taxes	380	-24,674	-
<b>Total</b>	<b>119,348</b>	<b>75,709</b>	<b>57.6</b>

**Tax effects relating to components of other comprehensive income**

			<b>2020</b>
	Before-tax amount CHF 1,000	Tax (expense)/ benefit CHF 1,000	Net of tax amount CHF 1,000
<b>Items that may be reclassified to the income statement</b>			
Net unrealised gains/(losses) on debt instruments measured at FVOCI	110,568	-5,746	104,822
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	-15,668	464	-15,204
Net credit losses on debt instruments measured at FVOCI	491	-	491
<b>Items that will not be reclassified to the income statement</b>			
Net unrealised gains/(losses) on equity instruments designated at FVOCI	-14,103	2,721	-11,382
Gains/(losses) from own credit risk on financial liabilities designated at fair value	-3,895	-	-3,895
Remeasurement of defined benefit obligation	40,691	-7,731	32,960
<b>Other comprehensive income</b>	<b>118,084</b>	<b>-10,292</b>	<b>107,792</b>

			<b>2019</b>
	Before-tax amount CHF 1,000	Tax (expense)/ benefit CHF 1,000 <i>restated</i>	Net of tax amount CHF 1,000
<b>Items that may be reclassified subsequently to the income statement</b>			
Net unrealised gains/(losses) on debt instruments measured at FVOCI	122,054	-15,149	106,905
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	-10,446	945	-9,501
Net credit losses on debt instruments measured at FVOCI	-809	-	-809
<b>Items that will not be reclassified to the income statement</b>			
Net unrealised gains/(losses) on equity instruments designated at FVOCI	78,487	-11,839	66,648
Remeasurement of defined benefit obligation	-77,234	7,628	-69,606
<b>Other comprehensive income</b>	<b>112,052</b>	<b>-18,415</b>	<b>93,637</b>



## INFORMATION ON THE CONSOLIDATED BALANCE SHEET

### NOTE 8 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	<b>31.12.2020</b>					
	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	<b>Total CHF m</b>
<b>Financial assets</b>						
Cash	-	-	-	-	12,095.7	<b>12,095.7</b>
Due from banks	-	-	-	-	7,258.2	<b>7,258.2</b>
Lombard loans	-	-	-	-	36,895.1	<b>36,895.1</b>
Mortgages	-	-	-	-	6,499.7	<b>6,499.7</b>
Financial assets measured at FVTPL	13,557.6	-	-	-	-	<b>13,557.6</b>
Derivative financial instruments	2,576.3	-	-	-	-	<b>2,576.3</b>
Financial assets designated at fair value	-	252.2	-	-	-	<b>252.2</b>
Financial assets measured at FVOCI	-	-	13,380.7	272.3	-	<b>13,653.0</b>
Accrued income	-	-	-	-	254.8	<b>254.8</b>
Other assets	-	-	-	-	5.3	<b>5.3</b>
<b>Total</b>	<b>16,133.9</b>	<b>252.2</b>	<b>13,380.7</b>	<b>272.3</b>	<b>63,008.8</b>	<b>93,047.9</b>
<b>Financial liabilities</b>						
Due to banks	-	-	-	-	8,519.5	<b>8,519.5</b>
Due to customers	-	-	-	-	69,842.7	<b>69,842.7</b>
Financial liabilities measured at FVTPL	896.5	-	-	-	-	<b>896.5</b>
Derivative financial instruments	2,710.0	-	-	-	-	<b>2,710.0</b>
Financial liabilities designated at fair value	-	13,154.8	-	-	-	<b>13,154.8</b>
Accrued expense	-	-	-	-	138.7	<b>138.7</b>
Other liabilities	-	-	-	-	4.6	<b>4.6</b>
<b>Total</b>	<b>3,606.5</b>	<b>13,154.8</b>	<b>-</b>	<b>-</b>	<b>78,505.5</b>	<b>95,266.8</b>

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**INFORMATION ON THE CONSOLIDATED BALANCE SHEET**

	31.12.2019					
	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	-	-	-	-	7,573.2	7,573.2
Due from banks	-	-	-	-	6,930.1	6,930.1
Lombard loans	-	-	-	-	38,081.4	38,081.4
Mortgages	-	-	-	-	6,547.7	6,547.7
Financial assets measured at FVTPL	13,819.6	-	-	-	-	13,819.6
Derivative financial instruments	1,643.2	-	-	-	-	1,643.2
Financial assets designated at fair value	-	287.5	-	-	-	287.5
Financial assets measured at FVOCI	-	-	12,794.4	233.9	-	13,028.3
Accrued income	-	-	-	-	287.0	287.0
Other assets	-	-	-	-	10.5	10.5
<b>Total</b>	<b>15,462.8</b>	<b>287.5</b>	<b>12,794.4</b>	<b>233.9</b>	<b>59,429.9</b>	<b>88,208.5</b>
Financial liabilities						
Due to banks	-	-	-	-	6,520.4	6,520.4
Due to customers	-	-	-	-	65,239.5	65,239.5
Financial liabilities measured at FVTPL	613.8	-	-	-	-	613.8
Derivative financial instruments	2,120.6	-	-	-	-	2,120.6
Financial liabilities designated at fair value	-	13,281.1	-	-	-	13,281.1
Accrued expense	-	-	-	-	183.3	183.3
Other liabilities	-	-	-	-	1.7	1.7
<b>Total</b>	<b>2,734.4</b>	<b>13,281.1</b>	<b>-</b>	<b>-</b>	<b>71,944.9</b>	<b>87,960.4</b>

NOTE 9 FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FVTPL

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000
<b>Financial assets measured at FVTPL</b>			
Trading securities – debt FVTPL	<b>3,397,877</b>	2,417,732	980,145
<i>of which quoted</i>	<b>2,664,756</b>	2,143,393	521,363
<i>of which unquoted</i>	<b>733,121</b>	274,339	458,782
Trading securities – equity FVTPL	<b>10,159,675</b>	11,401,849	-1,242,174
<i>of which quoted</i>	<b>8,223,053</b>	8,033,710	189,343
<i>of which unquoted</i>	<b>1,936,622</b>	3,368,139	-1,431,517
<b>Total</b>	<b>13,557,552</b>	13,819,581	-262,029
<b>Financial liabilities measured at FVTPL</b>			
Short positions - debt instruments	<b>239,512</b>	143,935	95,577
<i>of which quoted</i>	<b>222,110</b>	138,852	83,258
<i>of which unquoted</i>	<b>17,402</b>	5,083	12,319
Short positions - equity instruments	<b>657,008</b>	469,843	187,165
<i>of which quoted</i>	<b>626,284</b>	453,886	172,398
<i>of which unquoted</i>	<b>30,724</b>	15,957	14,767
<b>Total</b>	<b>896,520</b>	613,778	282,742

NOTE 10 FINANCIAL ASSETS MEASURED AT FVOCI

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000
Government and agency bonds	<b>4,254,605</b>	4,996,338	-741,733
Financial institution bonds	<b>5,261,374</b>	4,575,825	685,549
Corporate bonds	<b>3,864,687</b>	3,222,189	642,498
<b>Debt instruments at FVOCI</b>	<b>13,380,666</b>	12,794,352	586,314
<i>of which quoted</i>	<b>8,903,652</b>	8,703,466	200,186
<i>of which unquoted</i>	<b>4,477,014</b>	4,090,886	386,128
<b>Equity instruments at FVOCI</b>	<b>272,347</b>	233,931	38,416
<i>of which unquoted</i>	<b>272,347</b>	233,931	38,416
<b>Total</b>	<b>13,653,013</b>	13,028,283	624,730

## NOTE 11 PROPERTY, EQUIPMENT AND LEASES

	Bank premises CHF m	Leases CHF m	Other property and equipment CHF m	<b>Total property and equipment CHF m</b>
<b>Historical cost</b>				
Balance on 01.01.2019	376.3	219.6	180.1	776.0
Additions	4.4	19.5	15.6	39.5
Additions from business combinations <sup>1</sup>	79.2	-	-	79.2
Disposals/transfers <sup>2</sup>	39.7	-	13.0	52.7
Balance on 31.12.2019	420.2	239.1	182.7	842.0
Additions	4.8	1.5	15.7	22.0
Disposals/transfers <sup>2</sup>	-	-	26.5	26.5
Balance on 31.12.2020	425.0	240.6	171.9	837.5
<b>Depreciation and impairment</b>				
Balance on 01.01.2019	116.4	-	137.9	254.3
Charge for the period	11.1	40.3	18.9	70.3
Disposals/transfers <sup>2</sup>	-10.9	-	13.0	2.1
Balance on 31.12.2019	138.4	40.3	143.8	322.5
Charge for the period	9.5	41.2	21.8	72.5
Disposals/transfers <sup>2</sup>	-	-	26.5	26.5
Balance on 31.12.2020	147.9	81.5	139.1	368.5
<b>Carrying value</b>				
Balance on 31.12.2019	281.8	198.8	38.9	519.5
<b>Balance on 31.12.2020</b>	<b>277.1</b>	<b>159.1</b>	<b>32.8</b>	<b>469.0</b>

<sup>1</sup> In January 2019, the Bank acquired Zurich-based Aktiengesellschaft formerly Waser Söhne & Cie, Werdmühle Altstetten from its parent company Julius Baer Group Ltd. The transaction was accounted for as a common control transaction, meaning that the book values of the transferred assets and liabilities have not been adjusted. The equity (net asset value) of the acquired company was recognised as addition in the Bank's capital reserves and reflects the capital contribution from the parent.

<sup>2</sup> Includes also derecognition of fully depreciated assets

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

	31.12.2020 CHF m	31.12.2019 CHF m
<b>Amounts recognised in the income statement</b>		
Depreciation charge	41.2	40.3
Interest expense on lease liability	4.5	4.9
Expense related to short-term/low-value leases	0.6	0.4
<b>Total</b>	<b>46.3</b>	<b>45.6</b>
<b>Total cash outflows for leases (excluding short-term/low-value leases)</b>	<b>37.8</b>	<b>40.9</b>
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	42.4	40.2
One to five years	88.4	133.8
More than five years	53.7	54.9
<b>Total undiscounted lease liabilities</b>	<b>184.5</b>	<b>228.9</b>

## NOTE 12 GOODWILL AND INTANGIBLE ASSETS

	Goodwill CHF m	Customer relationships CHF m	Software CHF m	<b>Total intangible assets CHF m</b>
<b>Historical cost</b>				
Balance on 01.01.2019	1,501.7	1,185.5	905.0	3,592.2
Additions	-	-	122.3	122.3
Disposals/transfers <sup>1</sup>	-	-	10.6	10.6
Balance on 31.12.2019	1,501.7	1,185.5	1,016.7	3,703.9
Additions	-	-	149.9	149.9
Disposals/transfers <sup>1</sup>	-	-	56.8	56.8
Balance on 31.12.2020	1,501.7	1,185.5	1,109.8	3,797.0

### Amortisation and impairment

Balance on 01.01.2019	-	1,046.1	391.6	1,437.7
Charge for the period	-	46.9	65.4 <sup>2</sup>	112.3
Disposals/transfers <sup>1</sup>	-	-	10.6	10.6
Balance on 31.12.2019	-	1,093.0	446.4	1,539.4
Charge for the period	-	32.2	76.9 <sup>3</sup>	109.1
Disposals/transfers <sup>1</sup>	-	-	56.8	56.8
Balance on 31.12.2020	-	1,125.2	466.5	1,591.7

### Carrying value

Balance on 31.12.2019	1,501.7	92.5	570.3	2,164.5
<b>Balance on 31.12.2020</b>	<b>1,501.7</b>	<b>60.3</b>	<b>643.3</b>	<b>2,205.3</b>

<sup>1</sup> Includes also derecognition of fully amortised assets

<sup>2</sup> Includes impairment of CHF 4.6 million related to software not used anymore

<sup>3</sup> Includes impairment of CHF 7.7 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 on 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 which 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 11.0% (2019: 8.8%). 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 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 ASSETS PLEDGED OR CEDED TO SECURE OWN COMMITMENTS  
AND ASSETS SUBJECT TO RETENTION OF TITLE**

	Carrying value CHF 1,000	31.12.2020 Effective commitment CHF 1,000	Carrying value CHF 1,000	31.12.2019 Effective commitment CHF 1,000
Securities	<b>1,080,826</b>	<b>1,080,826</b>	1,321,914	1,321,914
Other	<b>10,892</b>	<b>10,892</b>	12,845	12,845
<b>Total</b>	<b>1,091,718</b>	<b>1,091,718</b>	1,334,759	1,334,759

The assets are mainly pledged for Lombard limits at central banks, stock exchange securities deposits and collateral in OTC derivatives trading.

**NOTE 14 FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE**

	2021 CHF m	2022 CHF m	2023 CHF m	2024 CHF m	2025 CHF m	2026– 2032 CHF m	un- assigned CHF m	31.12.2020 CHF m	31.12.2019 CHF m
Fixed rate	5,361.1	213.3	24.1	-	-	-	-	<b>5,598.5</b>	7,434.1
Interest rates (ranges in %)	0.07–100	1.47–28.62	1.71–10.78	-	-	-	-	-	-
Floating rate	2,214.9	722.7	543.2	341.5	306.0	338.3	3,089.7	<b>7,556.3</b>	5,847.0
<b>Total</b>	<b>7,576.0</b>	<b>936.0</b>	<b>567.3</b>	<b>341.5</b>	<b>306.0</b>	<b>338.3</b>	<b>3,089.7</b>	<b>13,154.8</b>	13,281.1

The Bank issues to its wealth management clients structured notes for investment purposes. The table above indicates the maturities of the structured debt issues of Bank Julius Baer & Co. Ltd. with fixed interest rate coupons ranging from 0.1% up to 99.02%. The high and low coupons generally relate to structured debt issues prior to the separation of embedded derivatives. As a result, the stated interest rate generally does not reflect the effective interest rate paid to service the debt after the embedded derivative has been separated.

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 attributable to changes in the market risk factors of the embedded derivatives. The credit rating of the Bank had no material impact on the fair value changes of these liabilities.

## NOTE 15A DEFERRED TAX ASSETS

	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000
Balance at the beginning of the year	-	2,263
Recognised directly in OCI	-	-2,263
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

The components of deferred tax assets are as follows:

Pension liabilities	15,597	26,046
Employee compensation and benefits	5,061	5,008
Property and equipment	645	-
Other	1,606	926
Deferred tax assets before set-off <sup>1</sup>	22,909	31,980
Offset	-22,909	-31,980
<b>Total</b>	<b>-</b>	<b>-</b>

<sup>1</sup> 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 15B DEFERRED TAX LIABILITIES

	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000
Balance at the beginning of the year	45,464	53,986
Income statement - charge	4,649	4,167
Income statement - credit	-4,269	-28,841
Recognised directly in OCI	10,292	16,152
<b>Balance at the end of the year<sup>1</sup></b>	<b>56,136</b>	<b>45,464</b>

The components of deferred tax liabilities are as follows:

Property and equipment	28,782	29,258
Financial assets at FVOCI	44,866	38,655
Intangible assets	5,397	8,854
Other	-	677
Deferred tax liability before set-off	79,045	77,444
Offset	-22,909	-31,980
<b>Total</b>	<b>56,136</b>	<b>45,464</b>

<sup>1</sup> 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 16 PROVISIONS

	Legal risks CHF 1,000	Other CHF 1,000	2020 Total CHF 1,000	2019 Total CHF 1,000
Balance at the beginning of the year	172,284	1,605	173,889	15,074
Utilised during the year	-151,682	-	-151,682	-21,099
Recoveries	-	-	-	50
Provisions made during the year	87,667	-	87,667	183,893
Provisions reversed during the year	-14,100	-25	-14,125	-1,752
Translation differences	-5,306	-	-5,306	-2,277
<b>Balance at the end of the year</b>	<b>88,863</b>	<b>1,580</b>	<b>90,443</b>	<b>173,889</b>

### Maturity of provisions

Up to one year	6,316	492	6,808	163,234
Over one year	82,547	1,088	83,635	10,655

### 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, 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 of services, are or have become inconsistent with their interpretations of existing local 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 with respect to certain topics. 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 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 materially adversely affect 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 the management is of the opinion that such proceedings are more likely than not to result in a financial obligation or loss, or if the dispute for economic reasons should

be settled without acknowledgment of any liability on the part of the 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 disclosed as a contingent liability as of 31 December 2020. The contingent liabilities might have a material effect on the Bank or for other reasons might be of interest for 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'), the latter having served as feeder funds for the Madoff fraudulent investment schemes. In the direct claims against the Bank, the Fairfield Liquidators are seeking to recover a total amount of approximately USD 64 million in the courts of New York (including USD 17 million that relates to redemption payments made to clients of ING Bank (Suisse) SA, which merged with the Bank in 2010, and approximately USD 25 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions). The proceedings in the courts of the British Virgin Islands, where an amount of approximately USD 8.5 million had been claimed from the Bank, were finally dismissed in favour of the Bank with a ruling of the Privy Council, the highest court of appeals for the British Virgin Islands. In addition to the direct claims against the Bank, the Fairfield Liquidators have made combined claims in the amount of approximately USD 1.8 billion against more than 80 defendants, with only a fraction of this amount being sought from the Bank (and ultimately its clients concerned). The combined claims aggregate the damages asserted against all defendants, such that a reliable allocation of the claimed amounts between the Bank and the other defendants cannot be made at this time. Finally, in further proceedings, the trustee of Madoff's broker-dealer company (the 'Trustee')

seeks to recover over USD 83 million in the courts of New York (including USD 46 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions), largely in relation to the same redemption payments which are the subject matter of the claims asserted by the Fairfield Liquidators. The Bank is challenging these actions on procedural and substantive grounds and has taken further measures to defend and protect its interests. In the proceedings initiated by the Trustee, the Bankruptcy Court in New York dismissed the case against the Bank and other defendants based on extraterritoriality principles in November 2016. The Trustee has appealed this decision, and, in February 2019, the Court of Appeal has reversed the decision by the Bankruptcy Court. The 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. A decision on the merits of the appeal is expected in 2021. Whilst such appeal is pending, the Bankruptcy Court has additionally decided on certain other aspects in the Bank's favour in late 2020. Such decision can be appealed.

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, other relevant court decisions in this context, the mandate structures to which the Court decisions might be

applicable and the documentation as well as the impact of respective waivers and communicated bandwidths that were introduced some years ago, and has implemented appropriate measures to address the matter.

The Bank is confronted with a claim by the liquidator of a Lithuanian corporation arguing that the Bank did not prevent two of its clients from embezzling assets of such corporation. In this context, the liquidator as of 2013 presented draft complaints with different claim amounts for a potential Swiss proceeding and initiated payment orders ('Betreibungsbegehren') against the Bank in the amount of CHF 422 million (plus accrued interest from 2009). On 8 February 2017, the Bank was served with a claim from said Lithuanian corporation in liquidation in the amount of EUR 306 million. The court proceeding against the Bank was initiated in Lithuania. On 19 October 2018, the Lithuanian court of last instance definitively rejected local jurisdiction, thereby terminating the litigation against the Bank in Lithuania. On 1 July 2019, the Bank was served with a conciliation request from the liquidator representing the assets of the Lithuanian corporation in liquidation filed with the first instance court in Geneva, related to a claim of EUR 335 million plus accrued interest since 2011. On 8 January 2020, the Bank was served with the corresponding claim in the amount of EUR 335 million plus 5% interest since December 2011. The Bank is continuing to contest the claim whilst taking appropriate measures to defend its interests.

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 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, scheduled to be tried in Court in early June 2021. The Bank has cooperated with the French authorities within the confines of applicable laws to clarify the situation and to protect its interests.

The Bank is confronted with a claim by a former client arguing that the Bank initiated transactions without appropriate authorisations and that the Bank has not adhered to its duties of care, trust, information and warnings. In April 2015, the former client presented a complaint for an amount of USD 70 million (plus accrued interest) and BRL 24 million, which, in January 2017, he supported with a payment order ('Betreibungsbegehren') in various currencies filed against the Bank in the total amount of then approximately CHF 91.3 million (plus accrued interest). Since December 2017, the Bank has received yearly payment orders in various currencies in the total amount of currently approximately CHF 135 million (plus accrued interest). The Bank is contesting the claim whilst taking appropriate measures to defend its interests.

In November 2014, the Bank was served in Geneva with a claim by an investment fund, acting on its behalf and on behalf of three other funds, in the total amount of USD 29 million (plus accrued interests). The funds were former clients of Bank of China (Suisse) SA, which was acquired by the 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 are subject to acquisition-related representations and warranties.

The Bank has been cooperating with authorities investigating corruption and bribery allegations surrounding Fédération Internationale de Football Association (FIFA) in Switzerland and the U.S. These requests in particular focused on persons named in the so-called 'FIFA Indictment' of 20 May 2015 (Indictment 'United States v. Webb [E.D.N.Y. 15 CR 0252 (RJD)(RML)]') and in the respective superseding indictment of 25 November 2015. The authorities in Switzerland and abroad have opened investigations and have been inquiring whether financial institutions failed to observe due diligence standards as applied in financial services and in particular in the context of anti-money laundering laws in relation to suspicious and potentially illegal transactions. FINMA's related enforcement procedure against the Bank and Julius Baer Group Ltd. has been closed by an order as published on 20 February 2020. On 9 November 2020, the Bank has announced an agreement in principle with the U.S. Department of Justice (DOJ) to settle its FIFA matter. Such agreement entails the Bank entering into a three-year deferred prosecution agreement and a financial component, for which the Bank has taken a provision of USD 79.7 million in 2020.

