Julius Bär

ANNUAL REPORT 2023

Julius Baer Group

Net profit achieved in 2023 amounted to CHF 453 million. Excluding expenses related to acquisitions or divestments and the taxes on those respective items, the adjusted net profit for 2023 amounted to CHF 472 million. Further information on the definition of alternative performance measures, together with reconciliations to the most directly reconcilable IFRS line items, is provided in the Alternative Performance Measures document available from www.juliusbaer.com/APM.

Key figures

	2023	2022
Return on equity (ROE)	7.3%	15.1%
Return on tangible equity (ROTE), adjusted[1]	12.8%	28.4%
Cost/income ratio[1]	82.2%	68.9%
Adjusted cost/income ratio[1]	81.6%	65.9%

	31.12.2023	31.12.2022
Consolidated balance sheet		
Total assets (CHF m)	96,786.3	105,643.7
Total equity (CHF m)	6,163.2	6,289.7
CET1 capital ratio	14.6%	14.0%
Total capital ratio	24.0%	21.7%
Client assets (CHF bn)		
Assets under management	427.4	424.1
Total client assets	511.3	490.9
Personnel		
Number of employees	7,425	6,891
of whom in Switzerland	*3,884*	*3,631*
of whom abroad	*3,542*	*3,259*
Number of relationship managers	1,343	1,248

1 See Alternative Performance Measures document, available from www.juliusbaer.com/APM

Listing	
Zurich, Switzerland	SIX Swiss Exchange under the securities number 10 248 496 Member of the Swiss Leader Index SLI

Ticker symbol	BAER

	2023	2022
Information per share (CHF)		
Equity (book value, as at 31.12.)	30.2	29.8
EPS	2.21	4.56
Dividend proposal 2023 and dividend 2022	2.60	2.60
Share price (as at 31.12.)	47.15	53.86
Market capitalisation (CHF m, as at 31.12.)	9,713	11,515
Moody's long-term deposit rating Bank Julius Baer & Co. Ltd.	A1	Aa3
Capital structure (as at 31.12.)		
Number of shares issued	206,001,780	213,801,240
Weighted average number of shares outstanding	205,625,030	208,312,058
Share capital (CHF m)	4.1	4.3

Dear Reader,

2023 presented numerous challenges for markets as geopolitical tensions intensified rather than lessened, adding to the sense of unease that has persisted ever since the pandemic. Below the surface, however, the post-pandemic normalisation is well underway, and most central banks appear to have reached the peak of their current cycle of rate hikes. Investors nevertheless remained cautious through the year, weighing soft growth prospects against yield levels last seen two decades ago.

In this complex environment, our business model proved highly relevant. We remained focused on partnering with our clients and their families, supporting them in all matters relating to wealth management: investing, financing, and wealth planning. Client satisfaction remained strong, as evidenced by the gratifying net new assets entrusted to us by our clients and the continued positive results from our annual global client survey.

2023 marked the start of our new strategic cycle, which is aimed at driving sustainable profitable growth by building on the three pillars of *focus*, *scale*, and *innovate*. We are continuing to *focus* on our clients, developing our value proposition further while sharpening the quality of our revenues. We are further *scaling* our business in our focus markets to drive critical mass and accelerate growth in profits in the areas that offer the most opportunities. Our final strategic priority is *innovation*. We aim to achieve this through the digitalisation of our operating model to drive growth and by upgrading the client experience by offering harmonised services.

The Group's financial results for 2023 were impacted by the full loan loss allowance for the largest exposure in the Group's private debt loan book. The Board of Directors and Senior Management deeply regret the need for and the magnitude of this measure. This isolated credit situation did not result from breaches in regulations or internal policies but was, instead, the outcome of an ill-judged business decision for which we take full responsibility and apologise unreservedly to all our stakeholders.

We have taken decisive steps to eliminate all uncertainty around the future impact of the private debt business on our financials by winding down the remaining loan book of CHF 0.8 billion (less than 2% of Julius Baer's total loan portfolio). Going forward, we will refocus our lending activity on traditional areas, which are an important part of our wealth management offering, and will use this opportunity to strengthen our credit framework. The Board of Directors will focus on reinforcing our risk culture, in line with our overarching objective to use our solid balance sheet with the utmost prudence for the benefit of our clients.