Similarly, the Bank has received inquiries from, and has been cooperating with, authorities in Switzerland and the U.S. 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 the Bank and Julius Baer Group Ltd. has been 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, whilst on 21 January 2021, FINMA concluded the investigation regarding individual accountability of former employees of Julius Baer following the FIFA/PDVSA related conclusion of the enforcement proceeding. Save for in one case of a middle manager FINMA did not open individual proceedings and closed the investigation with reprimands. Related to the PDVSA matter, in November 2019, a former employee filed a labour law-based claim in the amount of USD 34.1 million in Venezuela against several Julius Baer companies combined with a respective precautionary seizure request in the double amount. Julius Baer is contesting the claim and seizure request whilst taking appropriate measures to defend its interests.

As publicly stated, FINMA has initiated an additional enforcement procedure against the Bank and Julius Baer Group Ltd. related to the compliance treatment of a historical Latin American client relationship. Julius Baer has been fully cooperating with FINMA in its investigative work.

The Bank is confronted with a Swiss court procedure in which a client, in the context of a mature loan arrangement, requests the release of certain assets, which have been blocked by the Bank and third-party custodians and their sub-custodians under US Office of Foreign Assets Control ('OFAC') sanctions. The procedure relates to questions of applicability and enforceability of international sanctions and orders under local Swiss law. The Bank is defending its position in the context of its regulatory duties to respect international orders and sanctions and abide by its contractual agreements with third-party custody banks. The competent court has decided in favour of the Bank in November 2020; however, the claimant has appealed this decision to the Swiss Federal Supreme Court. In addition, against the background of recent political and regulatory intensification of the topic of international sanctions, the Bank has addressed this issue with the OFAC with which it is also in resumed discussion to resolve certain open issues with regard to historic compliance with OFAC regulations.



## NOTE 17A OTHER ASSETS

	<b>31.12.2020</b> <i>CHF m</i>	31.12.2019 <i>CHF m</i>
Precious metals (physical)	<b>4,288.1</b>	1,382.2
Tax receivables	<b>1,668.8</b>	1,927.1
Accounts receivable	<b>5.3</b>	10.5
Other	<b>375.1</b>	339.7
<b>Total</b>	<b>6,337.3</b>	3,659.5

## NOTE 17B OTHER LIABILITIES

	<b>31.12.2020</b> <i>CHF m</i>	31.12.2019 <i>CHF m</i>
Lease liability	<b>169.6</b>	203.2
Pension liability	-	137.1
Other tax payable	<b>45.5</b>	33.9
Accounts payable	<b>4.6</b>	1.7
Other	<b>241.9</b>	197.0
<b>Total</b>	<b>461.6</b>	572.9

## ADDITIONAL INFORMATION

### NOTE 18 EARNINGS PER SHARE AND SHARES OUTSTANDING

	2020	2019
<b>Basic earnings per share</b>		
Net profit (CHF 1,000)	<b>613,767</b>	409,127
Weighted average number of shares outstanding	<b>5,750,000</b>	5,750,000
Basic earnings per share (CHF)	<b>106.74</b>	71.15

	31.12.2020	31.12.2019
<b>Shares outstanding</b>		
Total shares issued (par value CHF 100)	<b>5,750,000</b>	5,750,000

	31.12.2020	31.12.2019
<b>Share capital</b>		
Total share capital outstanding (CHF 1,000)	<b>575,000</b>	575,000

	2020	2019
<b>Dividend proposal</b>		
Dividend proposal 2020 and dividend 2019 per share (CHF)	<b>62.61</b>	60.87

There are no dilutive effects.

There is no authorised share capital.

## NOTE 19 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 which 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., the ultimate parent of the Bank, has been identified as the chief operating decision maker, as this board is responsible for the implementation of the overall strategy and the operational management of the Bank.

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 on the level of the Group 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 Bank Julius Baer & Co. Ltd. and reflects the management structure and the use of information by management in making operating decisions.

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

### Entity-wide disclosures

	31.12.2020	31.12.2019	2020	2019	2020	2019
	Total assets CHF m	CHF m	Operating income CHF m	CHF m	Investments CHF m	CHF m
Switzerland	<b>82,654</b>	76,666	<b>1,934</b>	1,825	<b>149.3</b>	206.7
Europe (excl. Switzerland)	<b>23,402</b>	27,573	<b>152</b>	143	<b>0.7</b>	0.5
Asia and other countries	<b>26,358</b>	26,408	<b>824</b>	729	<b>20.4</b>	14.3
Less consolidation items	<b>30,318</b>	36,069	<b>106</b>	70	-	-
<b>Total</b>	<b>102,096</b>	94,578	<b>2,804</b>	2,627	<b>170.4</b>	221.5

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

## NOTE 20 RELATED PARTY TRANSACTIONS

	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000
<b>Key management personnel compensation<sup>1</sup></b>		
Salaries and other short-term employee benefits	19,036	14,647
Post-employment benefits	984	748
Share-based payments	13,471	8,748
<b>Total</b>	<b>33,491</b>	<b>24,143</b>
<b>Receivables from</b>		
Julius Baer Group entities	361,727	463,230
significant shareholders <sup>2</sup>	2,777,019	2,583,088
key management personnel	6,112	6,769
<b>Total</b>	<b>3,144,858</b>	<b>3,053,087</b>
<b>Liabilities to</b>		
Julius Baer Group entities	4,946,728	4,587,531
significant shareholders <sup>2</sup>	2,155,077	2,444,305
key management personnel	8,736	5,479
own pension funds	4,448	5,296
<b>Total</b>	<b>7,114,989</b>	<b>7,042,611</b>
<b>Credit guarantees to</b>		
Julius Baer Group entities	44,638	51,643
key management personnel	184	1,671
<b>Total</b>	<b>44,822</b>	<b>53,314</b>
<b>Income from services provided to</b>		
Julius Baer Group entities	343,352	329,052
significant shareholders <sup>2</sup>	142,290	127,657
key management personnel	182	164
<b>Total</b>	<b>485,824</b>	<b>456,873</b>
<b>Services provided by</b>		
Julius Baer Group entities	61,545	65,523
significant shareholders <sup>2</sup>	6,487	14,005
<b>Total</b>	<b>68,032</b>	<b>79,528</b>

<sup>1</sup> Key management personnel consists of the Board of Directors and the Executive Board of Julius Baer Group Ltd.  
In 2020, 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 and Chief Risk Officer.  
In 2019, The Executive Board of the Group company consisted of the Chief Executive Officer, the Chief Financial Officer, the Chief Communications Officer, the Chief Operating Officer, the General Counsel and the Chief Risk Officer.

<sup>2</sup> 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 21 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 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 employee's 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 time period according to the Swiss pension law basis, 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. Management of the pension funds includes the pursuit of a medium- and long-term consistency and sustainability 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.

	2020 CHF 1,000	2019 CHF 1,000
<b>1. Development of pension obligations and assets</b>		
Present value of defined benefit obligation at the beginning of the year	-3,090,290	-2,787,422
Current service cost	-79,059	-73,400
Employees' contributions	-44,499	-44,974
Interest expense on defined benefit obligation	-7,873	-24,770
Past service cost, curtailments, settlements, plan amendments	-554	-2,750
Benefits paid (including benefits paid directly by employer)	115,011	133,629
Transfer payments in/out	-567	-990
Experience gains/(losses) on defined benefit obligation	-30,043	-76,776
Actuarial gains/(losses) arising from change in demographic assumptions	-	1,015
Actuarial gains/(losses) arising from change in financial assumptions	-41,788	-213,426
Translation differences	1,436	-426
Present value of defined benefit obligation at the end of the year	-3,178,226	-3,090,290
<i>whereof due to active members</i>	-2,106,676	-2,083,174
<i>whereof due to deferred members</i>	-14,703	-13,489
<i>whereof due to pensioners</i>	-1,056,847	-993,627
Fair value of plan assets at the beginning of the year	2,953,207	2,707,412
Interest income on plan assets	7,615	24,654
Employees' contributions	44,499	44,974
Employer's contributions	96,932	97,729
Curtailments, settlements, plan amendments	-1,730	-247
Benefits paid by fund	-115,011	-133,629
Transfer payments in/out	567	990
Administration cost (excluding asset management cost)	-1,032	-1,054
Return on plan assets (excluding interest income)	112,138	212,025
Translation differences	-1,051	353
Fair value of plan assets at the end of the year	3,096,134	2,953,207
	<b>31.12.2020</b>	<b>31.12.2019</b>
	CHF 1,000	CHF 1,000
<b>2. Balance sheet</b>		
Fair value of plan assets	3,096,134	2,953,207
Present value of defined benefit obligation	-3,178,226	-3,090,290
Net defined benefit asset/(liability)	-82,092	-137,083

	2020 CHF 1,000	2019 CHF 1,000
<b>3. Income statement</b>		
Current service cost	-79,059	-73,400
Interest expense on defined benefit obligation	-7,873	-24,770
Past service cost, curtailments, settlements, plan amendments	-2,284	-2,997
Interest income on plan assets	7,615	24,654
Administration cost (excluding asset management cost)	-1,032	-1,054
Defined benefit cost recognised in the income statement	-82,633	-77,567
<i>whereof service cost</i>	-82,375	-77,451
<i>whereof net interest on the net defined benefit/(liability) asset</i>	-258	-116

#### 4. Movement in defined benefit liability

Net defined benefit asset/(liability) at the beginning of the year	-137,083	-80,010
Translation differences	385	-73
Defined benefit cost recognised in the income statement	-82,633	-77,567
Employer's contributions	96,932	97,729
Remeasurements of the net defined benefit liability/(asset)	40,307	-77,162
<b>Amounts recognised in the balance sheet</b>	<b>-82,092</b>	<b>-137,083</b>

#### Remeasurements of the net defined benefit liability/(asset)

Actuarial gains/(losses) of defined benefit obligation	-71,831	-289,187
Return on plan assets (excluding interest income)	112,138	212,025
<b>Total recognised in other comprehensive income</b>	<b>40,307</b>	<b>-77,162</b>

#### 5. Composition of plan assets

Cash	90,597	124,475
Debt instruments	866,248	841,717
Equity instruments	1,172,490	1,033,643
Real estate	541,247	486,475
Alternative investments	420,050	353,205
Other	5,502	113,692
<b>Total</b>	<b>3,096,134</b>	<b>2,953,207</b>

	2020 %	2019 %
<b>6. Aggregation of plan assets – quoted market prices in active markets</b>		
Cash	2.93	4.21
Debt instruments	26.74	27.24
Equity instruments	37.87	35.00
Real estate	7.93	7.48
Other	6.10	5.21
<b>Total</b>	<b>81.57</b>	<b>79.14</b>

	2020 CHF 1,000	2019 CHF 1,000
<b>7. Sensitivities</b>		
Decrease of discount rate - 0.25%		
Effect on defined benefit obligation	-99,140	-102,181
Effect on service cost	-3,560	-4,561
Increase of discount rate + 0.25%		
Effect on defined benefit obligation	88,186	85,469
Effect on service cost	2,984	2,924
Decrease of salary increase - 0.25%		
Effect on defined benefit obligation	10,434	10,493
Effect on service cost	986	981
Increase of salary increase + 0.25%		
Effect on defined benefit obligation	-10,669	-10,730
Effect on service cost	-1,010	-1,005
Life expectancy		
Increase in longevity by one additional year	-72,413	-69,701

### Actuarial calculation of pension assets and obligations

The latest actuarial calculation was carried out as at 31 December 2020. The actuarial assumptions

are based on local economic conditions and are as follows for Switzerland, which accounts for about 99% (2019: 99%) of all benefit obligations and plan assets:

	2020	2019
Discount rate	0.20%	0.25%
Average future salary increases	0.50%	0.50%
Future pension increases	0.00%	0.00%
Duration (years)	15	15

### 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 2021 financial year related to defined benefit plans are estimated at CHF 87.6 million.

### Outstanding liabilities to pension plans

The Bank had outstanding liabilities to various pension plans in the amount of CHF 4.4 million (2019: CHF 5.3 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 20.8 million for the 2020 financial year (2019: CHF 21.5 million).



## NOTE 22 SECURITIES TRANSACTIONS

### Securities lending and borrowing transactions / repurchase and reverse repurchase transactions

	31.12.2020 CHF m	31.12.2019 CHF m
<b>Receivables</b>		
Receivables from cash provided in securities borrowing transactions	6.2	94.2
<i>of which recognised in due from banks</i>	6.2	94.2
Receivables from cash provided in reverse repurchase transactions	1,258.0	-
<i>of which recognised in due from banks</i>	1,258.0	-
<b>Obligations</b>		
Obligations to return cash received in securities lending transactions	252.1	309.3
<i>of which recognised in due to banks</i>	252.1	309.3
Obligations to return cash received in repurchase transactions	82.5	20.2
<i>of which recognised in due to banks</i>	82.5	20.2
<b>Securities collateral</b>		
Own securities lent as well as securities provided as collateral for borrowed securities under securities borrowing and repurchase transactions	1,092.2	1,359.7
<i>of which securities the right to pledge or sell has been granted without restriction</i>	1,092.2	1,359.7
<i>of which recognised in financial assets measured at FVTPL</i>	952.8	1,219.9
<i>of which recognised in financial assets measured at FVOCI</i>	139.4	139.8
Securities borrowed as well as securities received as collateral for loaned securities under securities lending and reverse repurchase transactions	4,267.6	1,815.8
<i>of which repledged or resold securities</i>	3,701.9	1,639.3

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 which 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 23 DERIVATIVE FINANCIAL INSTRUMENTS

### Derivatives held for trading

	Contract/ Notional amount CHF m	Positive replacement value CHF m	Negative replacement value CHF m
<b>Foreign exchange derivatives</b>			
Forward contracts	95,263.1	753.6	1,055.6
Futures	249.4	-	4.8
Cross-currency swaps	909.6	2.3	20.3
Options (OTC)	26,634.2	290.9	244.9
<b>Total foreign exchange derivatives 31.12.2020</b>	<b>123,056.3</b>	<b>1,046.8</b>	<b>1,325.6</b>
Total foreign exchange derivatives 31.12.2019	118,093.5	780.9	838.2
<b>Interest rate derivatives</b>			
Swaps	22,735.0	131.5	167.9
Futures	210.8	1.2	0.1
Options (OTC)	260.8	10.9	9.4
<b>Total interest rate derivatives 31.12.2020</b>	<b>23,206.6</b>	<b>143.6</b>	<b>177.4</b>
Total interest rate derivatives 31.12.2019	20,872.8	101.4	138.4
<b>Precious metals derivatives</b>			
Forward contracts	2,733.6	43.6	77.7
Futures	39.8	0.2	1.7
Options (OTC)	5,150.4	126.2	99.0
Options (traded)	1,611.2	-	56.1
<b>Total precious metals derivatives 31.12.2020</b>	<b>9,535.0</b>	<b>170.0</b>	<b>234.5</b>
Total precious metals derivatives 31.12.2019	10,176.4	124.5	166.8
<b>Equity/indices derivatives</b>			
Futures	863.6	28.4	5.7
Options (OTC)	11,418.5	619.9	284.8
Options (traded)	19,414.9	536.4	632.7
<b>Total equity/indices derivatives 31.12.2020</b>	<b>31,697.0</b>	<b>1,184.7</b>	<b>923.2</b>
Total equity/indices derivatives 31.12.2019	30,333.6	601.5	934.0
<b>Other derivatives</b>			
Futures	64.5	0.3	0.8
<b>Total other derivatives 31.12.2020</b>	<b>64.5</b>	<b>0.3</b>	<b>0.8</b>
Total other derivatives 31.12.2019	148.9	0.7	4.8

**Derivatives held for trading (continued)**

	Contract/ Notional amount CHF m	Positive replacement value CHF m	Negative replacement value CHF m
<b>Credit derivatives</b>			
Credit default swaps	110.1	0.2	1.3
Total return swaps	883.9	11.0	35.3
<b>Total credit derivatives 31.12.2020</b>	<b>994.0</b>	<b>11.2</b>	<b>36.6</b>
Total credit derivatives 31.12.2019	1,123.9	2.7	23.7
<b>Total derivatives held for trading 31.12.2020</b>	<b>188,553.4</b>	<b>2,556.6</b>	<b>2,698.1</b>
Total derivatives held for trading 31.12.2019	180,749.1	1,611.7	2,105.9

**Derivatives held for hedging**

**Derivatives designated as fair value hedges**

Interest rate swaps	1,184.3	19.7	11.9
<b>Total derivatives held for hedging 31.12.2020</b>	<b>1,184.3</b>	<b>19.7</b>	<b>11.9</b>
Total derivatives held for hedging 31.12.2019	2,079.1	31.5	14.7
<b>Total derivative financial instruments 31.12.2020</b>	<b>189,737.7</b>	<b>2,576.3</b>	<b>2,710.0</b>
Total derivative financial instruments 31.12.2019	182,828.2	1,643.2	2,120.6

## NOTE 24A FINANCIAL INSTRUMENTS – FAIR VALUES

### Financial assets

	Carrying value CHF m	31.12.2020 Fair value CHF m	Carrying value CHF m	31.12.2019 Fair value CHF m
<b>Financial assets measured at amortised cost</b>				
Cash	12,095.7	12,095.7	7,573.2	7,573.2
Due from banks	7,258.2	7,261.1	6,930.1	6,936.7
Loans	43,394.8	43,784.8	44,629.1	45,172.0
Accrued income	254.8	254.8	287.0	287.0
Other assets	5.3	5.3	10.5	10.5
<b>Total</b>	<b>63,008.8</b>	<b>63,401.7</b>	<b>59,429.9</b>	<b>59,979.4</b>
<b>Financial assets measured at FVTPL</b>				
Financial assets measured at FVTPL	13,557.6	13,557.6	13,819.6	13,819.6
Derivative financial instruments	2,576.3	2,576.3	1,643.2	1,643.2
Financial assets designated at fair value	252.2	252.2	287.5	287.5
<b>Total</b>	<b>16,386.1</b>	<b>16,386.1</b>	<b>15,750.3</b>	<b>15,750.3</b>
<b>Financial assets measured at FVOCI</b>				
Financial assets measured at FVOCI	13,653.0	13,653.0	13,028.3	13,028.3
<b>Total</b>	<b>13,653.0</b>	<b>13,653.0</b>	<b>13,028.3</b>	<b>13,028.3</b>
<b>Total financial assets</b>	<b>93,047.9</b>	<b>93,440.8</b>	<b>88,208.5</b>	<b>88,758.0</b>

### Financial liabilities

	Carrying value CHF m	31.12.2020 Fair value CHF m	Carrying value CHF m	31.12.2019 Fair value CHF m
<b>Financial liabilities at amortised costs</b>				
Due to banks	8,519.5	8,523.6	6,520.4	6,520.5
Due to customers	69,842.7	69,978.0	65,239.5	65,318.8
Accrued expenses	138.7	138.7	183.3	183.3
Other liabilities	4.6	4.6	1.7	1.7
<b>Total</b>	<b>78,505.5</b>	<b>78,644.9</b>	<b>71,944.9</b>	<b>72,024.3</b>
<b>Financial liabilities measured at FVTPL</b>				
Financial liabilities measured at FVTPL	896.5	896.5	613.8	613.8
Derivative financial instruments	2,710.0	2,710.0	2,120.6	2,120.6
Financial liabilities designated at fair value	13,154.8	13,154.8	13,281.1	13,281.1
<b>Total</b>	<b>16,761.3</b>	<b>16,761.3</b>	<b>16,015.5</b>	<b>16,015.5</b>
<b>Total financial liabilities</b>	<b>95,266.8</b>	<b>95,406.2</b>	<b>87,960.4</b>	<b>88,039.8</b>

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 and due to customers. For short-term financial instruments which 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 and due to customers. 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 Libor 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 Libor-based internal rate is used.

**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 24B for details regarding the valuation of these instruments.

## NOTE 24B 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 the majority of 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 reflecting market conditions.

*Financial assets measured at FVTPL and financial assets measured at FVOCI:* The Bank holds a limited number of shares in companies in adjacent business areas, which are measured at fair value through profit or loss. Additionally, the Bank holds shares in service providers such as SIX Swiss Exchange,

Euroclear and SWIFT, which are required for the operation of the Group and are reported as financial assets measured at FVOCI, with changes in the fair value recognised in other comprehensive income. The determination of the fair value of these financial instruments is based on the reported or published net asset value of the investees. The net asset values are adjusted by management for any necessary impacts from events which may have an influence on the valuation (adjusted net asset method). In 2020, dividends related to these investments in the amount of CHF 1.8 million (2019: CHF17.5 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, as well as any income related to the money market instruments, are recorded in the income statement. However, as the clients are entitled to all rewards related to the investments, these amounts net out in the respective line item in the income statement. Hence, any change in the valuation inputs has no impact on the Bank's income statement or shareholders' equity.

To measure the fair values of the private equity investments, the Bank generally relies on the valuations as provided by the respective private equity funds managing the investments. These funds in turn use their own valuation techniques, such as market approaches or income approaches, including their own input factors into the applied

models. Therefore, the private equity investments are reported in level 3 of the fair value hierarchy, as the fair values are determined based on models with unobservable market inputs. The related

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

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

	31.12.2020			
	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
<b>Assets and liabilities measured at fair value</b>				
Trading – debt instruments at FVTPL	2,866.2	298.8	232.9	3,397.9
Trading – equity instruments at FVTPL	8,222.9	1,886.4	50.4	10,159.7
<b>Total financial assets measured at FVTPL</b>	<b>11,089.1</b>	<b>2,185.2</b>	<b>283.3</b>	<b>13,557.6</b>
Foreign exchange derivatives	-	1,046.8	-	1,046.8
Interest rate derivatives	1.2	162.1	-	163.3
Precious metal derivatives	0.2	169.8	-	170.0
Equity/indices derivatives	28.4	1,156.3	-	1,184.7
Credit derivatives	-	11.2	-	11.2
Other derivatives	0.3	-	-	0.3
<b>Total derivative financial instruments</b>	<b>30.1</b>	<b>2,546.2</b>	<b>-</b>	<b>2,576.3</b>
<b>Financial assets designated at fair value</b>	<b>8.6</b>	<b>64.7</b>	<b>178.9</b>	<b>252.2</b>
Debt instruments at FVOCI	10,252.6	3,128.1	-	13,380.7
Equity instruments at FVOCI	-	-	272.3	272.3
<b>Financial assets measured at FVOCI</b>	<b>10,252.6</b>	<b>3,128.1</b>	<b>272.3</b>	<b>13,653.0</b>
<b>Total assets</b>	<b>21,380.4</b>	<b>7,924.2</b>	<b>734.5</b>	<b>30,039.1</b>
Short positions – debt instruments	217.0	22.5	-	239.5
Short positions – equity instruments	626.3	30.7	-	657.0
<b>Total financial liabilities measured at FVTPL</b>	<b>843.3</b>	<b>53.2</b>	<b>-</b>	<b>896.5</b>
Foreign exchange derivatives	4.8	1,320.8	-	1,325.6
Interest rate derivatives	0.1	189.2	-	189.3
Precious metal derivatives	1.7	232.8	-	234.5
Equity/indices derivatives	5.7	917.5	-	923.2
Credit derivatives	-	36.6	-	36.6
Other derivatives	0.8	-	-	0.8
<b>Total derivative financial instruments</b>	<b>13.1</b>	<b>2,696.9</b>	<b>-</b>	<b>2,710.0</b>
<b>Financial liabilities designated at fair value</b>	<b>-</b>	<b>12,889.8</b>	<b>265.0</b>	<b>13,154.8</b>
<b>Total liabilities</b>	<b>856.4</b>	<b>15,639.9</b>	<b>265.0</b>	<b>16,761.3</b>

For financial instruments measured at FVTPL, no material shifts between the fair value levels have occurred due to COVID-19.

	31.12.2019			
	Quoted market price Level 1 CHF m	Valuation technique market- observable inputs Level 2 CHF m	Valuation technique non-market- observable inputs Level 3 CHF m	Total CHF m
Assets and liabilities measured at fair value				
Trading – debt instruments at FVTPL	2,160.3	209.1	48.4	2,417.8
Trading – equity instruments at FVTPL	8,033.7	3,259.9	108.2	11,401.8
Total financial assets measured at FVTPL	10,194.0	3,469.0	156.6	13,819.6
Foreign exchange derivatives	-	780.9	-	780.9
Interest rate derivatives	0.7	132.2	-	132.9
Precious metal derivatives	0.2	124.3	-	124.5
Equity/indices derivatives	20.6	580.9	-	601.5
Credit derivatives	-	2.7	-	2.7
Other derivatives	0.7	-	-	0.7
Total derivative financial instruments	22.2	1,621.0	-	1,643.2
Financial assets designated at fair value	19.6	69.9	198.0	287.5
Debt instruments at FVOCI	9,582.6	3,211.8	-	12,794.4
Equity instruments at FVOCI	-	-	233.9	233.9
Financial assets measured at FVOCI	9,582.6	3,211.8	233.9	13,028.3
Total assets	19,818.4	8,371.7	588.5	28,778.6
Short positions – debt instruments	143.9	-	-	143.9
Short positions – equity instruments	453.9	16.0	-	469.9
Total financial liabilities measured at FVTPL	597.8	16.0	-	613.8
Foreign exchange derivatives	3.1	835.1	-	838.2
Interest rate derivatives	0.6	152.5	-	153.1
Precious metal derivatives	1.7	165.1	-	166.8
Equity/indices derivatives	7.0	927.0	-	934.0
Credit derivatives	-	23.7	-	23.7
Other derivatives	4.8	-	-	4.8
Total derivative financial instruments	17.2	2,103.4	-	2,120.6
Financial liabilities designated at fair value	-	12,983.4	297.7	13,281.1
Total liabilities	615.0	15,102.8	297.7	16,015.5



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

				31.12.2020
	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
<b>Financial assets and liabilities disclosed at fair value</b>				
Cash	12,095.7	-	-	12,095.7
Due from banks	-	7,261.1	-	7,261.1
Loans	-	43,784.8	-	43,784.8
Accrued income	-	254.8	-	254.8
Other assets	-	5.3	-	5.3
<b>Total assets</b>	<b>12,095.7</b>	<b>51,306.0</b>	<b>-</b>	<b>63,401.7</b>
Due to banks	-	8,523.6	-	8,523.6
Due to customers	-	69,978.0	-	69,978.0
Accrued expenses	-	138.7	-	138.7
Other liabilities	-	4.6	-	4.6
<b>Total liabilities</b>	<b>-</b>	<b>78,644.9</b>	<b>-</b>	<b>78,644.9</b>

				31.12.2019
	Quoted market price Level 1 CHF m	Valuation technique market- observable inputs Level 2 CHF m	Valuation technique non-market- observable inputs Level 3 CHF m	Total CHF m
<b>Financial assets and liabilities disclosed at fair value</b>				
Cash	7,573.2	-	-	7,573.2
Due from banks	-	6,936.7	-	6,936.7
Loans	-	45,172.0	-	45,172.0
Accrued income	-	287.0	-	287.0
Other assets	-	10.5	-	10.5
<b>Total assets</b>	<b>7,573.2</b>	<b>52,406.2</b>	<b>-</b>	<b>59,979.4</b>
Due to banks	-	6,520.5	-	6,520.5
Due to customers	-	65,318.8	-	65,318.8
Accrued expenses	-	183.3	-	183.3
Other liabilities	-	1.7	-	1.7
<b>Total liabilities</b>	<b>-</b>	<b>72,024.3</b>	<b>-</b>	<b>72,024.3</b>

NOTE 24C FINANCIAL INSTRUMENTS – TRANSFERS BETWEEN FAIR VALUE LEVEL 1  
 AND LEVEL 2

	<b>31.12.2020</b> <i>CHF m</i>	31.12.2019 <i>CHF m</i>
<b>Transfers from level 1 to level 2</b>		
Financial assets measured at FVTPL	14.1	195.5
Financial assets measured at FVOCI	42.4	39.0
Financial assets designated at fair value	5.6	-
Financial liabilities	0.5	-
<b>Transfers from level 2 to level 1</b>		
Financial assets measured at FVTPL	45.7	10.6
Financial assets measured at FVOCI	103.5	122.7

The transfers between level 1 and 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 25A 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, which are based on the Bank Economic Research's view regarding their probability of occurrence. The weightings used for the current year's ECL calculation are 70% for the baseline scenario, 15% for the downside scenario and 15% 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 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 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 by one notch of the internal rating up and down, using publicly available data sources for the respective PDs. The three scenarios are weighted based on the generally applied probabilities as used in the Bank's economic research view.

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, contingent liabilities 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 FVOCI), 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 as used in the Bank's economic research view. 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 the 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

					31.12.2020
	Moody's rating	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	Total CHF m
<b>Due from banks, at amortised cost</b>					
R1–R4: Low to medium risk		6,831.2	-	-	<b>6,831.2</b>
R5–R6: Increased risk		427.1	-	-	<b>427.1</b>
R7–R10: Impaired		-	-	-	<b>-</b>
Total		7,258.3	-	-	<b>7,258.3</b>
Loss allowance		-0.1	-	-	<b>-0.1</b>
<b>Carrying amount</b>		<b>7,258.2</b>	<b>-</b>	<b>-</b>	<b>7,258.2</b>
<b>Lombard loans, at amortised cost</b>					
R1–R4: Low to medium risk		34,908.4	25.4	-	<b>34,933.8</b>
R5–R6: Increased risk		1,741.3	207.1	-	<b>1,948.4</b>
R7–R10: Impaired		-	-	87.3	<b>87.3</b>
Total		36,649.7	232.5	87.3	<b>36,969.5</b>
Loss allowance		-2.5	-0.3	-71.6	<b>-74.4</b>
<b>Carrying amount</b>		<b>36,647.2</b>	<b>232.2</b>	<b>15.7</b>	<b>36,895.1</b>
<b>Mortgages, at amortised cost</b>					
R1–R4: Low to medium risk		6,132.1	306.6	-	<b>6,438.7</b>
R5–R6: Increased risk		16.2	20.2	-	<b>36.4</b>
R7–R10: Impaired		-	-	28.4	<b>28.4</b>
Total		6,148.3	326.8	28.4	<b>6,503.5</b>
Loss allowance		-1.0	-0.1	-2.7	<b>-3.8</b>
<b>Carrying amount</b>		<b>6,147.3</b>	<b>326.7</b>	<b>25.7</b>	<b>6,499.7</b>
<b>Debt instruments, at FVOCI</b>					
R1–R4: Low to medium risk	Aaa – Baa3	13,382.5	-	-	<b>13,382.5</b>
R5–R6: Increased risk	Ba1 – B3	-	-	-	<b>-</b>
R7–R10: Impaired	Caa1 – C	-	-	-	<b>-</b>
<b>Carrying amount</b>		<b>13,382.5</b>	<b>-</b>	<b>-</b>	<b>13,382.5</b>
Loss allowance		-1.8	-	-	<b>-1.8</b>

31.12.2019

	Moody's rating	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	Total CHF m
Due from banks, at amortised cost					
R1–R4: Low to medium risk		6,665.3	-	-	6,665.3
R5–R6: Increased risk		265.0	-	-	265.0
R7–R10: Impaired		-	-	-	-
Total		6,930.3	-	-	6,930.3
Loss allowance		-0.2	-	-	-0.2
Carrying amount		6,930.1	-	-	6,930.1
Lombard loans, at amortised cost					
R1–R4: Low to medium risk		36,256.1	48.4	-	36,304.5
R5–R6: Increased risk		1,386.3	295.7	-	1,682.0
R7–R10: Impaired		-	-	133.8	133.8
Total		37,642.4	344.1	133.8	38,120.3
Loss allowance		-4.5	-0.3	-34.1	-38.9
Carrying amount		37,637.9	343.8	99.7	38,081.4
Mortgages, at amortised cost					
R1–R4: Low to medium risk		6,083.0	432.8	-	6,515.8
R5–R6: Increased risk		-	23.3	-	23.3
R7–R10: Impaired		-	-	12.4	12.4
Total		6,083.0	456.1	12.4	6,551.5
Loss allowance		-0.6	-0.5	-2.7	-3.8
Carrying amount		6,082.4	455.6	9.7	6,547.7
Debt instruments, at FVOCI					
R1–R4: Low to medium risk	Aaa – Baa3	12,778.8	-	-	12,778.8
R5–R6: Increased risk	Ba1 – B3	-	16.9	-	16.9
R7–R10: Impaired	Caa1 – C	-	-	-	-
Carrying amount		12,778.8	16.9	-	12,795.7
Loss allowance		-1.2	-0.1	-	-1.3

The Bank's credit portfolio is prudently managed using a sophisticated credit risk framework. This approach ensured quality also under the COVID-19-related market stress and did not result in material additional credit losses.

For year-end reporting purposes, management has assessed the unprecedented situation and has exercised the appropriate judgement, including considering the guidance issued by the IASB and supervisory authorities.

Considering both quantitative and qualitative indicators, the Bank did not experience significant increases in credit risk; hence, no material movements in the stage allocation had to be recognised in the credit portfolio.

The macroeconomic scenarios used in the ECL calculation models have been reviewed in the light of the changed economic environment and the related uncertainty. As a consequence, the growth assumption (based on the gross domestic products) used in the baseline scenario has been increased

again for year-end reporting; this after the Bank has lowered it for the half-year reporting 2020 from a positive forecast in the year-end calculation 2019 to an assumed negative forecast for the following periods. The other input factors applied in the ECL calculation models did not have to be adjusted, as they proved to be reliable and robust. Likewise, and in line with external guidance, the models used for the ECL calculation have not been modified due to the pandemic.

Despite the COVID-19 pandemic, the ECL calculations did not reveal material additional losses to be recognised for year-end reporting 2020.

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 1,000	Lifetime ECL not credit-impaired (Stage 2) CHF 1,000	Lifetime ECL credit-impaired (Stage 3) CHF 1,000	<b>Total</b> CHF 1,000
<b>Due from banks, at amortised cost</b>				
Balance at 1 January 2020	0.2	-	-	<b>0.2</b>
Net remeasurement of loss allowance	-0.0	-	-	<b>-0.0</b>
New/increase financial assets	0.0	-	-	<b>0.0</b>
Financial assets that have been derecognised	-0.1	-	-	<b>-0.1</b>
Changes in models/risk parameters	0.0	-	-	<b>0.0</b>
<b>Balance at 31 December 2020</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.1</b>

### Lombard loans, at amortised cost

Balance at 1 January 2020	4.5	0.4	34.0	<b>38.9</b>
Transfer to/(from) 12-month ECL	0.0	-0.0	-	<b>-</b>
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	<b>-</b>
Transfer to/(from) lifetime ECL credit-impaired	-0.0	-	0.0	<b>-</b>
Net remeasurement of loss allowance	-21.4	0.0	47.2	<b>25.8</b>
New/increase financial assets	22.1	0.2	6.0 <sup>1</sup>	<b>28.3</b>
Financial assets that have been derecognised	-2.5	-0.3	-8.3	<b>-11.1</b>
Write-offs	-	-	-0.9	<b>-0.9</b>
Changes in models/risk parameters	-0.2	-0.0	-0.0	<b>-0.2</b>
Foreign exchange and other movements	-	-	-6.4	<b>-6.4</b>
<b>Balance at 31 December 2020</b>	<b>2.5</b>	<b>0.3</b>	<b>71.6</b>	<b>74.4</b>

### Mortgages, at amortised cost

Balance at 1 January 2020	0.6	0.5	2.7	<b>3.8</b>
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	<b>-</b>
Net remeasurement of loss allowance	-0.1	0.0	2.2	<b>2.1</b>
New/increase financial assets	0.9	0.1	-	<b>1.0</b>
Financial assets that have been derecognised	-0.3	-0.5	-2.2	<b>-3.0</b>
Changes in models/risk parameters	-0.1	0.0	-	<b>-0.1</b>
<b>Balance at 31 December 2020</b>	<b>1.0</b>	<b>0.1</b>	<b>2.7</b>	<b>3.8</b>

<sup>1</sup> Including outstanding accumulated interest.

	12-month ECL (Stage 1) CHF 1,000	Lifetime ECL not credit-impaired (Stage 2) CHF 1,000	Lifetime ECL credit-impaired (Stage 3) CHF 1,000	<b>Total</b> CHF 1,000
<b>Debt instruments, at FVOCI</b>				
Balance at 1 January 2020	1.2	0.1	-	<b>1.3</b>
Net remeasurement of loss allowance	-0.2	-	-	<b>-0.2</b>
New financial assets purchased	1.3	-	-	<b>1.3</b>
Financial assets that have been derecognised	-0.5	-0.1	-	<b>-0.6</b>
Changes in models/risk parameters	-0.0	-	-	<b>-0.0</b>
Foreign exchange and other movements	-0.0	-	-	<b>-0.0</b>
<b>Balance at 31 December 2020</b>	<b>1.8</b>	<b>-</b>	<b>-</b>	<b>1.8</b>

	12-month ECL (Stage 1) CHF 1,000	Lifetime ECL not credit-impaired (Stage 2) CHF 1,000	Lifetime ECL credit-impaired (Stage 3) CHF 1,000	Total CHF 1,000
Due from banks, at amortised cost				
Balance at 1 January 2019	0.4	-	-	0.4
Net remeasurement of loss allowance	-0.0	-	-	-0.0
New/increase financial assets	0.1	-	-	0.1
Financial assets that have been derecognised	-0.3	-	-	-0.3
Changes in models/risk parameters	0	-	-	0.0
Balance at 31 December 2019	0.2	-	-	0.2
Lombard loans, at amortised cost				
Balance at 1 January 2019	5.1	0.1	11.0	16.2
Transfer to/(from) 12-month ECL	0.0	-0.0	-	-
Transfer to/(from) lifetime ECL not credit-impaired	-0.1	0.1	-	-
Transfer to/(from) lifetime ECL credit-impaired	-0.0	-0.0	0.0	-
Net remeasurement of loss allowance	-0.2	0.3	17.6	17.7
New/increase financial assets	1.4	0.0	6.3 <sup>1</sup>	7.7
Financial assets that have been derecognised	-1.8	-0.1	-0.1	-2.0
Write-offs	-	-	-0.2	-0.2
Changes in models/risk parameters	0.1	0.0	0.0	0.1
Foreign exchange and other movements	-	-	-0.6	-0.6
Balance at 31 December 2019	4.5	0.4	34.0	38.9
Mortgages, at amortised cost				
Balance at 1 January 2019	1.1	1.5	4.6	7.2
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	-
Net remeasurement of loss allowance	-0.1	-0.5	0.3	-0.3
New/increase financial assets	0.0	-	-	0.0
Financial assets that have been derecognised	-0.5	-0.6	-1.6	-2.7
Write-offs	-	-	-0.6	-0.6
Changes in models/risk parameters	0.1	0.1	-	0.2
Balance at 31 December 2019	0.6	0.5	2.7	3.8
Debt instruments, at FVOCI				
Balance at 1 January 2019	2.0	0.1	-	2.1
Net remeasurement of loss allowance	-0.3	-0.0	-	-0.3
New financial assets purchased	0.5	-	-	0.5
Financial assets that have been derecognised	-1.0	-	-	-1.0
Changes in models/risk parameters	-0.0	-0.0	-	-0.0
Foreign exchange and other movements	-0.0	-0.0	-	-0.0
Balance at 31 December 2019	1.2	0.1	-	1.3

## NOTE 25B 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

	<b>31.12.2020</b> Gross maximum exposure CHF m	31.12.2019 Gross maximum exposure CHF m
Due from banks	<b>7,258.2</b>	6,930.1
Loans	<b>43,394.8</b>	44,629.1
Financial assets measured at FVTPL	<b>3,397.9</b>	2,417.7
Derivative financial instruments	<b>2,576.3</b>	1,643.2
Financial assets designated at fair value	<b>252.2</b>	287.5
Financial assets measured at FVOCI	<b>13,380.7</b>	12,794.4
Accrued income	<b>254.8</b>	287.0
Other assets	<b>5.3</b>	10.5
Total <sup>1</sup>	<b>70,520.2</b>	68,999.5
<b>Off-balance sheet</b>		
Irrevocable commitments <sup>2</sup>	<b>452.3</b>	500.6
<b>Total maximum exposure to credit risk</b>	<b>70,972.5</b>	69,500.1

<sup>1</sup> Cash, including balances held with central banks, is not considered a credit risk and hence excluded from all credit risk analysis.

<sup>2</sup> 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 25C 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.

	31.12.2020	31.12.2019
	CHF m	CHF m
<b>Loan-to-Value ratio (LTV)</b>		
<b>Lombard loans</b>		
Less than 50%	23,375.0	21,595.9
51–70%	9,244.2	10,653.0
71–90%	4,025.3	5,030.9
91–100%	200.6	660.9
More than 100%	34.3	41.0
<b>Total</b>	<b>36,879.4</b>	<b>37,981.7</b>
<b>Mortgages</b>		
Less than 50%	2,600.9	2,644.9
51–70%	3,198.3	3,288.2
71–90%	665.3	588.3
91–100%	9.4	16.6
More than 100%	-	-
<b>Total</b>	<b>6,473.9</b>	<b>6,538.0</b>
<b>Credit-impaired Lombard loans</b>		
Less than 50%	-	-
51–70%	-	-
71–100%	-	53.0
More than 100%	15.7	46.7
<b>Total</b>	<b>15.7</b>	<b>99.7</b>
<b>Credit-impaired mortgages</b>		
Less than 50%	-	-
51–70%	1.6	9.7
71–100%	24.2	-
More than 100%	-	-
<b>Total</b>	<b>25.8</b>	<b>9.7</b>

## NOTE 25D FINANCIAL INSTRUMENTS – OFFSETTING

As a wealth manager, the Bank aims to enter 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 over-the-counter 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 right of set-off 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. As 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:* As 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 1,264.2 million (2019: CHF 94.2 million) and the cash collateral received in securities lending and repurchase transactions in the amount of CHF 334.6 million (2019: CHF 329.5 million) as disclosed in Note 22 are not offset with the respective counterparty positions in the balance sheet.

*Derivative financial instruments:* The derivative financial instruments consist of over-the-counter as well as exchange-traded derivatives. The majority of over-the-counter derivatives in the total amount of CHF 2,009.8 million (positive replacement values) and CHF 2,008.1 million (negative replacement values) are subject to an enforceable netting agreement. Transactions with other banks are generally collateralised with other financial instruments (derivatives) which 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 26 MARKET RISK MEASURES

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. Refer to the comment on risk management/market risk section for the relevant background information related to the Bank's market risk.