In support of the Group's commitment to taking ownership, former CEO Philipp Rickenbacher has stepped down in mutual agreement with the Board of Directors. The Board has launched an external search for his successor and appointed Deputy CEO and Chief Operating Officer Nic Dreckmann as CEO ad interim. With his extensive knowledge of Julius Baer, which he has gained in various leadership positions over the last two decades both in Switzerland and abroad, Nic Dreckmann will help us to ensure the greatest possible continuity for all our stakeholders during this period.

Excluding the above-mentioned credit event, the Group's underlying operating performance was robust. Thanks to the highly cash-generative nature of our business model, the Group's balance sheet and capitalisation remained very healthy. Based on the reported result, the Group's CET1 capital ratio was 14.6% and the total capital ratio was 24.0% at the end of 2023. Both ratios remain well above our own floors and significantly exceed the regulatory minimum requirements. Reflecting our commitment to maintaining the ordinary dividend per share at least at the level of the previous year, the Board of Directors will propose to the Annual General Meeting on 11 April 2024 an unchanged dividend of CHF 2.60 per share for the financial year 2023.

Julius Baer's financial solidity and stability are prerequisites for delivering on our strategy and creating value for our stakeholders. We are therefore entirely committed to preserving the fundamental strength of our company for the benefit of our clients, shareholders, and employees. We wish to thank all our stakeholders for their ongoing support.

Romeo Lacher
Chairman of the Board of Directors

Zurich, March 2024

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Corporate governance is a decisive part of business management. Shareholders, clients, and staff are usually considered the key stakeholder groups in the context of corporate governance. Moreover, the focus of Julius Baer Group Ltd. (the Company) on achieving sustained success and consistency in the Group's business rests largely on the principle of retaining shareholders, clients, and staff for as long as possible and actively nurturing the relationships over time. These stakeholders therefore have a right to know the individuals and internal bodies that determine the development of the Company, who makes the strategic decisions, who bears the responsibility for them, and on what governing principles they are based. The Company therefore aims to thoroughly satisfy these legitimate information needs in this chapter of the Group's Annual Report.

The Organisational and Management Regulations (OMR) of the Company, which are largely based on article 716b of the Swiss Code of Obligations and the Articles of Incorporation of Julius Baer Group Ltd., constitute our primary corporate governance guidelines. Both the OMR and the Articles of Incorporation are available at www.juliusbaer.com/cg.

The corporate governance information of the Company is presented in accordance with the following legal and regulatory requirements:

- *Directive on Information relating to Corporate Governance* of SIX Exchange Regulation AG (in its current version dated 1 January 2023) available at www.ser-ag.com;
- Guidelines and recommendations of the *Swiss Code of Best Practice for Corporate Governance*, including the appendix on executive compensation, of the Swiss business federation economiesuisse (in its current version dated February 2023) available at www.economiesuisse.ch;
- Circular 2017/1 entitled *Corporate governance – banks* of Swiss Financial Market Supervisory Authority FINMA, available at www.finma.ch;
- As per 1 January 2023 the rules contained in the Federal Council's Ordinance against excessive compensation in listed companies have been implemented and concretised in the Swiss Federal Code of Obligation (Article 732 et seq. 'remuneration in companies whose shares are listed on a stock exchange') available at www.admin.ch.

The Group's overall compensation framework, including compensation governance, compensation elements, and their application in the period under review, is described in detail in chapter *II. Remuneration Report* of the Group's Annual Report.

The following information corresponds to the situation as at 31 December 2023 unless indicated otherwise.

Group structure and shareholders

Operational Group structure of Julius Baer Group Ltd. as at 31 December 2023

Julius Baer Group Ltd.

Board of Directors

Chairman of the Board of Directors, Romeo Lacher

Executive Board

Chief Executive Officer, Philipp Rickenbacher

Regions and corporate functions

Head Switzerland & EMEA	**Head Asia Pacific**	**Head Americas**
Yves Robert-Charrue	Jimmy Lee Kong Eng	Beatriz Sanchez
Chief Operating Officer & Head of Intermediaries	**Chief Financial Officer**	**Chief Risk Officer**
Nic Dreckmann	Evangelia (Evie) Kostakis	Oliver Bartholet

Products and solutions

Investment & Wealth Management Solutions		
Head of Wealth Management Solutions	**Chief Investment Officer**	**Head Markets**
Nicolas de Skowronski	Yves Bonzon	Luigi Vignola

Operational Group structure of Julius Baer Group Ltd. as at 1 January 2024

Julius Baer Group Ltd.