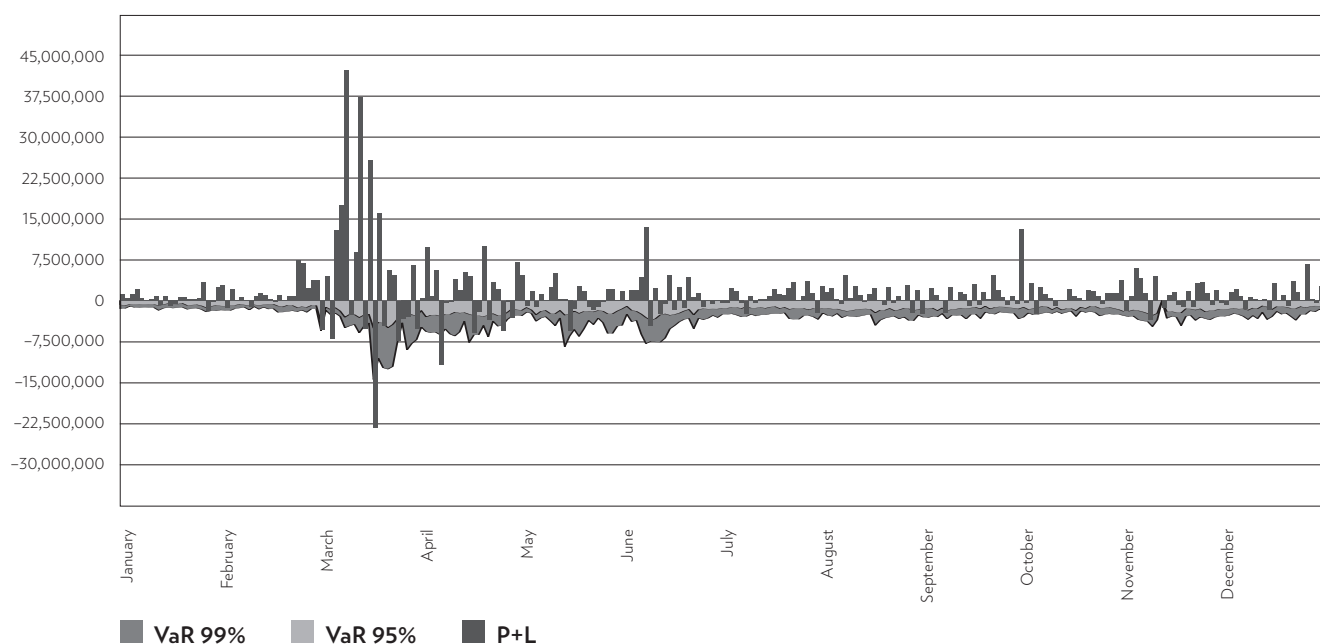
### Market risk measurement, market risk limitation, back testing and stress testing

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. The VaR of the Group amounted to CHF 0.94 million on 31 December 2020 and

CHF 0.78 million on 31 December 2019 (one-day holding period, 95% confidence interval).

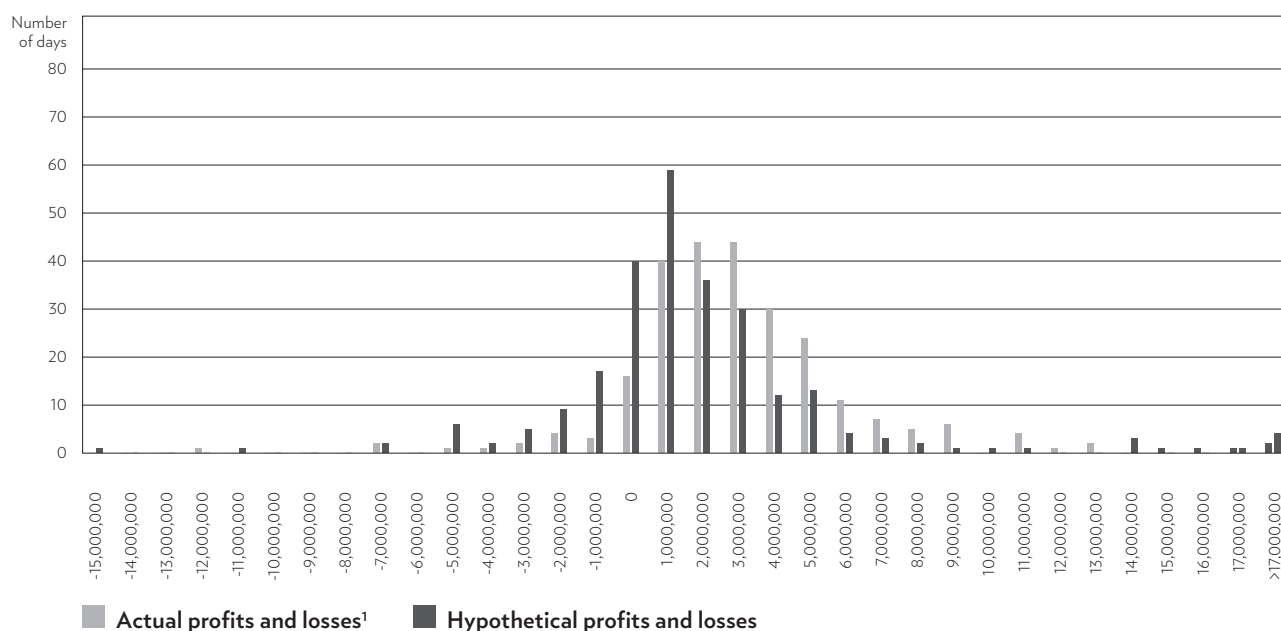
The maximum VaR recorded in 2020 amounted to CHF 5.07 million; the minimum was CHF 0.51 million (CHF 4.01 million and CHF 0.65 million in 2019). The adequacy of the VaR calculation, which is based on historical market movements, is monitored through regular back testing. This involves the comparison of the VaR values calculated each day with the hypothetical gains or losses which 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 2020 (at confidence intervals of 95% and 99% and for a one-day holding period) compared with these hypothetical gains or losses. A back-testing excession 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 2020 (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 2020 (CHF)



<sup>1</sup> Pure trading revenues excluding commissions and fees

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.

At the beginning of 2020, the preceding 12-month period contained one back-testing exception that fell out of the observation period during the course of 2020. During the COVID-19 pandemic additional six back-testing exceptions were registered. The drivers for all six exceptions were exceptional market movements in terms of equity prices and volatilities, which were extreme compared to what the Bank has

experienced over the last 12 months. In November an additional exceed was recorded due to a technical issue in data delivery from a front office trading system. As of 31 December 2020, the overall number of back-testing exceptions stands therefore at seven.

According to Circular 2008/20, FINMA may disregard individual exceptions if the institution is able to prove that these exceptions are not attributable to a lack of precision of the risk aggregation model. FINMA has used this discretion according to FINMA Guidance 06/2020 so that the back-testing exceptions caused by the COVID-19 pandemic will not lead to an increase of VaR capital multipliers. As such, the VaR capital multiplier applied by the Bank remained constant based on one exception for the 12-month period since 31 December 2019.



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). The Group's stress-based VaR amounted to CHF 3.82 million on 31 December 2020 and CHF 1.10 million on 31 December 2019 (for a one-day holding period and a 95% confidence interval). The maximum stress-based VaR recorded in 2020 amounted to CHF 6.77 million; the minimum was CHF 0.78 million (CHF 4.44 million and CHF 0.85 million in 2019). Under FINMA regulations, the capital requirement for market risk is the sum of the normal VaR and the stress-based VaR.

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 website [www.juliusbaer.com](http://www.juliusbaer.com) (this will be available at the end of April 2021).

Given the limited materiality of the positions concerned, 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.

The following table is a summary of the VaR positions of the Bank's trading portfolios:

**Market risk – VaR positions by risk type**

	At 31 December CHF 1,000	Average CHF 1,000	Maximum CHF 1,000	<b>2020</b> Minimum CHF 1,000
Equities	<b>-82</b>	<b>-831</b>	<b>-3,451</b>	<b>1</b>
Interest rates	<b>-1,379</b>	<b>-971</b>	<b>-1,642</b>	<b>-657</b>
Foreign exchange/precious metals	<b>-199</b>	<b>-413</b>	<b>-1,545</b>	<b>4</b>
Effects of correlation	<b>720</b>			
<b>Total</b>	<b>-940</b>	<b>-1,719</b>	<b>-5,073</b>	<b>-511</b>

	At 31 December CHF 1,000	Average CHF 1,000	Maximum CHF 1,000	2019 Minimum CHF 1,000
Equities	-428	-509	-1,973	10
Interest rates	-944	-795	-1,152	-541
Foreign exchange/precious metals	-92	-529	-1,272	-6
Effects of correlation	682			
Total	-782	-1,340	-4,013	-652

## NOTE 27 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 2020. 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, though 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	<b>Total</b> CHF 1,000
<b>Interest sensitivity by time bands and 100 bp parallel increase</b>						
<b>CHF</b>						
<b>2020</b>	<b>8,668</b>	<b>-551</b>	<b>27,536</b>	<b>38,648</b>	<b>-51,927</b>	<b>22,374</b>
2019	6,898	995	21,778	38,410	-888	67,193
<b>USD</b>						
<b>2020</b>	<b>11,338</b>	<b>-5,246</b>	<b>9,703</b>	<b>39,923</b>	<b>8,007</b>	<b>63,725</b>
2019	4,190	-5,115	-2,500	46,634	64	43,273
<b>EUR</b>						
<b>2020</b>	<b>4,848</b>	<b>-4,663</b>	<b>-8,475</b>	<b>4,801</b>	<b>-8,628</b>	<b>-12,117</b>
2019	4,266	-4,552	-13,910	39,961	-560	25,205
<b>Other</b>						
<b>2020</b>	<b>2,491</b>	<b>-4,264</b>	<b>901</b>	<b>27,287</b>	<b>-353</b>	<b>26,062</b>
2019	836	-5,011	76	28,197	-6	24,092

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 -118.6 million at the end of 2020 (2019: CHF -85.9 million).

### **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 mortgages. 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 the 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 due to clearing or 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.

			<b>31.12.2020</b>
	Hedges of time deposits (single hedges) CHF m	Hedges of mortgages (single hedges) CHF m	Hedges of mortgages (portfolio hedges) CHF m
<b>Hedged items</b>			
Amortised cost value	<b>635.1</b>	<b>20.4</b>	<b>526.0</b>
Accumulated amount of fair value hedge adjustment on the hedged item included in the carrying amount of the hedged item	<b>18.9</b>	<b>0.8</b>	<b>35.6</b>
<b>Carrying amount hedged items</b>	<b>654.0</b>	<b>21.2</b>	<b>561.6</b>
<b>Hedging instruments - interest rate swaps</b>			
Notional amount (overall average fixed interest rate: 1.31%)	<b>636.3</b>		
- <i>whereof remaining maturity 1–5 years (average fixed interest rate: 1.48%)</i>	<b>548.0</b>		
- <i>whereof remaining maturity &gt; 5 years (average fixed interest rate: 0.3%)</i>	<b>88.4</b>		
Notional amount (overall average fixed interest rate: -0.31%)		<b>18.0</b>	
- <i>whereof remaining maturity &gt; 5 years (average fixed interest rate: -0.31%)</i>		<b>18.0</b>	
Notional amount (overall average fixed interest rate: 0.57%)			<b>530.0</b>
- <i>whereof remaining maturity &lt; 1 year (average fixed interest rate: -0.09%)</i>			<b>120.0</b>
- <i>whereof remaining maturity 1–5 years (average fixed interest rate: 0.77%)</i>			<b>410.0</b>
- <i>whereof remaining maturity &gt; 5 years (average fixed interest rate: -0.25%)</i>			-
Positive replacement value	<b>19.7</b>	-	- <sup>1</sup>
- <i>related notional amount</i>	<b>548.0</b>	-	-
Negative replacement value	<b>-0.3</b>	<b>-0.1</b>	<b>-11.5</b> <sup>1</sup>
- <i>related notional amount</i>	<b>88.4</b>	<b>18.0</b>	<b>530.0</b>
<b>Hedge effectiveness testing and related ineffectiveness</b>			
Change in fair value of hedged item used for calculation of hedge ineffectiveness	<b>-18.9</b>	<b>0.8</b>	<b>-0.7</b>
Change in fair value of interest rate swaps used for calculation of hedge ineffectiveness	<b>19.4</b>	<b>-0.1</b>	<b>0.6</b> <sup>1</sup>
<b>Amount of hedge ineffectiveness recognised in the income statement</b>	<b>0.5</b>	<b>0.7</b>	<b>-0.1</b>
<b>Termination of hedge relationship</b>			
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	-	-	<b>36.3</b>

<sup>1</sup> 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	31.12.2019 Hedges of mortgages (portfolio hedges) CHF m
<b>Hedged items</b>			
Amortised cost value	898.5	20.7	1,166.0
Accumulated amount of fair value hedge adjustment on the hedged item included in the carrying amount of the hedged item	13.9	0.4	41.8
Carrying amount hedged items	912.4	21.1	1,207.8
<b>Hedging instruments - interest rate swaps</b>			
Notional amount (overall average fixed interest rate: 1.88%)	901.1		
- <i>whereof remaining maturity 1–5 years (average fixed interest rate: 2.53%)</i>	324.0		
- <i>whereof remaining maturity &gt; 5 years (average fixed interest rate: 1.51%)</i>	577.1		
Notional amount (overall average fixed interest rate: -0.31%)		18.0	
- <i>whereof remaining maturity &gt; 5 years (average fixed interest rate: -0.31%)</i>		18.0	
Notional amount (overall average fixed interest rate: 0.38%)			1,160.0
- <i>whereof remaining maturity &lt; 1 year (average fixed interest rate: 0.72%)</i>			50.0
- <i>whereof remaining maturity 1–5 years (average fixed interest rate: 0.43%)</i>			1,010.0
- <i>whereof remaining maturity &gt; 5 years (average fixed interest rate: -0.25%)</i>			100.0
Positive replacement value	14.2	0.3	17.0 <sup>1</sup>
- <i>related notional amount</i>	901.1	18.0	455.0
Negative replacement value			-14.7 <sup>1</sup>
- <i>related notional amount</i>			705.0
<b>Hedge effectiveness testing and related ineffectiveness</b>			
Change in fair value of hedged item used for calculation of hedge ineffectiveness	-13.9	0.4	-4.1
Change in fair value of interest rate swaps used for calculation of hedge ineffectiveness	14.2	0.3	4.4 <sup>1</sup>
Amount of hedge ineffectiveness recognised in the income statement	0.3	0.7	0.3
<b>Termination of hedge relationship</b>			
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	-	-	45.9

<sup>1</sup> 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.

### 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, as there are no single derivatives or classes of derivatives for which the contractual maturities are relevant for 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
<b>Financial liabilities recognised on balance sheet</b>						
Due to banks	7,906.9	940.1	9.8	2.2	-	<b>8,859.0</b>
Due to customers	61,411.6	5,396.5	1,280.5	1,672.4	307.9	<b>70,068.9</b>
Financial liabilities measured at FVTPL	896.5	-	-	-	-	<b>896.5</b>
Derivative financial instruments	2,698.1	0.1	0.3 <sup>1</sup>	11.1 <sup>1</sup>	0.4 <sup>1</sup>	<b>2,710.0</b>
Financial liabilities designated at fair value	3,089.6	4,698.5	3,024.5	2,156.5	338.3	<b>13,307.4</b>
Accrued expenses	-	138.7	-	-	-	<b>138.7</b>
Other liabilities	-	4.6	-	-	-	<b>4.6</b>
<b>Total 31.12.2020</b>	<b>76,002.7</b>	<b>11,178.5</b>	<b>4,315.1</b>	<b>3,842.2</b>	<b>646.6</b>	<b>95,985.1</b>
Due to banks	5,222.2	1,196.1	100.0	2.2	-	6,520.5
Due to customers	42,807.4	18,497.9	2,486.7	864.3	857.8	65,514.1
Financial liabilities measured at FVTPL	613.8	-	-	-	-	613.8
Derivative financial instruments	2,087.0	0.3	0.5 <sup>1</sup>	29.6 <sup>1</sup>	3.2 <sup>1</sup>	2,120.6
Financial liabilities designated at fair value	2,528.4	5,675.2	2,736.8	1,990.8	500.2	13,431.4
Accrued expenses	-	183.3	-	-	-	183.3
Other liabilities	-	1.7	-	-	-	1.7
<b>Total 31.12.2019</b>	<b>53,258.8</b>	<b>25,554.5</b>	<b>5,324.0</b>	<b>2,886.9</b>	<b>1,361.2</b>	<b>88,385.4</b>
<b>Financial liabilities not recognised on balance sheet</b>						
Irrevocable commitments <sup>2</sup>	361.3	0.4	29.6	54.9	6.1	<b>452.3</b>
<b>Total 31.12.2020</b>	<b>361.3</b>	<b>0.4</b>	<b>29.6</b>	<b>54.9</b>	<b>6.1</b>	<b>452.3</b>
<b>Total 31.12.2019</b>	<b>473.1</b>	<b>10.2</b>	<b>11.4</b>	<b>5.9</b>	<b>-</b>	<b>500.6</b>

<sup>1</sup> These derivatives are not held for trading but for hedging purposes.

<sup>2</sup> These amounts reflect the maximum payments the Bank is committed to making.

## NOTE 28A COMPANIES CONSOLIDATED

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

## NOTE 28B 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, umbrella funds and similar vehicles in the legal form of limited partnerships (L.P.), which are invested in segregated portfolios or feeder funds. All the L.P. serve as investment vehicles for the Bank's clients. The Bank generally acts as investment manager and custodian bank and also holds the management shares of the L.P. 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 limited partnerships.



## NOTE 29 ACQUISITIONS

The following transaction was executed:

### **Aktiengesellschaft formerly Waser Söhne & Cie, Werdmühle Altstetten**

In January 2019, the Bank acquired the Zurich-based Aktiengesellschaft formerly Waser Söhne & Cie from its parent company Julius Baer Group Ltd. The transaction was accounted for as a common control transaction, meaning that the book values of the transferred assets and liabilities have not

been adjusted. The equity (net asset value) of the acquired company was recognised as addition in the Bank's capital reserves and reflects the capital contribution from the parent.

The business acquired has been fully integrated into the existing Bank structure. Therefore the Bank is not able to disclose any income statement impacts of the acquired Aktiengesellschaft formerly Waser Söhne & Cie business on the Bank's financial statements.

The assets and liabilities of Aktiengesellschaft formerly Waser Söhne & Cie were recorded as follows (unchanged since 2019):

	Fair value CHF 1,000
<b>Purchase price</b>	
Capital contribution in kind	15,144
<b>Total</b>	15,144
<b>Assets acquired</b>	
Due from banks	11,047
All other assets	28,500
<b>Total</b>	39,547
<b>Liabilities assumed</b>	
Due to banks	24,000
All other liabilities	403
<b>Total</b>	24,403

## NOTE 30 SHARE-BASED PAYMENTS AND OTHER COMPENSATION PLANS

The programmes described below reflect the plan landscape as at 31 December 2020. 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 one-third tranches, subject to continued employment, and accrued over a three-year plan period. The DCP may be granted during 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).

#### *Deferred Bonus Plan*

Similar to the DCP, the Deferred Bonus Plan (DBP) promotes sound business activities by remaining subject to forfeiture (as from performance year 2019) 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 one-fifth tranches, 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 its 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 one-third tranches over a three-year plan period. 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 key employees. The EPP 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 remains with Julius Baer for three years after the grant (through a cliff-vesting mechanism). The performance of the two KPIs determines 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), with low-level performance leading to potential 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. 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 may be made by granting individuals an equity-based LTI.

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 Bank 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.

#### **Financing of share plans**

Julius Baer Group Ltd. hedges its liabilities from share-based payments by purchasing the shares from the market on grant date through the Loteco Foundation. Until vesting, the granted shares are administered by the foundation. The Bank finances these shares purchased by the Loteco Foundation. At the end of the reporting period the Bank recognised the amount of CHF 53.6 million (2019: CHF 59.4 million) as 'prefinanced share-based payments' included in other assets. This asset will be recovered over the vesting period by way of a capital distribution representing the recharge of share-based payments made by the Loteco Foundation.

In the reporting period this capital distribution amounted to CHF 52.9 million (2019: CHF 50.3 million).

To the extent that the prefinanced share-based payments will not result in vested share-based payments the asset will be recovered in cash from the Loteco Foundation.

The expense related to prefinanced share-based payments amounts to CHF 52.5 million (2019: CHF 50.8 million).