Board of Directors

Chairman of the Board of Directors, Romeo Lacher

Executive Board

Chief Executive Officer, Nic Dreckmann (ad interim)[1]

Regions and clients

Switzerland & Europe	**Americas & Iberia**	**Emerging Markets**
Sonia Gössi[2]	Carlos Recoder Miralles	Rahul Malhotra
Asia	**Intermediaries & Family Offices**	**Client Strategy & Experience**
Jimmy Lee Kong Eng	Thomas Frauenlob[3]	Sandra Niethen

Products and solutions

Investment & Wealth Management Solutions

Wealth Management Solutions	**Chief Investment Officer**	**Markets**
Nicolas de Skowronski	Yves Bonzon	Luigi Vignola

Strategy, stakeholder relations, and corporate functions[4]

Chief Financial Officer	**Chief Risk Officer**	**Chief Human Resources Officer & Corporate Affairs**	**Group General Counsel**
Evangelia (Evie) Kostakis	Oliver Bartholet	Guido Ruoss	Christoph Hiestand

1 On 1 February 2024, former CEO Philipp Rickenbacher stepped down, with Nic Dreckmann, Chief Operating Officer and Deputy CEO, stepping in as CEO ad interim. For the time being, his previous function as Chief Operating Officer (COO) will be assumed by the current Deputy COO (participating as non-voting guest in Executive Board and Committee meetings) and his previous function as Head of Intermediaries by the current Market Head Intermediaries APAC & EMEA (until 31 March 2024, see also footnote no. 3).
2 Effective 3 January 2024
3 Effective 1 April 2024, see also footnote no. 1.
4 As of 1 February 2024 and for the interim period, the Chief Operating Officer function will be represented by the current Deputy COO participating as non-voting guest in Executive Board and Committee meetings.

The consolidated Group companies are disclosed in Note 25A ('companies consolidated') in the section *Notes to the Consolidated Financial Statements* of chapter *IV. Consolidated Financial Statements Julius Baer Group* of the Group's Annual Report.

Significant shareholders/participants

Based on notifications received by Julius Baer Group Ltd., each of the following shareholders/participants held 3% or more of the voting rights in Julius Baer Group Ltd. as at 31 December 2023[1]:

Shareholder/participant[3]	Disclosure of purchase positions[2]	Disclosure of sale positions[2]
MFS Investment Management[4]	9.98%	
BlackRock Inc.[5]	5.06%	0.004%
UBS Fund Management (Switzerland) AG[6]	4.99%	
T. Rowe Price Associates Inc.[7]	4.98%	

1 The percentage holding of voting rights as well as the other terms as used herein have to be defined and read in the context of the relevant and applicable stock exchange rules. Please note that some of the above figures base on reports made before the following events: capital reduction on 1 July 2021 following share buy-back program reducing the number of registered shares of Julius Baer Group Ltd. by 2,585,000 to 221,224,448 (as from 1 July 2021); capital reduction on 24 June 2022 following share buy-back program reducing the number of registered shares of Julius Baer Group Ltd. by 7,423,208 to 213,801,240 (as from 24 June 2022); capital reduction on 29 June 2023 following share buy-back program reducing the number of registered shares of Julius Baer Group Ltd. by 7,799,460 to 206,001,780 (as from 29 June 2023).
2 Purchase positions disclosed pursuant to art. 14 para. 1 a FINMA Financial Market Infrastructure Ordinance (FMIO-FINMA) and sale positions pursuant to art. 14 para. 1 b FMIO-FINMA.
3 Please note that a change in the holding of voting rights within reportable thresholds does not trigger a notification duty. Further details on individual shareholdings can be found on www.juliusbaer.com/shareholders or on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange at the address www.ser-ag.com in the section Fundamentals > Notices Market Participants > Significant Shareholders, Issuer Julius Baer Group Ltd.
4 MFS Investment Management, Boston, USA, and its subsidiaries (reported on 30 December 2013)
5 BlackRock Inc., New York, USA (reported on 23 June 2021)
6 UBS Fund Management (Switzerland) AG, Basle, Switzerland (reported on 14 December 2023)
7 T. Rowe Price Associates Inc., Baltimore, USA (reported on 20 January 2023)

The individual reports that were published during the year under review can be accessed on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange at the address www.ser-ag.com in the section Fundamentals > Notices Market Participants > Significant Shareholders, Issuer Julius Baer Group Ltd.