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

		<b>31.12.2020</b>		31.12.2019
	Number of units	Number of units Total	Number of units	Number of units Total
	Economic Profit	Shareholder Return	Economic Profit	Shareholder Return
<b>Equity Performance Plan</b>				
Unvested units outstanding, at the beginning of the year	<b>786,068</b>	<b>786,068</b>	608,643	608,643
Granted during the year	<b>257,991</b>	<b>257,991</b>	404,484	404,484
Exercised during the year	<b>-197,186</b>	<b>-197,187</b>	-181,165	-181,165
Forfeited during the year	<b>-8,568</b>	<b>-8,567</b>	-45,894	-45,894
Unvested units outstanding, at the end of the year	<b>838,305</b>	<b>838,305</b>	786,068	786,068

	<b>31.12.2020</b>	31.12.2019
<b>Premium Share Plan</b>		
Unvested shares outstanding, at the beginning of the year	<b>867,228</b>	820,096
Granted during the year	<b>436,080</b>	499,283
Vested during the year	<b>-371,425</b>	-384,820
Transferred (net) during the year	<b>1,846</b>	447
Forfeited during the year	<b>-24,533</b>	-67,778
Unvested shares outstanding, at the end of the year	<b>909,196</b>	867,228
Weighted average fair value per share granted (CHF)	<b>49.19</b>	40.58
Fair value of outstanding shares at the end of the year (CHF 1,000)	<b>46,369</b>	43,301

	31.12.2020	31.12.2019
<b>Long-Term Incentive Plan</b>		
Unvested shares outstanding, at the beginning of the year	485,123	408,889
Granted during the year	163,224	315,034
Vested during the year	-161,262	-210,034
Transferred (net) during the year	-	1,846
Forfeited during the year	-38,064	-30,612
Unvested shares outstanding, at the end of the year	449,021	485,123
Weighted average fair value per share awarded (CHF)	44.98	42.74
Fair value of outstanding shares at the end of the year (CHF 1,000)	22,900	24,222

	31.12.2020	31.12.2019
<b>Staff Participation Plan</b>		
Unvested shares outstanding, at the beginning of the year	108,552	104,751
Granted during the year	67,530	47,909
Vested during the year	-38,501	-39,654
Transferred (net) during the year	-304	-371
Forfeited during the year	-1,831	-4,083
Unvested shares outstanding, at the end of the year	135,446	108,552
Weighted average fair value per share granted (CHF)	34.32	42.65
Fair value of outstanding shares at the end of the year (CHF 1,000)	6,908	5,420

Compensation expense recognised for the various share plans are:

	31.12.2020 CHF m	31.12.2019 CHF m
<b>Compensation expense</b>		
Equity Performance Plan	22.0	21.4
Premium Share Plan	19.5	17.9
Long-Term Incentive Plan	9.0	9.7
Staff Participation Plan	2.0	1.8
<b>Total</b>	<b>52.5</b>	<b>50.8</b>

## NOTE 31 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 the assets for which the investment decision is made by the client himself. Both assets with 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**

	<b>2020</b> CHF m	2019 CHF m	Change %
Assets with discretionary mandate	<b>50,675</b>	48,168	5.2
Other assets under management	<b>301,713</b>	296,925	1.6
<b>Total assets under management (including double counting)</b>	<b>352,388</b>	345,093	2.1
<i>of which double counting</i>	<b>14,349</b>	9,462	51.6
Change through net new money	<b>11,367</b>	10,219	
Change through market and currency impacts	<b>-3,547</b>	31,582	
Change through divestment	<b>-517<sup>1</sup></b>	-2,080 <sup>1</sup>	
Change through other effects	<b>-8<sup>2</sup></b>	-3,698 <sup>2</sup>	
Client assets	<b>424,213</b>	418,081	1.5

<sup>2</sup> Assets under management were affected by the Bank's decision to discontinue its offering to clients from a number of selected countries.

<sup>3</sup> Includes assets which have been reclassified following the completed roll-out of the new client advisory models in Switzerland.

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, for example 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**

	2020 %	2019 %
<b>By types of investment</b>		
Equities	30	29
Bonds (including convertible bonds)	18	21
Investment funds	25	23
Money market instruments	2	4
Client deposits	18	17
Structured products	5	5
Other	2	1
<b>Total</b>	<b>100</b>	<b>100</b>

<b>By currencies</b>		
CHF	11	11
EUR	15	16
USD	53	52
GBP	5	5
SGD	2	2
HKD	5	4
Other	9	10
<b>Total</b>	<b>100</b>	<b>100</b>



## NOTE 32 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, 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.

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.

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.

## NOTE 33 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 2020 financial year.

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



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Report of the Statutory Auditor to the General Meeting of Shareholders of  
**Bank Julius Baer & Co. Ltd., Zurich**

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## 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 2020 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows (pages 4 to 107) for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank as at 31 December 2020, 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 Auditing Standards. 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.

### 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 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.



**Bank Julius Baer & Co. Ltd., Zurich**  
Statutory Auditor's Report on the Audit of  
the Consolidated Financial Statements to  
the General Meeting Consolidated  
Financial Statements 2020

### **Responsibility of the Board of Directors 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 Swiss Auditing Standards 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 Swiss Auditing Standards, 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.



**Bank Julius Baer & Co. Ltd., Zurich**  
Statutory Auditor's Report on the Audit of  
the Consolidated Financial Statements to  
the General Meeting Consolidated  
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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.

**Report on Other Legal and Regulatory Requirements**

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 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 2021

## V. BJB CONSOLIDATED FINANCIAL STATEMENTS

## V. BJB KONSOLIDIERTE FINANZINFORMATIONEN

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## FINANCIAL STATEMENTS

### INCOME STATEMENT

	Note	2020 CHF 1,000	2019 CHF 1,000	Change CHF 1,000	Change %
Interest and discount income		<b>544,205</b>	891,517	-347,312	-39.0
Interest and dividend income on trading portfolios		<b>248,954</b>	335,890	-86,936	-25.9
Interest and dividend income on financial investments		<b>144,013</b>	239,984	-95,971	-40.0
Interest expense		<b>205,327</b>	682,034	-476,707	-69.9
Gross result on interest operations	1	<b>731,845</b>	785,357	-53,512	-6.8
Changes in value adjustments for default risks and losses from interest operations and losses on the interest business		<b>-36,717</b>	-14,158	-22,559	159.3
Subtotal net result on interest operations		<b>695,128</b>	771,199	-76,071	-9.9
Commission income on securities trading and investment activities		<b>1,798,227</b>	1,622,476	175,751	10.8
Commission income on lending activities		<b>20,782</b>	8,431	12,351	146.5
Commission income on other services		<b>42,403</b>	70,482 <sup>1</sup>	-28,079	-39.8
Commission expense		<b>505,087</b>	452,267	52,820	11.7
Subtotal result on commission business and services		<b>1,356,325</b>	1,249,122	107,203	8.6
Result on trading activities and the fair value option	2	<b>686,917</b>	487,734	199,183	40.8
Result from the sale of financial investments		<b>161</b>	23,845	-23,684	-99.3
Income from participations		<b>218</b>	-	218	-
Real estate income		<b>5,099</b>	6,902	-1,803	-26.1
Other ordinary income		<b>67,844</b>	173,465 <sup>1</sup>	-105,621	-60.9
Other ordinary expenses		<b>9,711</b>	1,334	8,377	-
Subtotal other result from ordinary activities		<b>63,611</b>	202,878	-139,267	-68.6
<b>Operating income</b>		<b>2,801,981</b>	2,710,933	91,048	3.4
Personnel expenses	3	<b>1,147,333</b>	1,247,829	-100,496	-8.1
General expenses	4	<b>658,406</b>	631,504	26,902	4.3
Subtotal operating expenses		<b>1,805,739</b>	1,879,333	-73,594	-3.9
Depreciation and amortisation	14	<b>238,020</b>	242,236	-4,216	-1.7
Provisions and losses	5, 19	<b>80,517</b>	191,103	-110,586	-57.9
<b>Operating result</b>		<b>677,705</b>	398,261	279,444	70.2
Taxes	6	<b>122,768</b>	104,383	18,385	17.6
<b>Net profit/loss</b>		<b>554,937</b>	293,878	261,059	88.8

<sup>1</sup> The 2019 numbers have been aligned to the improved structure of commission reporting.

## BALANCE SHEET

	Note	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
<b>Assets</b>					
Cash		<b>12,095,674</b>	7,573,152	4,522,522	59.7
Due from banks	9	<b>5,993,990</b>	6,835,885	-841,895	-12.3
Due from securities transactions	7	<b>1,264,198</b>	94,196	1,170,002	-
Due from customers	9	<b>36,895,087</b>	38,081,397	-1,186,310	-3.1
Mortgages	9	<b>6,477,916</b>	6,520,096	-42,180	-0.6
Trading portfolios	10	<b>17,841,636</b>	15,201,746	2,639,890	17.4
Positive replacement values of derivative financial instruments	12	<b>2,576,313</b>	1,643,235	933,078	56.8
Financial assets designated at fair value	11	<b>252,178</b>	287,533	-35,355	-12.3
Financial investments	13	<b>13,328,885</b>	12,788,092	540,793	4.2
Accrued income and prepaid expenses		<b>300,302</b>	327,292	-26,990	-8.2
Participations		-	1,910	-1,910	-100.0
Tangible fixed assets	14	<b>903,649</b>	839,994	63,655	7.6
Intangible assets	14	<b>502,025</b>	633,308	-131,283	-20.7
Other assets	15	<b>2,071,259</b>	2,301,625	-230,366	-10.0
<b>Total assets</b>	23	<b>100,503,112</b>	93,129,461	7,373,651	7.9
Total subordinated claims		<b>456,330</b>	380,145	76,185	20.0
<i>of which with conversion obligation and/or claims waiver</i>		<b>89,771</b>	69,622	20,149	28.9

	Note	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
<b>Liabilities and equity</b>					
Due to banks		<b>8,184,861</b>	6,190,941	1,993,920	32.2
Due to securities transactions	7	<b>334,610</b>	329,475	5,135	1.6
Due to customers		<b>69,823,795</b>	65,225,563	4,598,232	7.0
Trading liabilities	10	<b>896,520</b>	613,778	282,742	46.1
Negative replacement values of derivative financial instruments	12	<b>2,710,008</b>	2,120,631	589,377	27.8
Financial liabilities designated at fair value	11	<b>13,150,748</b>	13,281,080	-130,332	-1.0
Accrued expenses and deferred income		<b>696,347</b>	710,448	-14,101	-2.0
Other liabilities	16	<b>226,934</b>	244,757	-17,823	-7.3
Provisions	19	<b>172,535</b>	310,971	-138,436	-44.5
<b>Liabilities</b>		<b>96,196,358</b>	89,027,644	7,168,714	8.1
Share capital	20	<b>575,000</b>	575,000	-	-
Statutory capital reserve		<b>1,932,546</b>	1,932,546	-	-
<i>of which tax-exempt capital contribution reserve</i>		<b>1,916,640</b>	1,916,640	-	-
Statutory retained earnings reserve		<b>577,023</b>	542,023	35,000	6.5
Voluntary retained earnings reserve		<b>667,155</b>	758,155	-91,000	-12.0
Profit carried forward		<b>93</b>	215	-122	-56.7
Net profit/loss		<b>554,937</b>	293,878	261,059	88.8
<b>Equity</b>		<b>4,306,754</b>	4,101,817	204,937	5.0
<b>Total liabilities and equity</b>		<b>100,503,112</b>	93,129,461	7,373,651	7.9
Total subordinated liabilities		<b>480,000</b>	480,000	-	-
<i>of which with conversion obligation and/or claims waiver</i>		<b>480,000</b>	480,000	-	-



## OFF-BALANCE SHEET TRANSACTIONS

	Note	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
<b>Contingent liabilities</b>	26	<b>1,090,719</b>	1,509,160	-418,441	-27.7
<b>Irrevocable commitments</b>	27	<b>452,292</b>	500,606	-48,314	-9.7
<b>Obligation to make additional contributions</b>	28	-	50	-50	-100.0
<b>Unused tax losses carried forward</b>	29	-	3,760	-3,760	-100.0
<b>Fiduciary transactions</b>	30	<b>7,104,764</b>	12,552,548	-5,447,784	-43.4

## PROPOSAL OF THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING

	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
Net profit	<b>554,937</b>	293,878	261,059	88.8
Profit carried forward	<b>93</b>	215	-122	-56.7
Disposable profit	<b>555,030</b>	294,093	260,937	88.7
<b>Appropriation of profit</b>				
Allocation to statutory retained earnings reserve	<b>36,000</b>	35,000	1,000	2.9
Allocation to voluntary retained earnings reserve	<b>159,000</b>	-	159,000	-
Allocation from voluntary retained earnings reserve	-	91,000	-91,000	-
Dividend payment	<b>360,000</b>	350,000	10,000	2.9
<b>Total appropriation of profit</b>	<b>555,000</b>	294,000	261,000	88.8
<b>Profit carried forward</b>	<b>30</b>	93	-63	-67.7

## STATEMENT OF CHANGES IN EQUITY

At 1 January 2019

Allocation to statutory retained earnings reserve

Allocation to voluntary retained earnings reserve

Bank Julius Baer & Co. Ltd. dividend payment

Total profit appropriation 2019

Net profit

Capital contribution<sup>1</sup>

Share-based payments expensed for the year

Distribution to the parent related to share-based payments for the year

At 31 December 2019

**At 1 January 2020**

Allocation to statutory retained earnings reserve

Allocation from voluntary retained earnings reserve

Bank Julius Baer & Co. Ltd. dividend payment

Total profit appropriation 2020

Net profit

Share-based payments expensed for the year

Distribution to the parent related to share-based payments for the year

**At 31 December 2020**

<sup>1</sup> In January 2019, the Bank acquired Zurich-based Aktiengesellschaft formerly Waser Söhne & Cie, Werdmühle Altstetten from its parent company Julius Baer Group Ltd. The transaction was accounted for as a common control transaction, meaning that the book values of the transferred assets and liabilities have not been adjusted. The equity (net asset value) of the acquired company was recognised as addition in the Bank's capital reserves and reflects the capital contribution from the parent.

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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	1,917,402	502,023	706,155	492,215	4,192,795
-	-	40,000	-	-40,000	-
-	-	-	52,000	-52,000	-
-	-	-	-	-400,000	-400,000
-	-	40,000	52,000	-492,000	-400,000
-	-	-	-	293,878	293,878
-	15,144	-	-	-	15,144
-	-	-	-	50,778	50,778
-	-	-	-	-50,778	-50,778
575,000	1,932,546	542,023	758,155	294,093	4,101,817
<b>575,000</b>	<b>1,932,546</b>	<b>542,023</b>	<b>758,155</b>	<b>294,093</b>	<b>4,101,817</b>
-	-	35,000	-	-35,000	-
-	-	-	-91,000	91,000	-
-	-	-	-	-350,000	-350,000
-	-	35,000	-91,000	-294,000	-350,000
-	-	-	-	554,937	554,937
-	-	-	-	52,495	52,495
-	-	-	-	-52,495	-52,495
<b>575,000</b>	<b>1,932,546</b>	<b>577,023</b>	<b>667,155</b>	<b>555,030</b>	<b>4,306,754</b>

## COMMENT ON RISK MANAGEMENT

The content in the Annual Report 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 2020 of Julius Baer Group Ltd.

### KEY FIGURES<sup>1</sup>

	2020	2019
<b>Available capital (CHF m)</b>		
Common Equity Tier 1 capital (CET1)	3,444.7	3,116.6
Tier 1 capital	3,924.7	3,596.5
Total capital	4,057.8	3,695.5
<b>Risk weighted assets (RWA) (CHF m)</b>		
RWA	19,320.4	18,187.6
Minimum capital requirements	1,545.6	1,455.0
<b>Risk-based capital ratios as a percentage of RWA</b>		
Common equity tier 1 capital ratio (%)	17.8	17.1
Tier 1 capital ratio (%)	20.3	19.8
Total capital ratio (%)	21.0	20.3
<b>Additional CET1 buffer requirements as a percentage of RWA</b>		
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 (%)	0.1	0.3
Total of Bank CET1 specific buffer requirements as per the Basel minimal standards (%)	2.6	2.8
CET1 available after meeting the Bank's minimum capital requirements as per the Basel minimal standards (%)	13.0	12.3
<b>Target capital ratios according to appendix 8 CAO (% of RWA)</b>		
Capital buffer according to appendix 8 CAO (%)	4.0	4.0
Countercyclical capital buffer (art. 44 and 44a CAO) (%)	0.1	0.5
CET1 target ratio (%) according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO	7.9	8.3
Tier 1 target ratio (%) according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO	9.7	10.1
Total capital target ratio (%) according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO	12.1	12.5
<b>Basel III leverage ratio</b>		
Total Basel III leverage ratio exposure measure (CHF m)	92,145.2	94,407.0
Basel III leverage ratio (%)	4.3	3.8
<b>Liquidity coverage ratio</b>		
Total HQLA (CHF m)	20,918.5	12,684.1
Total net cash outflow (CHF m)	13,582.0	8,467.7
LCR ratio (%)	154.0	149.8

<sup>1</sup> Row structur 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: determining 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, except as outlined at the end of this summary of significant accounting policies addressing implemented changes in accounting policies.

#### 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	
	31.12.2020	31.12.2019	2020	2019
USD/CHF	0.8839	0.9682	0.9340	0.9930
EUR/CHF	1.0816	1.0870	1.0705	1.1110
GBP/CHF	1.2083	1.2827	1.2060	1.2720

### 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) and
- 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 impairment 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, only after foreclosure sale of the pledged assets 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 and hedging**

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.

The Bank continues to apply IAS 39 for hedge accounting, as permitted by IFRS 9. The Bank uses derivative financial instruments for hedging the fair values (fair value hedges) or the net investments in foreign operations (net investment hedges) when transactions meet the specified criteria to obtain hedge accounting treatment. Derivatives categorised as serving such purposes on their trade date are treated as hedging instruments in the financial statements if they fulfil the following criteria:

- existence of documentation that specifies the underlying transaction (balance sheet item or cash flow), the hedging instrument as well as the hedging strategy/relationship;
- effective and reliably measurable elimination of the hedged risks through the hedging transaction during the entire reporting period;
- sustained high effectiveness of the hedging transaction. A hedge is regarded as highly effective if actual results are within a range of 80% to 125%; and
- high probability of the underlying forecast transaction.

*Fair value hedges:* Changes in the fair value of derivatives that are designated and qualify as fair value hedges are reported in the income statement. The changes in the fair value of the hedged item that are attributable to the risk hedged with the derivative are reflected in an adjustment to the carrying value of the hedged item and are also recognised in the income statement.

When fair value hedge accounting is discontinued prospectively, any hedging adjustment made previously to a hedged financial instrument is amortised to the income statement over the remaining term to maturity of the hedged item.

*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 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.

### **Participations**

Participations are investments in the equity of enterprises which are intended as a long-term investment irrespective of the percentage of voting shares held. They are recognised at initial cost less economically necessary depreciation.

### **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.

### **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.

### **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. Share capital

### **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**

As of 1 January 2020, the Bank applied the new FINMA Accounting Ordinance (Rechnungslegungsverordnung-FINMA; RelV-FINMA) and the Guidelines of the Financial Market Supervisory Authority (FINMA) Circular 2020/1 'Accounting Banks', which replaced the previously applied FINMA Circular 2015/1 'Accounting Banks'. As permitted in this new framework, the Bank applies the rules of IFRS 9 Financial instruments for the accounting of expected credit losses (ECL), including the related disclosure requirements. The application of the new accounting policy had no impact on the financial statements. The 2019 numbers are presented in the new format; however, the numbers did not have to be adjusted.

Apart from the ECL policy, the new framework did not result in any amendments to the existing accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 GROSS RESULT ON INTEREST OPERATIONS

	2020 CHF 1,000	2019 CHF 1,000	Change CHF 1,000	Change %
Interest income on cash	-38,308	-15,926	-22,382	-140.5
<i>of which negative interest</i>	-38,308	-15,926	-22,382	-140.5
Interest income on amounts due from banks	8,546	47,741	-39,195	-82.1
<i>of which negative interest</i>	-1,124	-435	-689	-158.4
Interest income on loans	573,967	859,702	-285,735	-33.2
<i>of which negative interest</i>	-883	-680	-203	-29.9
Interest income on financial investments	142,202	222,504	-80,302	-36.1
Total interest income using the effective interest method	686,407	1,114,021	-427,614	-38.4
Dividend income on financial investments	1,811	17,480	-15,669	-89.6
Interest income on trading portfolios	19,276	142,294	-123,018	-86.5
Dividend income on trading portfolios	229,678	193,596	36,082	18.6
Total interest and dividend income	937,172	1,467,391	-530,219	-36.1
Interest expense	205,327	682,034	-476,707	-69.9
<i>of which negative interest</i>	-26,862	-21,761	-5,101	-23.4
Total interest expense using the effective interest method	205,327	682,034	-476,707	-69.9
<b>Total</b>	<b>731,845</b>	<b>785,357</b>	<b>-53,512</b>	<b>-6.8</b>

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

	2020 CHF 1,000	2019 CHF 1,000	Change CHF 1,000	Change %
Debt instruments	-83,169	-4,182	-78,987	-
Equity instruments	132,746	-65,476	198,222	-
Foreign exchange	637,340	557,392	79,948	14.3
<b>Total</b>	<b>686,917</b>	<b>487,734</b>	<b>199,183</b>	<b>40.8</b>

In each case, the item includes results from trading in the corresponding derivative instruments.

### NOTE 3 PERSONNEL EXPENSES

	2020 CHF 1,000	2019 CHF 1,000	Change CHF 1,000	Change %
Salaries and bonuses	<b>958,664</b>	947,031	11,633	1.2
Contributions to retirement plans (defined benefits)	<b>82,633</b>	77,567	5,066	6.5
Contributions to staff pension plans (defined contributions)	<b>20,809</b>	21,521	-712	-3.3
Change in net defined pension plans liability	<b>-54,606</b>	57,000	-111,606	-
Other social security contributions	<b>69,197</b>	65,109	4,088	6.3
Share-based payments	<b>52,495</b>	50,778	1,717	3.4
Other personnel expenses	<b>18,141</b>	28,823	-10,682	-37.1
<b>Total</b>	<b>1,147,333</b>	1,247,829	-100,496	-8.1

### NOTE 4 GENERAL EXPENSES

	2020 CHF 1,000	2019 CHF 1,000	Change CHF 1,000	Change %
Occupancy expense	<b>62,876</b>	58,975	3,901	6.6
IT and other equipment expense	<b>77,808</b>	71,963	5,845	8.1
Information, communication and advertising expense	<b>130,324</b>	156,125	-25,801	-16.5
Service expense, fees and taxes	<b>386,741</b>	343,385	43,356	12.6
<i>of which fees of audit firm</i>				
- Audit fees	<b>3,571</b>	4,410	-839	-19.0
- Other fees	<b>1,353</b>	927	426	46.0
Other general expenses	<b>657</b>	1,056	-399	-37.8
<b>Total</b>	<b>658,406</b>	631,504	26,902	4.3

## NOTE 5 PROVISIONS AND LOSSES

	<b>2020</b> CHF 1,000	2019 CHF 1,000	Change CHF 1,000	Change %
Operating losses	<b>6,950</b>	8,962	-2,012	-22.5
Provision legal risks	<b>73,567</b>	182,141	-108,574	-59.6
<b>Total</b>	<b>80,517</b>	191,103	-110,586	-57.9

## NOTE 6 TAXES

	<b>2020</b> CHF 1,000	2019 CHF 1,000	Change CHF 1,000	Change %
Income taxes	<b>118,968</b>	100,383	18,585	18.5
Capital taxes	<b>3,800</b>	4,000	-200	-5.0
<b>Total</b>	<b>122,768</b>	104,383	18,385	17.6

On a total of CHF 677.7 million (2019: CHF 398.3 million) of net profit before taxes, Bank Julius Baer & Co. Ltd. recognised CHF 122.8 million (2019: CHF 104.4 million) of taxes which leads to an effective tax rate of 18.1% (2019: 26.2%).



## NOTE 7 SECURITIES LENDING AND BORROWING TRANSACTIONS / REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS

	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
<b>Receivables</b>				
Receivables from cash collateral provided in securities borrowing transactions	6,210	94,196	-87,986	-93.4
Receivables from cash collateral provided in reverse repurchase transactions	1,257,988	-	1,257,988	-
<b>Total</b>	<b>1,264,198</b>	94,196	1,170,002	1,242.1
<b>Obligations</b>				
Obligations to return cash collateral received in securities lending transactions	252,112	309,262	-57,150	-18.5
Obligations to return cash collateral received in repurchase transactions	82,498	20,213	62,285	308.1
<b>Total</b>	<b>334,610</b>	329,475	5,135	1.6
<b>Securities collateral</b>				
Own securities lent as well as securities provided as collateral for borrowed securities under securities borrowing and repurchase transactions	1,092,179	1,359,746	-267,567	-19.7
<i>of which securities the right to pledge or sell has been granted without restriction</i>	1,092,179	1,359,746	-267,567	-19.7
<i>of which recognised in trading assets</i>	952,753	1,219,930	-267,177	-21.9
<i>of which recognised in financial investments</i>	139,426	139,816	-390	-0.3
Securities borrowed as well as securities received as collateral for loaned securities under securities lending and reverse repurchase transactions	4,267,602	1,815,759	2,451,843	135.0
<i>of which repledged</i>	3,241,645	1,318,784	1,922,861	145.8
<i>of which resold</i>	460,283	320,469	139,814	43.6

## 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.

### 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, which are based on the Bank Economic Research's view regarding their probability of occurrence. The weightings used for the current year's ECL calculation are 70% for the baseline scenario, 15% for the downside scenario and 15% 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 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 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 by one notch of the internal rating up and

down, using publicly available data sources for the respective PDs. The three scenarios are weighted based on the generally applied probabilities as used in the Bank's economic research view.

**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, resulting in a 'PD determination tree'. 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, contingent liabilities 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 FVOCI), 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 as used in the Bank's economic research view. 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 the 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

					31.12.2020
	Moody's rating	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	Total CHF m
<b>Due from banks, at amortised cost</b>					
R1–R4: Low to medium risk		5,567.0	-	-	5,567.0
R5–R6: Increased risk		427.1	-	-	427.1
R7–R10: Impaired		-	-	-	-
Total		5,994.1	-	-	5,994.1
Loss allowance		-0.1	-	-	-0.1
<b>Carrying amount</b>		<b>5,994.0</b>	<b>-</b>	<b>-</b>	<b>5,994.0</b>
<b>Due from customers, at amortised cost</b>					
R1–R4: Low to medium risk		34,908.4	25.4	-	34,933.8
R5–R6: Increased risk		1,741.3	207.1	-	1,948.4
R7–R10: Impaired		-	-	93.1	93.1
Total		36,649.7	232.5	93.1	36,975.3
Loss allowance		-2.5	-0.3	-77.4	-80.2
<b>Carrying amount</b>		<b>36,647.2</b>	<b>232.2</b>	<b>15.7</b>	<b>36,895.1</b>
<b>Mortgages, at amortised cost</b>					
R1–R4: Low to medium risk		6,110.2	306.6	-	6,416.8
R5–R6: Increased risk		16.2	20.2	-	36.4
R7–R10: Impaired		-	-	28.5	28.5
Total		6,126.4	326.8	28.5	6,481.7
Loss allowance		-1.0	-0.1	-2.7	-3.8
<b>Carrying amount</b>		<b>6,125.4</b>	<b>326.7</b>	<b>25.8</b>	<b>6,477.9</b>
<b>Financial investments (debt instruments)</b>					
R1–R4: Low to medium risk	Aaa – Baa3	13,249.2	-	-	13,249.2
R5–R6: Increased risk	Ba1 – B3	-	-	-	-
R7–R10: Impaired	Caa1 – C	-	-	-	-
<b>Carrying amount</b>		<b>13,249.2</b>	<b>-</b>	<b>-</b>	<b>13,249.2</b>
Loss allowance		-1.8	-	-	-1.8

31.12.2019

	Moody's rating	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	Total CHF m
Due from banks, at amortised cost					
R1–R4: Low to medium risk		6,571.1	-	-	6,571.1
R5–R6: Increased risk		265.0	-	-	265.0
R7–R10: Impaired		-	-	-	-
Total		6,836.1	-	-	6,836.1
Loss allowance		-0.2	-	-	-0.2
Carrying amount		6,835.9	-	-	6,835.9
Due from customers, at amortised cost					
R1–R4: Low to medium risk		36,256.1	48.4	-	36,304.5
R5–R6: Increased risk		1,386.3	295.7	-	1,682.0
R7–R10: Impaired		-	-	140.1	140.1
Total		37,642.4	344.1	140.1	38,126.6
Loss allowance		-4.5	-0.3	-40.4	-45.2
Carrying amount		37,637.9	343.8	99.7	38,081.4
Mortgages, at amortised cost					
R1–R4: Low to medium risk		6,055.4	432.8	-	6,488.2
R5–R6: Increased risk		-	23.2	-	23.2
R7–R10: Impaired		-	-	12.4	12.4
Total		6,055.4	456.0	12.4	6,523.8
Loss allowance		-0.6	-0.5	-2.7	-3.8
Carrying amount		6,054.8	455.5	9.7	6,520.0
Financial investments (debt instruments)					
R1–R4: Low to medium risk	Aaa – Baa3	12,725.5	-	-	12,725.5
R5–R6: Increased risk	Ba1 – B3	-	17.0	-	17.0
R7–R10: Impaired	Caa1 – C	-	-	-	-
Carrying amount		12,725.5	17.0	-	12,742.5
Loss allowance		-1.2	-0.1	-	-1.3

The Bank's credit portfolio is prudently managed using a sophisticated credit risk framework. This approach ensured quality also under the COVID-19-related market stress and did not result in material additional credit losses.

For year-end reporting purposes, management has assessed the unprecedented situation and has exercised the appropriate judgement, including considering the guidance issued by the IASB and supervisory authorities.

Considering both quantitative and qualitative indicators, the Bank did not experience significant increases in credit risk; hence, no material movements in the stage allocation had to be recognised in the credit portfolio.

The macroeconomic scenarios used in the ECL calculation models have been reviewed in the light of the changed economic environment and the related uncertainty. As a consequence, the growth

assumption (based on the gross domestic products) used in the baseline scenario has been increased again for year-end reporting; this after the Bank has lowered it for the half-year reporting 2020 from a positive forecast in the year-end calculation 2019 to an assumed negative forecast for the following periods. The other input factors applied in the ECL calculation models did not have to be adjusted, as they proved to be reliable and robust. Likewise, and in line with external guidance, the models used for the ECL calculation have not been modified due to the pandemic.

Despite the COVID-19 pandemic, the ECL calculations did not reveal material additional losses to be recognised for year-end reporting 2020.

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 1,000	Lifetime ECL not credit-impaired (Stage 2) CHF 1,000	Lifetime ECL credit-impaired (Stage 3) CHF 1,000	Total CHF 1,000
<b>Due from banks, at amortised cost</b>				
Balance at 1 January 2020	0.2	-	-	<b>0.2</b>
Net remeasurement of loss allowance	-0.0	-	-	<b>-0.0</b>
New/increase financial assets	0.0	-	-	<b>0.0</b>
Financial assets that have been derecognised	-0.1	-	-	<b>-0.1</b>
Changes in models/risk parameters	0.0	-	-	<b>0.0</b>
<b>Balance at 31 December 2020</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.1</b>

### Due from customers, at amortised cost

Balance at 1 January 2020	4.5	0.4	40.3	<b>45.2</b>
Transfer to/(from) 12-month ECL	0.0	-0.0	-	<b>-</b>
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	<b>-</b>
Transfer to/(from) lifetime ECL credit-impaired	-0.0	-	0.0	<b>-</b>
Net remeasurement of loss allowance	-21.4	0.0	47.2	<b>25.8</b>
New/increase financial assets	22.1	0.2	6.0 <sup>1</sup>	<b>28.3</b>
Financial assets that have been derecognised	-2.5	-0.3	-8.3	<b>-11.1</b>
Write-offs	-	-	-0.9	<b>-0.9</b>
Changes in models/risk parameters	-0.2	-0.0	-0.0	<b>-0.2</b>
Foreign exchange and other movements	-	-	-6.9	<b>-6.9</b>
<b>Balance at 31 December 2020</b>	<b>2.5</b>	<b>0.3</b>	<b>77.4</b>	<b>80.2</b>

### Mortgages, at amortised cost

Balance at 1 January 2020	0.6	0.5	2.7	<b>3.8</b>
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	<b>-</b>
Net remeasurement of loss allowance	-0.1	0.0	2.2	<b>2.1</b>
New/increase financial assets	0.9	0.1	-	<b>1.0</b>
Financial assets that have been derecognised	-0.3	-0.5	-2.2	<b>-3.0</b>
Write-offs	-	-	-	<b>-</b>
Changes in models/risk parameters	-0.1	0.0	-	<b>-0.1</b>
<b>Balance at 31 December 2020</b>	<b>1.0</b>	<b>0.1</b>	<b>2.7</b>	<b>3.8</b>

<sup>1</sup> 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	<b>Total</b> CHF m
<b>Financial investments available-for-sale</b>				
Balance at 1 January 2020	1.2	0.1	-	<b>1.3</b>
Net remeasurement of loss allowance	-0.2	-	-	<b>-0.2</b>
New financial assets purchased	1.3	-	-	<b>1.3</b>
Financial assets that have been derecognised	-0.5	-0.1	-	<b>-0.6</b>
Changes in models/risk parameters	-0.0	-	-	<b>-0.0</b>
Foreign exchange and other movements	-0.0	-	-	<b>-0.0</b>
<b>Balance at 31 December 2020</b>	<b>1.8</b>	<b>-</b>	<b>-</b>	<b>1.8</b>

	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 2019	0.4	-	-	0.4
Net remeasurement of loss allowance	-0.0	-	-	-0.0
New/increase financial assets	0.1	-	-	0.1
Financial assets that have been derecognised	-0.3	-	-	-0.3
Changes in models/risk parameters	0.0	-	-	0.0
Balance at 31 December 2019	0.2	-	-	0.2
Due from customers, at amortised cost				
Balance at 1 January 2019	5.1	0.1	17.4	22.6
Transfer to/(from) 12-month ECL	0.0	-0.0	-	-
Transfer to/(from) lifetime ECL not credit-impaired	-0.1	0.1	-	-
Transfer to/(from) lifetime ECL credit-impaired	-0.0	-0.0	0.0	-
Net remeasurement of loss allowance	-0.2	0.3	17.6	17.7
New/increase financial assets	1.4	0.0	6.3 <sup>1</sup>	7.7
Financial assets that have been derecognised	-1.8	-0.1	-0.1	-2.0
Write-offs	-	-	-0.2	-0.2
Changes in models/risk parameters	0.1	0.0	0.0	0.1
Foreign exchange and other movements	-	-	-0.7	-0.7
Balance at 31 December 2019	4.5	0.4	40.3	45.2
Mortgages, at amortised cost				
Balance at 1 January 2019	1.1	1.5	4.6	7.2
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	-
Net remeasurement of loss allowance	-0.1	-0.5	0.3	-0.3
New/increase financial assets	0.0	-	-	0.0
Financial assets that have been derecognised	-0.5	-0.6	-1.6	-2.7
Write-offs	-	-	-0.6	-0.6
Changes in models/risk parameters	0.1	0.1	-	0.2
Balance at 31 December 2019	0.6	0.5	2.7	3.8
Financial investments available-for-sale				
Balance at 1 January 2019	2.0	0.1	-	2.1
Net remeasurement of loss allowance	-0.3	-0.0	-	-0.3
New financial assets purchased	0.5	-	-	0.5
Financial assets that have been derecognised	-1.0	-	-	-1.0
Changes in models/risk parameters	-0.0	-0.0	-	-0.0
Foreign exchange and other movements	-0.0	-0.0	-	-0.0
Balance at 31 December 2019	1.2	0.1	-	1.3

<sup>1</sup> Including outstanding accumulated interest.

## NOTE 9 LISTING OF COLLATERAL

	Type of collateral			Total CHF 1,000
	Mortgage collateral CHF 1,000	Other collateral CHF 1,000	Without collateral CHF 1,000	
<b>Balance sheet items<sup>1</sup></b>				
Due from banks	-	3,496,011	2,498,069	<b>5,994,080</b>
Due from customers	-	36,063,089	912,206	<b>36,975,295</b>
Mortgages	6,477,388	1,620	2,670	<b>6,481,678</b>
<i>of which residential real estate</i>	<i>5,978,010</i>	<i>-</i>	<i>-</i>	<b><i>5,978,010</i></b>
<i>of which office and business premises</i>	<i>109,818</i>	<i>-</i>	<i>-</i>	<b><i>109,818</i></b>
<i>of which trade and industrial property</i>	<i>389,560</i>	<i>-</i>	<i>-</i>	<b><i>389,560</i></b>
<i>of which other</i>	<i>-</i>	<i>1,620</i>	<i>2,670</i>	<b><i>4,290</i></b>
<b>Total gross balance sheet items 31.12.2020</b>	<b>6,477,388</b>	<b>39,560,720</b>	<b>3,412,945</b>	<b>49,451,053</b>
Total gross balance sheet items 31.12.2019	6,521,625	42,730,746	2,234,106	51,486,477

<sup>1</sup> 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	-	1,075,420	15,299	<b>1,090,719</b>
Irrevocable commitments	-	270,492	181,800	<b>452,292</b>
<b>Total off-balance sheet items 31.12.2020</b>	<b>-</b>	<b>1,345,912</b>	<b>197,099</b>	<b>1,543,011</b>
Total off-balance sheet items 31.12.2019	-	1,821,384	188,432	2,009,816

	Gross claims CHF 1,000	Estimated proceeds from liquidation of collateral CHF 1,000	Net claims CHF 1,000	Loss allowances CHF 1,000
<b>Impaired receivables 31.12.2020</b>	<b>119,598</b>	<b>39,466</b>	<b>80,132</b>	<b>80,084</b>
Impaired receivables 31.12.2019	150,475	107,477	42,998	42,954

## NOTE 10 TRADING PORTFOLIOS

	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
<b>Trading assets</b>				
Debt instruments	3,397,877	2,417,732	980,145	40.5
<i>of which quoted</i>	2,664,756	2,143,393	521,363	24.3
<i>of which unquoted</i>	733,121	274,339	458,782	167.2
Equity instruments	10,155,654	11,401,849	-1,246,195	-10.9
<i>of which quoted</i>	8,223,052	8,033,710	189,342	2.4
<i>of which unquoted</i>	1,932,602	3,368,139	-1,435,537	-42.6
Precious metals	4,288,105	1,382,165	2,905,940	210.2
<b>Total</b>	17,841,636	15,201,746	2,639,890	17.4
<i>of which measurement is based on a valuation model</i>	6,473,273	4,851,166	1,622,107	33.4
<i>of which repo-eligible securities</i>	10,837	49,449	-38,612	-78.1
<b>Trading liabilities</b>				
Short positions - debt	239,512	143,935	95,577	66.4
<i>of which quoted</i>	222,110	138,852	83,258	60.0
<i>of which unquoted</i>	17,402	5,083	12,319	242.4
Short positions - equity	657,008	469,843	187,165	39.8
<i>of which quoted</i>	626,284	453,886	172,398	38.0
<i>of which unquoted</i>	30,724	15,957	14,767	92.5
<b>Total</b>	896,520	613,778	282,742	46.1
<i>of which measurement is based on a valuation model</i>	53,238	15,957	37,281	233.6

## NOTE 11 FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
<b>Financial assets designated at fair value</b>				
Financial investments	<b>252,178</b>	287,533	-35,355	-12.3
<i>of which private equity</i>	<b>178,903</b>	198,060	-19,157	-9.7
<i>of which funds</i>	<b>73,275</b>	89,473	-16,198	-18.1
<b>Total</b>	<b>252,178</b>	287,533	-35,355	-12.3
<i>of which measurement is based on a valuation model</i>	<b>243,643</b>	267,960	-24,317	-9.1
<b>Financial liabilities designated at fair value</b>				
Issued certificates	<b>2,060,696</b>	1,686,013	374,683	22.2
<i>of which interest instruments</i>	<b>279,553</b>	120,936	158,617	131.2
<i>of which equity instruments</i>	<b>1,781,143</b>	1,565,077	216,066	13.8
Structured products	<b>11,090,052</b>	11,595,067	-505,015	-4.4
<i>of which interest instruments</i>	<b>8,278,434</b>	8,810,497	-532,063	-6.0
<i>of which equity instruments</i>	<b>1,620,529</b>	1,422,689	197,840	13.9
<i>of which foreign exchange instruments</i>	<b>1,191,089</b>	1,361,881	-170,792	-12.5
<b>Total</b>	<b>13,150,748</b>	13,281,080	-130,332	-1.0
<i>of which measurement is based on a valuation model</i>	<b>13,150,748</b>	13,281,080	-130,332	-1.0

## NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS

### Derivatives held for trading

	31.12.2020			31.12.2019		
	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
<b>Interest rate derivatives</b>						
Swaps	131.5	167.9	22,735	91.9	130.8	20,220
Futures	1.2	0.1	211	0.7	0.6	354
Options (OTC)	10.9	9.4	261	8.8	7.0	299
<b>Total</b>	<b>143.6</b>	<b>177.4</b>	<b>23,207</b>	<b>101.4</b>	<b>138.4</b>	<b>20,873</b>
<b>Foreign exchange derivatives</b>						
Forward contracts	753.6	1,055.6	95,263	541.2	633.6	85,116
Combined interest rate/currency swaps	2.3	20.3	910	17.3	22.4	1,986
Futures	-	4.8	249	-	3.1	183
Options (OTC)	290.9	244.9	26,634	222.4	179.1	30,808
<b>Total</b>	<b>1,046.8</b>	<b>1,325.6</b>	<b>123,056</b>	<b>780.9</b>	<b>838.2</b>	<b>118,093</b>
<b>Precious metals derivatives</b>						
Forward contracts	43.6	77.7	2,733	33.9	31.7	2,365
Futures	0.2	1.7	40	0.2	1.7	336
Options (OTC)	126.2	99.0	5,151	90.5	72.7	6,384
Options (traded)	-	56.1	1,611	-	60.7	1,091
<b>Total</b>	<b>170.0</b>	<b>234.5</b>	<b>9,535</b>	<b>124.6</b>	<b>166.8</b>	<b>10,176</b>
<b>Equity/indices derivatives</b>						
Futures	28.4	5.7	864	20.5	7.0	1,020
Options (OTC)	620.0	284.8	11,418	256.9	220.7	13,264
Options (traded)	536.4	632.7	19,415	324.0	706.3	16,050
<b>Total</b>	<b>1,184.8</b>	<b>923.2</b>	<b>31,697</b>	<b>601.4</b>	<b>934.0</b>	<b>30,334</b>
<b>Credit derivatives</b>						
Credit default swaps	0.2	1.3	110	1.8	3.0	281
Total return swaps	11.0	35.3	884	0.9	20.7	843
<b>Total</b>	<b>11.2</b>	<b>36.6</b>	<b>994</b>	<b>2.7</b>	<b>23.7</b>	<b>1,124</b>
<b>Other derivatives</b>						
Futures	0.2	0.8	65	0.7	4.8	149
<b>Total</b>	<b>0.2</b>	<b>0.8</b>	<b>65</b>	<b>0.7</b>	<b>4.8</b>	<b>149</b>
<b>Total derivatives held for trading</b>	<b>2,556.6</b>	<b>2,698.1</b>	<b>188,554</b>	<b>1,611.7</b>	<b>2,105.9</b>	<b>180,749</b>

## Derivatives held for hedging

	31.12.2020			31.12.2019		
	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
<b>Interest rate derivatives</b>						
Swaps	19.7	11.9	1,184	31.5	14.7	2,079
<b>Total</b>	19.7	11.9	1,184	31.5	14.7	2,079
<b>Total derivatives held for hedging</b>	19.7	11.9	1,184	31.5	14.7	2,079
<b>Total derivative financial instruments</b>	2,576.3	2,710.0	189,738.0	1,643.2	2,120.6	182,828.0

	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
<b>Analysis according to remaining life</b>						
up to 12 months	2,078.4	2,193.5	169,276	1,305.1	1,709.0	167,356
1 to 5 years	426.8	432.1	19,168	271.1	344.1	13,867
over 5 years	71.1	84.4	1,294	67.0	67.5	1,605
<b>Total</b>	2,576.3	2,710.0	189,738	1,643.2	2,120.6	182,828
<i>of which measurement is based on a valuation model</i>	2,546.2	2,696.9		1,621.0	2,103.4	
<i>after netting</i>	2,576.3	2,710.0		1,643.2	2,120.6	