Cross-shareholdings

There are no cross-shareholdings between Julius Baer Group Ltd. and its subsidiaries or third-party companies.

Capital structure

Capital

The capital reduction as resolved by the Annual General Meeting of Julius Baer Group Ltd. on 13 April 2023 was executed effective 29 June 2023 by the cancellation of 7,799,460 Julius Baer registered shares, bought back until 28 February 2023 under the share buy-back programme launched in 2022.

The registered share capital of the Company amounts to CHF 4,120,035.60 as at 31 December 2023. It is fully paid up and divided into 206,001,780 registered shares (shares) with a par value of CHF 0.02 each. The shares (Swiss securities number 10 248 496; ISIN CH 010 2484968, ticker symbol BAER) are listed on the SIX Swiss Exchange and are included in the Swiss Leader Index (SLI).

Disclaimer regarding unsponsored American Depository Receipts (ADR)
Julius Baer does not sponsor any ADR programmes and does not authorise, endorse, support, or encourage the creation of any unsponsored ADR programmes in respect of its securities, and in any event disclaims any liability whatsoever in connection with any unsponsored ADR or arising out of any unsponsored ADR programme. None of the information in English contained in the Group's Annual Report, on the Group's website (www.juliusbaer.com), or elsewhere is prepared, published, and posted, both currently and on an ongoing basis, with the intention of claiming an exemption under Rule 12g3–2 (b) of the U.S. Securities Exchange Act of 1934. Under no circumstances should the contents of the Group's Annual Report, the Group's website (www.juliusbaer.com), or any other Julius Baer publication be interpreted or construed as a solicitation to purchase any securities of/in Julius Baer Group.

Conditional and authorised capital in particular

There is no authorised capital.

Conditional capital
The Company's share capital is to be increased by the issue of up to 10,000,000 registered shares, to be fully paid up and each with a par value of CHF 0.02, in a maximum total amount of CHF 200,000.00 through the exercise of conversion or warrant rights in connection with bonds issued by the Company or its subsidiaries. Existing shareholders are excluded from subscription rights. The acquisition of shares through the exercise of conversion or warrant rights and the subsequent transfer of shares are subject to the entry limitations set forth in article 4.3 et seq. of the Articles of Incorporation, available at www.juliusbaer.com/cg.

In the event that the maximum amount of conditional capital were to be issued and converted as described above, the Company's share capital would increase by CHF 200,000.00, which equates to 4.85% of the existing share capital as at 31 December 2023 (cf. Note 17 ['share capital'] in the section *Notes to the Consolidated Financial Statements* of chapter *IV. Consolidated Financial Statements Julius Baer Group* of the Group's Annual Report).

When issuing convertible or warrant bonds, the Board of Directors may rescind priority subscription rights of existing shareholders for important reasons.

Important reasons can be the securing of optimal conditions in issuing of loans and ensuring equal treatment of shareholders domestically and abroad. In the event that the Board of Directors were to preclude the priority subscription rights, the following applies:

a) Conversion rights may be exercised only during a maximum of seven years, and warrant rights only during a maximum of four years from the date of issue of the relevant bond;
b) The new shares shall be issued according to the applicable conversion or warrant conditions. The convertible and warrant bonds must be issued in conformity to market conditions (including the usual market conditions with regard to protection against dilution). The conversion or option price must be not less than the average of the last prices paid on the Zurich stock exchange during the five days preceding the determination of the final issue conditions for the relevant convertible or warrant bonds.

Changes of capital

The description of the changes of capital in the last two years is disclosed in the section *Consolidated Financial Statements*, Consolidated statement of changes in equity, in chapter *IV. Consolidated Financial Statements Julius Baer* Group of the Group's Annual Report. For information about changes of capital in periods three or more years back, please consult prior editions of the Group's Annual Report at www.juliusbaer.com/reports.

Shares and participation certificates

Shares

	2023	2022
Number of shares with par value of CHF 0.02 as at 31 December	**206,001,780**	213,801,240

There are no preferential rights or similar rights. Each share entitles to one vote.

The dividend entitlement is detailed in Note 13 ('share capital') in the section *Notes to the Consolidated Financial Statements* of chapter *IV. Consolidated Financial Statements Julius Baer Group* of the Group's Annual Report.

Participation certificates

There are no participation certificates.

Bonus certificates

There are no bonus certificates.

Limitations on transferability and nominee registrations (as at 31 December 2023)

The Company shall keep a share register in which the owners and usufructuaries of the shares are entered with their name, address, and nationality, and the place of incorporation in the case of legal entities. In relation to the Company, any person entered in the share register shall be deemed to be a shareholder. Nimbus AG, Ziegelbrueckstrasse 82, 8866 Ziegelbruecke, Switzerland, administrates the Company's share register.

The shares are issued as uncertificated securities and registered as intermediated securities. They are included in the SIS clearing system for transferred shares. The Company may withdraw shares registered as intermediated securities from the custodian system. Each shareholder may at any time request from the Company a certification about the shares owned by him/her. The shareholders have no right to request the printing and delivery of certificates for their registered shares. The Company, however, may at any time print and deliver share certificates (individual certificates, certificates, or global certificates) or convert uncertificated securities and share certificates into any other form, and may cancel issued share certificates once they have been returned to the Company.

Transfers of intermediated securities, including the granting of security interests, are subject to the Swiss Intermediated Securities Act. The transfer of uncertificated shares is effected by a corresponding entry in the books of a bank or depositary institution following an assignment by the selling shareholder and notification of such assignment to the Company by the bank or depositary institution. The transferee must file a share registration form in order to be registered in the Company's share register as a shareholder with voting rights. Failing such registration, the transferee may not vote at or participate in any Meeting of Shareholders but may still receive dividends and other rights with financial value. The uncertificated shares may only be transferred with the assistance of the bank that administers the book entries of such shares for the account of the transferring shareholder. Further, shares may only be pledged to the bank that administers the book entries of such shares for the account of the pledging shareholder; in such case, the Company needs to be notified.

According to the Articles of Incorporation, available at www.juliusbaer.com/cg, a person having acquired shares will be recorded in the Company's share register as a shareholder with voting rights upon request. The Company may refuse to record a person in the share register as a shareholder with voting rights if such person does not expressly state that he/she has acquired the shares in his/her own name and for his/her own account.

A fiduciary/nominee may be entered as a shareholder in the share register with voting rights for shares up to a maximum of 2% of the share capital. Shares held by a fiduciary/nominee that exceed this limit may be registered in the share register with voting rights if such fiduciary/nominee discloses to the Company the name, address, nationality, or registered office and shareholdings of any person or legal entity for whose account it holds 0.5% or more of the share capital. Fiduciaries/nominees who are affiliated with other fiduciaries/nominees by means of ownership structure or voting rights, or who have a common management or are otherwise affiliated, are deemed one fiduciary/nominee as regards the application of such entry limitations.

The Board of Directors may cancel the entry in the share register of a shareholder or fiduciary/nominee with voting rights upon a hearing of such shareholder or fiduciary/nominee if the entry in the share register is based on false information. The affected shareholder or fiduciary/nominee has to be notified of the cancellation immediately.

Convertible bonds and options

There are no outstanding convertible or warrant bonds.

Board of Directors

All members of the Board of Directors of Julius Baer Group Ltd. are non-executive members. They are independent according to article 15 of the *Swiss Code of Best Practice for Corporate Governance* of the Swiss business federation economiesuisse and the Swiss Financial Market Supervisory Authority FINMA's circular 2017/1 entitled *Corporate governance – banks*. The latter states that at least one third of the Board of Directors shall consist of independent members. According to this circular, members of the Board of Directors are deemed independent if they

- are not and have not in the previous two years been employed in some other function within the institution;
- have not been employed in the previous two years by the institution's regulatory audit firm as lead auditor responsible for the institution;
- have no commercial links with the institution which, in view of their nature and scope, would lead to conflicts of interest; and
- are not a qualified participant (within the meaning of the Banking Act and the Stock Exchange Act) of the institution and represent no such participant.