	31.12.2020			31.12.2019		
	Central clearing houses CHF m	Banks and brokers CHF m	Other clients CHF m	Central clearing houses CHF m	Banks and brokers CHF m	Other clients CHF m
<b>After netting</b>						
Positive replacement value after netting	545.4	990.9	1,040.0	-	1,087.3	555.9
<b>Total</b>	545.4	990.9	1,040.0	-	1,087.3	555.9

## NOTE 13A FINANCIAL INVESTMENTS

	31.12.2020 Carrying value CHF 1,000	31.12.2019 Carrying value CHF 1,000	31.12.2020 Fair value CHF 1,000	31.12.2019 Fair value CHF 1,000
Government and agency bonds	4,226,945	4,980,822	4,254,605	4,996,337
Financial institution bonds	5,204,675	4,553,828	5,261,375	4,575,826
Corporate bonds	3,815,788	3,206,513	3,864,687	3,222,189
<b>Debt instruments</b>	<b>13,247,408</b>	<b>12,741,163</b>	<b>13,380,667</b>	<b>12,794,352</b>
<i>of which quoted</i>	<i>8,785,711</i>	<i>8,658,707</i>	<i>8,903,652</i>	<i>8,703,466</i>
<i>of which unquoted</i>	<i>4,461,697</i>	<i>4,082,456</i>	<i>4,477,015</i>	<i>4,090,886</i>
<i>of which valued at lower of cost or fair value</i>	<i>13,247,408</i>	<i>12,741,163</i>	<i>13,380,667</i>	<i>12,794,352</i>
<b>Equity instruments</b>	<b>81,477</b>	<b>46,929</b>	<b>272,346</b>	<b>233,931</b>
<i>of which unquoted</i>	<i>81,477</i>	<i>46,929</i>	<i>272,346</i>	<i>233,931</i>
<b>Total</b>	<b>13,328,885</b>	<b>12,788,092</b>	<b>13,653,013</b>	<b>13,028,283</b>
<i>of which repo-eligible securities</i>	<i>696,349</i>	<i>654,119</i>		

## NOTE 13B FINANCIAL INVESTMENTS – CREDIT RATINGS

			31.12.2020 CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000
<b>Debt instruments by the Bank's credit rating classes</b>	<b>Fitch, S&amp;P</b>	<b>Moody's</b>			
1-2	AAA – AA-	Aaa – Aa3	7,817,274	8,312,524	-495,250
3	A+ – A-	A1 – A3	4,974,763	3,880,013	1,094,750
4	BBB+ – BBB-	Baa1 – Baa3	455,371	531,701	-76,330
5	BB+ – BB-	Ba1 – Ba3	-	16,925	-16,925
<b>Total</b>			<b>13,247,408</b>	<b>12,741,163</b>	<b>506,245</b>



## 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
<b>Historical cost</b>							
Balance on 01.01.2019	1,516,085	1,389,192	2,905,277	317,238	893,209	178,630	1,389,077
Additions	-	-	-	4,454	122,336	15,556	142,346
Acquisition of subsidiaries <sup>1</sup>	-	-	-	39,581	-	-	39,581
Disposals/transfers <sup>2</sup>	-	-	-	-	10,894	13,225	24,119
Balance on 31.12.2019	1,516,085	1,389,192	2,905,277	361,273	1,004,651	180,961	1,546,885
Additions	-	-	-	4,800	149,869	15,723	170,392
Disposals/transfers <sup>2</sup>	-	-	-	-	56,797	26,417	83,214
Balance on 31.12.2020	1,516,085	1,389,192	2,905,277	366,073	1,097,723	170,267	1,634,063
<b>Depreciation and amortisation</b>							
Balance on 01.01.2019	974,732	1,148,890	2,123,622	109,013	380,588	136,439	626,040
Charge for the period	77,031	71,316	148,347	9,595	65,414 <sup>3</sup>	18,880 <sup>3</sup>	93,889
Disposals/transfers <sup>2</sup>	-	-	-	-11,081	10,894	13,225	13,038
Balance on 31.12.2019	1,051,763	1,220,206	2,271,969	129,689	435,108	142,094	706,891
Charge for the period	74,608	56,675	131,283	7,995	76,905 <sup>4</sup>	21,837 <sup>4</sup>	106,737
Disposals/transfers <sup>2</sup>	-	-	-	-	56,797	26,417	83,214
Balance on 31.12.2020	1,126,371	1,276,881	2,403,252	137,684	455,216	137,514	730,414
<b>Carrying value</b>							
Balance on 31.12.2019	464,322	168,986	633,308	231,584	569,543	38,867	839,994
<b>Balance on 31.12.2020</b>	<b>389,714</b>	<b>112,311</b>	<b>502,025</b>	<b>228,389</b>	<b>642,507</b>	<b>32,753</b>	<b>903,649</b>

<sup>1</sup> In January 2019, the Bank integrated Aktiengesellschaft formerly Waser Söhne & Cie, Werdmühle Altstetten

<sup>2</sup> Includes derecognition of fully depreciated assets

<sup>3</sup> Includes impairment of CHF 4.6 million related to software and other property and equipment not used anymore

<sup>4</sup> Includes impairment of CHF 7.8 million related to software and other property and equipment not used anymore

## NOTE 15 OTHER ASSETS

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
Compensation account	<b>17,688</b>	24,244	-6,556	-27.0
Withholding taxes, VAT and other taxes	<b>1,668,762</b>	1,927,137	-258,375	-13.4
Other	<b>384,809</b>	350,244	34,565	9.9
<b>Total</b>	<b>2,071,259</b>	2,301,625	-230,366	-10.0

## NOTE 16 OTHER LIABILITIES

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
Compensation account	<b>14,755</b>	10,597	4,158	39.2
Withholding taxes, VAT and other taxes	<b>45,464</b>	33,886	11,578	34.2
Other	<b>166,715</b>	200,274	-33,559	-16.8
<b>Total</b>	<b>226,934</b>	244,757	-17,823	-7.3

## NOTE 17 ASSETS PLEDGED OR CEDED TO SECURE OWN COMMITMENTS AND ASSETS SUBJECT TO RETENTION OF TITLE

	Carrying value CHF 1,000	31.12.2020 Effective commitment CHF 1,000	Carrying value CHF 1,000	31.12.2019 Effective commitment CHF 1,000
Securities	1,080,826	1,080,826	1,321,914	1,321,914
Other	10,892	10,892	12,845	12,845
<b>Total</b>	<b>1,091,718</b>	<b>1,091,718</b>	1,334,759	1,334,759

The assets are mainly pledged for Lombard limits at central banks, stock exchange securities deposits and collateral in OTC derivatives trading.

## NOTE 18 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 company 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 time period according to the Swiss pension law basis, 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. Management of the pension funds includes the pursuit of a medium- and long-term consistency and sustainability 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.

	2020 CHF 1,000	2019 CHF 1,000
<b>1. Development of pension obligations and assets</b>		
Present value of defined benefit obligation at the beginning of the year	-3,090,290	-2,787,422
Current service cost	-79,059	-73,400
Employees' contribution	-44,499	-44,974
Interest expense on defined benefit obligation	-7,873	-24,770
Past service cost, curtailments, settlements, plan amendments	-554	-2,750
Benefits paid (incl. benefits paid directly by employer)	115,011	133,629
Transfer payments in/out	-567	-990
Experience gains/(losses) on defined benefit obligation	-30,043	-76,776
Actuarial gains/(losses) arising from change in demographic assumptions	-	1,015
Actuarial gains/(losses) arising from change in financial assumptions	-41,788	-213,426
Translation differences	1,436	-426
Present value of defined obligation at the end of the year	-3,178,226	-3,090,290
<i>whereof due to active members</i>	-2,106,676	-2,083,174
<i>whereof due to deferred members</i>	-14,703	-13,489
<i>whereof due to pensioners</i>	-1,056,847	-993,627
Fair value of plan assets at the beginning of the year	2,953,207	2,707,412
Interest income on plan assets	7,615	24,654
Employees' contributions	44,499	44,974
Employer's contributions	96,932	97,729
Curtailments, settlements, plan amendments	-1,730	-247
Benefits paid by fund	-115,011	-133,629
Transfer payments in/out	567	990
Administration cost (excluding asset management cost)	-1,032	-1,054
Return on plan assets (excl. interest income)	112,138	212,025
Translation differences	-1,051	353
Fair value of plan assets at the end of the year	3,096,134	2,953,207
	<b>31.12.2020</b> CHF 1,000	<b>31.12.2019</b> CHF 1,000
<b>2. Balance sheet</b>		
Fair value of plan assets	3,096,134	2,953,207
Present value of funded obligation	-3,178,226	-3,090,290
Net defined benefit asset/(liability) <sup>1</sup>	-82,092	-137,083

<sup>1</sup> This amount has been recognised as a provision under Swiss GAAP (see Note 19).

	2020 CHF 1,000	2019 CHF 1,000
<b>3. Income statement</b>		
Current service cost (employer)	-79,059	-73,400
Interest expense on defined benefit obligation	-7,873	-24,770
Past service cost, curtailments, settlements, plan amendments	-2,284	-2,997
Interest income on plan assets	7,615	24,654
Administration cost (excluding asset management cost)	-1,032	-1,054
Defined benefit cost recognised in the income statement	-82,633	-77,567
<i>whereof service cost</i>	-82,375	-77,451
<i>whereof net interest on the net defined benefit/(liability) asset</i>	-258	-116
<b>Expense recognised in the income statement</b>	<b>-82,633</b>	<b>-77,567</b>

	2020 CHF 1,000	2019 CHF 1,000
<b>4. Movement in defined benefit liability</b>		
Net defined benefit asset/(liability) at the beginning of the year	-137,083	-80,010
Translation differences	385	-73
Defined benefit cost recognised in the income statement	-82,633	-77,567
Employer's contributions	96,932	97,729
Remeasurements of the net defined benefit liability/(asset)	40,307	-77,162
<b>Amounts recognised in the balance sheet<sup>1</sup></b>	<b>-82,092</b>	<b>-137,083</b>

	2020 CHF 1,000	2019 CHF 1,000
<b>Remeasurements of the net defined benefit liability/(asset)</b>		
Actuarial gains/(losses) of defined benefit obligation	-71,831	-289,187
Return on plan assets excl. interest income	112,138	212,025
<b>Total recognised in other comprehensive income<sup>2</sup></b>	<b>40,307</b>	<b>-77,162</b>

<sup>1</sup> This amount has been recognised as a provision under Swiss GAAP (see Note 19).

<sup>2</sup> This amount has been recognised in the income statement under Swiss GAAP.

	2020 CHF 1,000	2019 CHF 1,000
<b>5. Composition of plan assets</b>		
Cash	90,597	124,475
Debt instruments	866,248	841,717
Equity instruments	1,172,490	1,033,643
Real estate	541,247	486,475
Alternative instruments	420,050	353,205
Other	5,502	113,692
<b>Total</b>	<b>3,096,134</b>	<b>2,953,207</b>

	2020 <i>in %</i>	2019 <i>in %</i>
<b>6. Aggregation of plan assets – quoted market prices in active markets</b>		
Cash	<b>2.93</b>	4.21
Debt instruments	<b>26.74</b>	27.24
Equity instruments	<b>37.87</b>	35.00
Real estate	<b>7.93</b>	7.48
Other	<b>6.10</b>	5.21
<b>Total</b>	<b>81.57</b>	79.14

	2020 <i>CHF 1,000</i>	2019 <i>CHF 1,000</i>
<b>7. Sensitivities</b>		
Decrease of discount rate - 0.25%		
Effect on defined benefit obligation	<b>-99,140</b>	-102,181
Effect on service cost	<b>-3,560</b>	-4,561
Increase of discount rate + 0.25%		
Effect on defined benefit obligation	<b>88,186</b>	85,469
Effect on service cost	<b>2,984</b>	2,924
Decrease of salary increase - 0.25%		
Effect on defined benefit obligation	<b>10,434</b>	10,493
Effect on service cost	<b>986</b>	981
Increase of salary increase + 0.25%		
Effect on defined benefit obligation	<b>-10,669</b>	-10,730
Effect on service cost	<b>-1,010</b>	-1,005
Life expectancy		
Increase in longevity by one additional year	<b>-72,413</b>	-69,701

### Actuarial calculation of pension assets and obligations

The latest actuarial calculation was carried out as at 31 December 2020. The actuarial assumptions

are based on local economic conditions and are as follows for Switzerland, which accounts for about 99% (2019: 99%) of all benefit obligations and plan assets:

	2020	2019
Discount rate	0.20%	0.25%
Average future salary increases	0.50%	0.50%
Future pension increases	0.00%	0.00%
Duration (years)	15	15

### 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 2021 financial year related to defined benefit plans are estimated at CHF 87.6 million.

### Defined contribution pension plans

The Bank maintains a number of defined contribution pension plans outside. 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 20.8 million for the 2020 financial year (2019: CHF 21.5 million).

### Outstanding liabilities to pension plans

The Bank had outstanding liabilities to various pension plans in the amount of CHF 4.4 million (2019: CHF 5.3 million).

## NOTE 19 PROVISIONS

	Balance on 01.01.2020 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 31.12.2020 CHF 1,000
Pension obligations	137,083	-	-	-	54,991	<b>82,092</b>
Legal risks	172,284	151,682	-5,306	87,667	14,100	<b>88,863</b>
Other	1,604	24	-	-	-	<b>1,580</b>
<b>Total provisions</b>	<b>310,971</b>	<b>151,706</b>	<b>-5,306</b>	<b>87,667</b>	<b>69,091</b>	<b>172,535</b>

### 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 its employees. Possible sanctions could include the revocation of licences to operate certain businesses, the suspension or expulsion from a particular jurisdiction or market of any of the Bank's business organisations or their key personnel and the imposition of fines, the disgorgement of profit and censures on companies and employees. In certain markets, authorities, such as regulatory authorities, may determine that industry practices, e.g. regarding the provision of services, are or have become inconsistent with their interpretations of existing local laws and regulations. Also, from time to time, the 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 with respect to certain topics. 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 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 materially adversely affect 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 the management is of the opinion that such proceedings are more likely than not to result in a financial obligation or loss, or if the dispute for economic reasons should be settled without acknowledgment of any liability on the part of the 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 disclosed as a contingent liability as of 31 December 2020. The contingent liabilities might have a material effect on the Group or for other reasons might be of interest for investors and other stakeholders.



In 2010 and 2011, litigation was commenced against the Bank and numerous other financial institutions by the liquidators of the Fairfield funds (the 'Fairfield Liquidators'), the latter having served as feeder funds for the Madoff fraudulent investment schemes. In the direct claims against the Bank, the Fairfield Liquidators are seeking to recover a total amount of approximately USD 64 million in the courts of New York (including USD 17 million that relates to redemption payments made to clients of ING Bank (Suisse) SA, which merged with the Bank in 2010, and approximately USD 25 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions). The proceedings in the courts of the British Virgin Islands, where an amount of approximately USD 8.5 million had been claimed from the Bank, were finally dismissed in favour of the Bank with a ruling of the Privy Council, the highest court of appeals for the British Virgin Islands. In addition to the direct claims against the Bank, the Fairfield Liquidators have made combined claims in the amount of approximately USD 1.8 billion against more than 80 defendants, with only a fraction of this amount being sought from the Bank (and ultimately its clients concerned). The combined claims aggregate the damages asserted against all defendants, such that a reliable allocation of the claimed amounts between the Bank and the other defendants cannot be made at this time. Finally, in further proceedings, the trustee of Madoff's broker-dealer company (the 'Trustee') seeks to recover over USD 83 million in the courts of New York (including USD 46 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions), largely in relation to the same redemption payments which are the subject matter of the claims asserted by the Fairfield Liquidators. The Bank is challenging these actions on procedural and substantive grounds and has taken further measures to defend and protect its interests. In the proceedings initiated by the Trustee, the Bankruptcy Court in New York dismissed the case against the Bank and other defendants based on extraterritoriality principles in November 2016. The Trustee has appealed this decision, and, in February 2019, the Court of Appeal

has reversed the decision by the Bankruptcy Court. The 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. A decision on the merits of the appeal is expected in 2021. Whilst such appeal is pending, the Bankruptcy Court has additionally decided on certain other aspects in the Bank's favour in late 2020. Such decision can be appealed.

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, other relevant court decisions in this context, the mandate structures to which the Court decisions might be applicable and the documentation as well as the impact of respective waivers and communicated bandwidths that were introduced some years ago, and has implemented appropriate measures to address the matter.

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

rejected local jurisdiction, thereby terminating the litigation against the Bank in Lithuania. On 1 July 2019, the Bank was served with a conciliation request from the liquidator representing the assets of the Lithuanian corporation in liquidation filed with the first instance court in Geneva, related to a claim of EUR 335 million plus accrued interest since 2011. On 8 January 2020, the Bank was served with the corresponding claim in the amount of EUR 335 million plus 5% interest since December 2011. The Bank is continuing to contest the claim whilst taking appropriate measures to defend its interests.

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 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, scheduled to be tried in Court in early June 2021. The Bank has cooperated with the French authorities within the confines of applicable laws to clarify the situation and to protect its interests.

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

approximately CHF 135 million (plus accrued interest). The Bank is contesting the claim whilst taking appropriate measures to defend its interests.

In November 2014, the Bank was served in Geneva with a claim by an investment fund, acting on its behalf and on behalf of three other funds, in the total amount of USD 29 million (plus accrued interests). The funds were former clients of Bank of China (Suisse) SA, which was acquired by the 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 are subject to acquisition-related representations and warranties.

The Bank has been cooperating with authorities investigating corruption and bribery allegations surrounding Fédération Internationale de Football Association (FIFA) in Switzerland and the USA. These requests in particular focused on persons named in the so-called 'FIFA Indictment' of 20 May 2015 (Indictment 'United States v. Webb [E.D.N.Y. 15 CR 0252 (RJD)(RML)]') and in the respective superseding indictment of 25 November 2015. The authorities in Switzerland and abroad have opened investigations and have been inquiring whether financial institutions failed to observe due diligence standards as applied in financial services and in particular in the context of anti-money laundering laws in relation to suspicious and potentially illegal transactions. FINMA's related enforcement procedure against the Bank and Julius Baer Group Ltd. has been closed by an order as published on 20 February 2020. On 9 November 2020, the Bank has announced an agreement in

principle with the US Department of Justice (DOJ) to settle its FIFA matter. Such agreement entails the Bank entering into a three-year deferred prosecution agreement and a financial component, for which the Bank has taken a provision of USD 79.7 million in 2020.

Similarly, the Bank has received inquiries from, and has been cooperating with, authorities in Switzerland and the USA investigating corruption and bribery allegations surrounding Petr6leos 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 the Bank and Julius Baer Group Ltd. has been 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, whilst on 21 January 2021, FINMA concluded the investigation regarding individual accountability of former employees of Julius Baer following the FIFA/PDVSA-related conclusion of the enforcement proceeding. Save for in one case of a middle manager, FINMA did not open individual proceedings and closed the investigation with reprimands. Related to the PDVSA matter, in November 2019, a former employee filed a labour

law-based claim in the amount of USD 34.1 million in Venezuela against several Julius Baer companies combined with a respective precautionary seizure request in the double amount. Julius Baer is contesting the claim and seizure request whilst taking appropriate measures to defend its interests.

As publicly stated, FINMA has initiated an additional enforcement procedure against the Bank and Julius Baer Group Ltd. related to the compliance treatment of a historical Latin American client relationship. Julius Baer has been fully cooperating with FINMA in its investigative work.

The Bank is confronted with a Swiss court procedure in which a client, in the context of a mature loan arrangement, requests the release of certain assets, which have been blocked by the Bank and third-party custodians and their sub-custodians under US Office of Foreign Assets Control ('OFAC') sanctions. The procedure relates to questions of applicability and enforceability of international sanctions and orders under local Swiss law. The Bank is defending its position in the context of its regulatory duties to respect international orders and sanctions and abide by its contractual agreements with third-party custody banks. The competent court has decided in favour of the Bank in November 2020; however, the claimant has appealed this decision to the Swiss Federal Supreme Court. In addition, against the background of recent political and regulatory intensification of the topic of international sanctions, the Bank has addressed this issue with the OFAC with which it is also in resumed discussion to resolve certain open issues with regard to historic compliance with OFAC regulations.

## NOTE 20 CAPITAL STRUCTURE OF BANK JULIUS BAER & CO. LTD., ZURICH

31.12.2020 31.12.2019

### 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 21 SIGNIFICANT SHAREHOLDERS<sup>1</sup>

Bank Julius Baer is a wholly owned subsidiary of Julius Baer Group Ltd.

	Disclosure of purchase positions <sup>2</sup>	Disclosure of sale positions <sup>2</sup>
<b>Significant shareholders/participants of Julius Baer Group Ltd.<sup>3</sup></b>		
MFS Investment Management <sup>4</sup>	9.98%	
Wellington Management Group LLP <sup>5</sup>	5.00%	
BlackRock, Inc. <sup>6</sup>	4.80%	0.03%
T. Rowe Price Associates Inc. <sup>7</sup>	3.18%	
Government of Singapore <sup>8</sup>	3.09%	
UBS Fund Management (Switzerland) AG <sup>9</sup>	3.09%	

<sup>1</sup> 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 the above figures are based on reports made before respectively after the following events: a) capital increase by way of rights offering completed on 17 October 2012 with the issuance of 20,316,285 newly registered shares of Julius Baer Group Ltd.; b) capital increase out of authorised share capital completed on 24 January 2013 with the issuance of 7,102,407 newly registered shares of Julius Baer Group Ltd.

<sup>2</sup> 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.

<sup>3</sup> 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](http://www.juliusbaer.com/shareholders) or on [www.six-exchange-regulation.com](http://www.six-exchange-regulation.com) in the section Publications > Significant Shareholders, Issuer Julius Bär Gruppe AG

<sup>4</sup> MFS Investment Management, Boston/USA, and its subsidiaries (reported on 30 December 2013)

<sup>5</sup> Wellington Management Group LLP, Boston/USA (reported on 30 November 2020)

<sup>6</sup> BlackRock, Inc., New York/USA (reported on 23 December 2020)

<sup>7</sup> T. Rowe Price Associates, Inc., Baltimore/USA (reported on 24 June 2020)

<sup>8</sup> Government of Singapore, Singapore (reported on 31 May 2019)

<sup>9</sup> UBS Fund Management (Switzerland) AG, Basle/Switzerland (reported on 26 September 2019)

## NOTE 22 SHARE-BASED PAYMENTS

The programmes described below reflect the plan landscape as at 31 December 2020. 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 one-third tranches, subject to continued employment, and accrued over a three-year plan period. 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).

#### *Deferred Bonus Plan*

Similar to the DCP, the Deferred Bonus Plan (DBP) promotes sound business activities by remaining subject to forfeiture (as from performance year 2019) 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 Julius Baer, 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 one-fifth tranches, 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 its 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 one-third tranches over a three-year plan period. 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 key employees. The EPP 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 Julius Baer, 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 remains with Julius Baer for three years after the grant (through a cliff-vesting mechanism). The performance of the two KPIs determines 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), with low-level performance leading to potential 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. 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 may be made by granting individuals an equity-based LTI.

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 Bank equity-based plan or because the SPP cannot be offered in a particular jurisdiction for legal or 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.

#### **Financing of share plans**

Julius Baer Bank hedges its liabilities from share-based payments by purchasing the shares from the market on grant date through the Loteco Foundation. Until vesting, the granted shares are administered by the foundation. The Bank finances these shares purchased by the Loteco Foundation. At the end of the reporting period, the Bank recognised the amount of CHF 53.6 million (2019: CHF 59.4 million) as 'prefinanced share-based payments' included in other assets. This asset will be recovered over the vesting period by way of a capital distribution representing the recharge of share-based payments made by the Loteco Foundation.

In the reporting period this capital distribution amounted to CHF 52.5 million (2019: CHF 50.8 million).

The expense related to prefinanced share-based payments amounts to CHF 52.5 million (2019: CHF 50.8 million).

To the extent that the prefinanced share-based payments will not result in vested share-based payments the asset will be recovered in cash from the Loteco Foundation.

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

	<b>31.12.2020</b>		<b>31.12.2019</b>	
	Number of units Economic Profit	Number of units Total Shareholder Return	Number of units Economic Profit	Number of units Total Shareholder Return
<b>Equity Performance Plan</b>				
Unvested units outstanding, at the beginning of the year	<b>786,068</b>	<b>786,068</b>	608,643	608,643
Granted during the year	<b>257,991</b>	<b>257,991</b>	404,484	404,484
Exercised during the year	<b>-197,186</b>	<b>-197,187</b>	-181,165	-181,165
Forfeited during the year	<b>-8,568</b>	<b>-8,567</b>	-45,894	-45,894
Unvested units outstanding, at the end of the year	<b>838,305</b>	<b>838,305</b>	786,068	786,068
			<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Premium Share Plan</b>				
Unvested shares outstanding, at the beginning of the year			<b>867,228</b>	820,096
Granted during the year			<b>436,080</b>	499,283
Vested during the year			<b>-371,425</b>	-384,820
Transferred (net) during the year			<b>1,846</b>	447
Forfeited during the year			<b>-24,533</b>	-67,778
Unvested shares outstanding, at the end of the year			<b>909,196</b>	867,228
Weighted average fair value per share granted (CHF)			<b>49.19</b>	40.58
Fair value of outstanding shares at the end of the year (CHF 1,000)			<b>46,369</b>	43,301

	31.12.2020	31.12.2019
<b>Long-Term Incentive Plan</b>		
Unvested shares outstanding, at the beginning of the year	<b>485,125</b>	408,889
Granted during the year	<b>163,224</b>	315,034
Vested during the year	<b>-161,262</b>	-210,034
Transferred (net) during the year	-	1,848
Forfeited during the year	<b>-38,064</b>	-30,612
Unvested shares outstanding, at the end of the year	<b>449,023</b>	485,125
Weighted average fair value per share awarded (CHF)	<b>44.98</b>	42.74
Fair value of outstanding shares at the end of the year (CHF 1,000)	<b>22,900</b>	24,222

	31.12.2020	31.12.2019
<b>Staff Participation Plan</b>		
Unvested shares outstanding, at the beginning of the year	<b>108,552</b>	104,751
Granted during the year	<b>67,530</b>	47,909
Vested during the year	<b>-38,501</b>	-39,654
Transferred (net) during the year	<b>-304</b>	-371
Forfeited during the year	<b>-1,831</b>	-4,083
Unvested shares outstanding, at the end of the year	<b>135,446</b>	108,552
Weighted average fair value per share granted (CHF)	<b>34.32</b>	42.65
Fair value of outstanding shares at the end of the year (CHF 1,000)	<b>6,908</b>	5,420



Number and value of equity securities or options on equity securities across all plans held by all executives and directors and by employees:

	Number of equity securities	<b>31.12.2020</b> Value of equity securities CHF m	Number of equity securities	31.12.2019 Value of equity securities CHF m
<b>Equity plans</b>				
Total granted during the year	<b>666,834</b>	<b>31.1</b>	862,226	35.8
<i>of which members of executive bodies</i>	<b>9,972</b>	<b>0.4</b>	30,508	1.4
<i>of which employees</i>	<b>656,862</b>	<b>30.7</b>	831,718	34.4
	Number of units	<b>31.12.2020</b> Value of units CHF m	Number of units	31.12.2019 Value of units CHF m
<b>Plans based on units</b>				
Total granted during the year	<b>515,982</b>	<b>21,115.9</b>	808,968	25.9
<i>of which members of executive bodies</i>	<b>215,788</b>	<b>8,830.8</b>	364,663	11.7
<i>of which employees</i>	<b>300,194</b>	<b>12,285.1</b>	444,305	14.2

Compensation expense recognised for the various share plans are:

	<b>31.12.2020</b> CHF m	31.12.2019 CHF m
<b>Compensation expense</b>		
Equity Performance Plan	<b>22.0</b>	21.4
Premium Share Plan	<b>19.5</b>	17.9
Long-Term Incentive Plan	<b>9.0</b>	9.7
Staff Participation Plan	<b>2.0</b>	1.8
<b>Total</b>	<b>52.5</b>	50.8

## NOTE 23 RELATED PARTY TRANSACTIONS

	31.12.2020 CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
<b>Claims on</b>	<b>3,164,288</b>	3,069,982	94,306	3.1
affiliated companies	361,727	463,230	-101,503	-21.9
significant shareholders	2,777,019	2,583,088	193,931	7.5
members of the Bank's corporate bodies	25,542	23,664	1,878	7.9
<i>of which Board of Directors</i>	4,326	4,551	-225	-4.9
<i>of which Group and Bank Executive Boards</i>	21,216	19,113	2,103	11.0
<b>Liabilities to</b>	<b>7,123,008</b>	7,047,792	75,216	1.1
affiliated companies	4,946,728	4,587,531	359,197	7.8
significant shareholders	2,155,077	2,444,305	-289,228	-11.8
members of the Bank's corporate bodies	16,755	10,660	6,095	57.2
<i>of which Board of Directors</i>	4,605	3,876	729	18.8
<i>of which Group and Bank Executive Boards</i>	12,150	6,784	5,366	79.1
own pension funds	4,448	5,296	-848	-16.0
<b>Credit guarantees to</b>	<b>44,858</b>	53,356	-8,498	-15.9
affiliated companies	44,638	51,643	-7,005	-13.6
members of the Bank's corporate bodies	220	1,713	-1,493	-87.2
<i>of which Board of Directors</i>	184	1,671	-1,487	-89.0
<i>of which Group and Bank Executive Boards</i>	36	42	-6	-14.3
<b>Services provided to</b>	<b>486,003</b>	457,140	28,863	6.3
affiliated companies	343,352	329,052	14,300	4.3
significant shareholders	142,290	127,657	14,633	11.5
members of the Bank's corporate bodies	361	431	-70	-16.2
<i>of which Board of Directors</i>	129	96	33	34.4
<i>of which Group and Bank Executive Boards</i>	232	335	-103	-30.7
<b>Services provided by</b>	<b>68,032</b>	79,528	-11,496	-14.5
affiliated companies	61,545	65,523	-3,978	-6.1
significant shareholders	6,487	14,005	-7,518	-53.7

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 24 ASSETS – COUNTRY RATINGS

		CHF 1,000	31.12.2020 %	CHF 1,000	31.12.2019 %
<b>Total assets by the Bank's country risks rating classes</b>	<b>Moody's</b>				
1–2	Aaa – Aa3	<b>78,943,202</b>	<b>78.4</b>	70,202,799	75.4
3	A1 – A3	<b>9,099,963</b>	<b>9.1</b>	9,649,883	10.4
4	Baa1 – Baa3	<b>2,574,329</b>	<b>2.6</b>	2,264,837	2.4
5	Ba1 – Ba3	<b>592,231</b>	<b>0.6</b>	314,110	0.3
6–7	B1 – Caa3	<b>989,072</b>	<b>1.0</b>	549,986	0.6
8–9	Ca – C	<b>188,094</b>	<b>0.2</b>	4,060	-
Unrated		<b>8,116,221</b>	<b>8.1</b>	10,143,786	10.9
<b>Total</b>		<b>100,503,112</b>	<b>100.0</b>	93,129,461	100.0

## NOTE 25 COMPANY STRUCTURE AS AT 31 DECEMBER 2020

	Domicile	Currency	Share capital m	Equity interest %
<b>Companies</b>				
Bank Julius Baer & Co. Ltd.	Zurich	CHF	575.000	100
<i>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, Tel Aviv including</i>				
Bank Julius Baer Nominees (Singapore) Pte. Ltd.	Singapore	SGD	0.000	100

## NOTE 26 CONTINGENT LIABILITIES

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
Credit guarantees in the form of obligations under avals, sureties and guarantees, including guarantee obligations in the form of irrevocable letters of credit	<b>1,090,719</b>	1,509,160	-418,441	-27.7

## NOTE 27 IRREVOCABLE COMMITMENTS

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
Unutilised irrevocable commitments to extend credit	<b>400,384</b>	446,032	-45,648	-10.2
Irrevocable commitments to the deposit guarantee institution	<b>51,908</b>	54,574	-2,666	-4.9
<b>Total</b>	<b>452,292</b>	500,606	-48,314	-9.7

## NOTE 28 OBLIGATION TO MAKE ADDITIONAL CONTRIBUTIONS

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
Obligation to pay up shares and make further contributions	-	50	-50	-100.0

## NOTE 29 UNUSED TAX LOSSES CARRIED FORWARD

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
Unused tax losses carried forward related to foreign branches	-	3,760	-3,760	-100.0

## NOTE 30 FIDUCIARY TRANSACTIONS

	<b>31.12.2020</b> CHF 1,000	31.12.2019 CHF 1,000	Change CHF 1,000	Change %
Fiduciary deposits at third-party banks	<b>7,104,764</b>	12,552,548	-5,447,784	-43.4

## NOTE 31 ASSETS UNDER MANAGEMENT

	31.12.2020 CHF m	31.12.2019 CHF m	Change CHF m	Change %
Assets with discretionary mandate	50,675	48,168	2,507	5.2
Other assets under management	301,713	296,925	4,788	1.6
<b>Total assets under management (including double counting)</b>	<b>352,388</b>	<b>345,093</b>	<b>7,295</b>	<b>2.1</b>
<i>of which double counting</i>	<b>14,349</b>	<b>9,462</b>	<b>4,887.0</b>	<b>51.6</b>
Change through net new money	11,367	10,219	1,148	
Change through market and currency impacts	-3,547	31,582	-35,129	
Change through divestment	-517 <sup>1</sup>	-2,080 <sup>1</sup>	1,563	
Change through other effects	-8 <sup>2</sup>	-3,698 <sup>2</sup>	-3,690	
Client assets	424,213	418,081	6,132	1.5

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

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

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 himself. Both assets with 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 for investment purposes and only those deposited assets held for transactional, safekeeping/custody or administrative purposes for which additional

services, for example 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 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 2020 financial year.

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



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**Financial Services**  
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Report of the Statutory Auditor to the General Meeting of Shareholders of

**Bank Julius Baer & Co. Ltd., Zurich**

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## **Report of the Statutory Auditor on the Financial Statements**

As statutory auditor, we have audited the accompanying financial statements of Bank Julius Baer & Co. Ltd., which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 4 to 77) for the year ended 31 December 2020.

### **Board of Directors' Responsibility**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.



Bank Julius Baer & Co. Ltd., Zurich  
Report of the Statutory Auditor  
on the Financial Statements  
to the General Meeting of Shareholders  
Financial Statements 2020

#### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 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 2021



**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 4 June 2021**

**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..

**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  
4. Juni 2021**

**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.

### **Key Managing Directors**

The Executive Board of BJB consists of the following members: Philipp Rickenbacher (Chief Executive Officer), Dieter A. Enkelmann (Chief Financial Officer), Nic Dreckmann (Chief Operating Officer / Head Intermediaries & Global Custody ), Dr. Oliver Bartholet (Chief Risk Officer), Beatriz Sanchez (Head America), 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 & Wealth Management Solutions).

### **Statutory Auditors**

For the financial years ended 31 December 2019 and 31 December 2020, 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 2019 and 31 December 2020 and the financial statements of BJB for the financial year ended 31 December 2020. KPMG AG is a member of the Swiss Institute of Certified Accountants and Tax Consultants with registered office in Zurich.

### **Hauptgeschäftsführer**

Die Geschäftsleitung der BJB besteht aus den nachfolgenden Mitgliedern: Philipp Rickenbacher (Chief Executive Officer), Dieter A. Enkelmann (Chief Financial Officer), Nic Dreckmann (Chief Operating Officer / Head Intermediaries & Global Custody ), Dr. Oliver Bartholet (Chief Risk Officer), Beatriz Sanchez (Head America), 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 & Wealth Management Solutions).

### **Abschlussprüfer**

Für die am 31. Dezember 2019 und am 31. Dezember 2020 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 2019 und am 31. Dezember 2020 beendeten Geschäftsjahre und die Finanzberichte der BJB für das am 31. Dezember 2020 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																																																							
<p>Except as otherwise marked below, the following key financial information is based on the audited consolidated financial statements of Bank Julius Baer &amp; Co. LTD. for 31 December 2019 and 31 December 2020</p> <p><b>Income statement</b></p> <table> <tr> <th></th><th>31.12.2019 CHF 1,000</th><th>31.12.2020 CHF 1,000</th></tr> <tr> <td>Net interest income</td><td>729,757</td><td>564,894</td></tr> <tr> <td>Commission and fee income</td><td>1,701,389</td><td>1,861,412</td></tr> <tr> <td>Net credit losses/ (recoveries) on financial assets</td><td>18,215</td><td>35,958</td></tr> <tr> <td>Operating income*</td><td>2,627,442</td><td>2,803,557</td></tr> <tr> <td>Net profit attributable to the shareholder of Bank Julius Baer &amp; Co. Ltd.</td><td>409,127</td><td>613,767</td></tr> <tr> <td><i>Share information</i></td><td><i>CHF</i></td><td><i>CHF</i></td></tr> <tr> <td>- Basic earnings per share (EPS)</td><td>71.15</td><td>106.74</td></tr> <tr> <td>- Diluted earnings per share (EPS)</td><td>71.15</td><td>106.74</td></tr> </table>		31.12.2019 CHF 1,000	31.12.2020 CHF 1,000	Net interest income	729,757	564,894	Commission and fee income	1,701,389	1,861,412	Net credit losses/ (recoveries) on financial assets	18,215	35,958	Operating income*	2,627,442	2,803,557	Net profit attributable to the shareholder of Bank Julius Baer & Co. Ltd.	409,127	613,767	<i>Share information</i>	<i>CHF</i>	<i>CHF</i>	- Basic earnings per share (EPS)	71.15	106.74	- Diluted earnings per share (EPS)	71.15	106.74	<p>Sofern nicht anders gekennzeichnet, basieren die folgenden wesentlichen Finanzinformationen auf den geprüften konsolidierten Finanzinformationen der Bank Julius Bär &amp; Co. Ltd. für den 31. Dezember 2019 und 31. Dezember 2020</p> <p><b>Gewinn- und Verlustrechnung</b></p> <table> <tr> <th></th><th>31.12.2019 CHF 1.000</th><th>31.12.2020 CHF 1.000</th></tr> <tr> <td>Nettozinserträge</td><td>729.757</td><td>564.894</td></tr> <tr> <td>Kommissions- und Gebühreneinnahmen</td><td>1.701.389</td><td>1.861.412</td></tr> <tr> <td>Netto-Kreditverluste/ (Wiedereingänge) auf Finanzanlagen</td><td>18.215</td><td>35.958</td></tr> <tr> <td>Operativer Gewinn*</td><td>2.627.442</td><td>2.803.557</td></tr> <tr> <td>Gewinn des Aktionärs der Bank Julius Bär &amp; Co. AG</td><td>409.127</td><td>613.767</td></tr> <tr> <td><i>Aktien-Informationen</i></td><td><i>CHF</i></td><td><i>CHF</i></td></tr> <tr> <td>- Gewinn je Aktie (EPS)</td><td>71.15</td><td>106.74</td></tr> <tr> <td>- Verwässertes Ergebnis je Aktie (EPS)</td><td>71.15</td><td>106.74</td></tr> </table>			31.12.2019 CHF 1.000	31.12.2020 CHF 1.000	Nettozinserträge	729.757	564.894	Kommissions- und Gebühreneinnahmen	1.701.389	1.861.412	Netto-Kreditverluste/ (Wiedereingänge) auf Finanzanlagen	18.215	35.958	Operativer Gewinn*	2.627.442	2.803.557	Gewinn des Aktionärs der Bank Julius Bär & Co. AG	409.127	613.767	<i>Aktien-Informationen</i>	<i>CHF</i>	<i>CHF</i>	- Gewinn je Aktie (EPS)	71.15	106.74	- Verwässertes Ergebnis je Aktie (EPS)	71.15	106.74
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**Balance sheet**

	31/12/2019 CHF 1,000	30.12.2020 CHF 1,000
Total assets	94,577,807	102,095,847
Financial liabilities measured at FVTPL	613,778	896,520
Total subordinated liabilities**	480,000	480,000
Loans and receivables with customers (at net)	0	0
Due to customers	65,239,485	69,842,674
Total equity attributable to shareholder of Bank Julius Baer & Co. Ltd.	5,299,651	5,670,791
Non performing loans (based on net carrying amount)/ Loans and receivables	0	0
Common Equity Tier 1 capital (CET1) ratio**	17.1%	17.8%
Total Capital Ratio**	20.3%	21.0%
Basel III leverage ratio**	3.8%	4.3%

\*\*Key financial information has been extracted from the Julius Baer Group Ltd. Annual Report 2020.

**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 result in adverse effects on BJB's business, results of operations, profitability, financial condition or prospects.

**Credit risk:** BJB is exposed to the risk that third parties that owe BJB money, securities or other assets default on their payment or other obligations. 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.

**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 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.

**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.

**Operational risk:** BJB is exposed to operational risks. Operational risk is the risk of loss resulting from inadequate or failed internal

**Bilanz**

	31/12/2019 CHF 1.000	30.12.2020 CHF 1.000
Vermögenswerte insgesamt	94.577.807	102.095.847
Finanzielle Verbindlichkeiten bewertet bei FVTPL	613.778	896.520
Nachrangige Verbindlichkeiten**	480.000	480.000
Darlehen und Forderungen gegenüber Kunden (netto)	0	0
Verpflichtungen gegenüber Kunden	65.239.485	69.842.674
Total Eigenkapital der Aktionäre der Bank Julius Bär & Co. Ltd	5.299.651	5.670.791
Notleidende Kredite (basierend auf Nettobuchwert) / Kredite und Forderungen	0	0
Kernkapitalquote (CET1)**	17,1%	17,8%
Gesamtkapitalquote**	20,3%	21,0%
Verschuldungsquote (LE-RA)**	3,8%	4,3%

\*\*Diese Finanzinformationen entstammen aus den Finanzinformationen 2020 der Julius Bär Gruppe AG.

**Welches sind die zentralen Risiken, die für den Emittenten spezifisch sind?**

Im Folgenden werden die wesentlichsten Risiken von BJB dargestellt. 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 Risiko ausgesetzt, dass Dritte, die der BJB Geld, Effekten oder andere Vermögenswerte schulden, ihre Verpflichtungen nicht erfüllen. Es kann vorkommen, dass 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.

**Finanzrisiko:** Das Finanzrisiko von BJB besteht aus dem Finanzierungsrisiko und 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.

**Risiko einer Herabstufung des Ratings:** Eine Herabstufung des Bonitätsratings könnte sich wesentlich nachteilig auf die Profitabilität und die Ertragslage der BJB auswirken.

**Operationelles Risiko:** Die BJB ist operationellen Risiken ausgesetzt. Operationelles Risiko ist das Risiko von Verlusten, die

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, including but not limited to home office access during the COVID-19 pandemic, 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.

**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.

**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.

**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 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.

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, insbesondere der Home-Office Zugang während der COVID-19 Pandemie, 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.

**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.

**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 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 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.