Julius Baer envisages a share of at least two-thirds of its Board members to be independent in the sense of the aforementioned definitions.

The Board of Directors of the Group's principal operating company, Bank Julius Baer & Co. Ltd., is composed of the same members with identical responsibilities as the Board of Directors of Julius Baer Group Ltd.

Members of the Board of Directors

Romeo Lacher (born 1960), Swiss citizen.
Education: PhD in Economics (Dr. oec. HSG), University of St. Gallen, 1995; Advanced Management Program (AMP), Harvard Business School, 1999.
Professional history: Institut für Versicherungswirtschaft, St. Gallen, Project Manager, Junior Consultant, 1987–1990; Credit Suisse Group, Switzerland, 1990 until February 2017: Direct Marketing/Project Manager, Marketing Department, 1990–1994; Head Product Management Direct Banking Products and member of Senior Management, 1995–1996; Head of Retail Banking Switzerland and member of Senior Management, 1997–1999; Head of e-Channels, member of the Executive Board, e-Business, 2000–2002; Chief Operating Officer CS Corporate and Retail Banking, and member of the Management Committee, CS Financial Services, 2002–2003; Global Head of Operations and Product Management and member of the Private Banking Management Committee, 2004–2011; Head of Private Banking EMEA/Western Europe and member of the Private Banking Management Committee, 2011–2015; Member of the Region EMEA Disciplinary/Reputation Committee, 2012–2015; Chief Operating Officer, International Wealth Management and member of the IWM Management Committee, 2016; Member of the Board of Directors and of the Audit & Risk Committee of Credit Suisse (Luxembourg) SA, 2012–2016; Swiss Finance Institute, vice Chairman of the Board of Directors, since 2016; Worldline SA, Bezons, France: 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 2018–2019; Vice-Chairman to the Bank Council and member of the Nomination Committee and Chairman of the Compensation Committee of the Swiss National Bank, since 2021; Chairman of the Board of Directors of Bank Julius Baer & Co. Ltd. and Julius Baer Group Ltd. since 2019.
Other activities and mandates: Vice-Chairman of the Board of Directors of Swiss Finance Institute, Zurich, Switzerland; Member of the Board of Trustees of think tank 'avenir suisse', Zurich, Switzerland; President of the Julius Baer Foundation; Member of the Board of Zürcher Handelskammer.

Gilbert Achermann (born 1964), Swiss citizen.
Education: Bachelor of Business Administration, University of Applied Sciences (HWV), St. Gallen, 1988; Executive MBA, IMD Lausanne, 2000.

Professional history: UBS Investment Banking, 1988–1998: Graduate trainee programme Trading & Sales, 1988–1989; Associate Corporate Finance / Capital Markets; Assistant to Regional Head North America, 1990–1994; Director Corporate Finance Advisory, 1995–1998; Straumann Group, Basle, since 1998: Chief Financial Officer and Deputy CEO, 1998–2001; Chief Executive Officer, 2002–2010; Chairman of the Board of Directors since 2010; Siegfried Group, Chairman of the Board of Directors, 2011–2014; Vitra Group, 2012–2015: Chairman of the Board of Directors from July 2013 until December 2015; Co-CEO from July 2014 until December 2015; Vifor Pharma Group, St. Gallen, member of the Board of Directors and Chairperson of the Audit & Risk Committee from May 2020 to May 2021; Ypsomed Holding Ltd., Burgdorf, member of the Board of Directors and of the Compensation Committee since July 2020, Chairman of the Board of Directors since July 2022; Member of the Board of Directors of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 2012.
Other activities and mandates: Member of the Board of the ITI International Team of Implantology Association and ITI Foundation, Basle, Switzerland; Member of the Committee and member of the Executive Committee of 'Handelskammer beider Basel', Basle, Switzerland; Member of the Supervisory Board of IMD and Chairperson of the Audit and Risk Committee, International Institute for Management Development, Lausanne, Switzerland; Member of the Board of Swiss Medtech, Basle, Switzerland; Member of the Board of greenTEG AG; Member of the Board of Directors of Unilabs, Geneva, Switzerland.

Richard M. Campbell-Breeden (born 1962), British citizen.
Education: Bachelor of Science in Mechanical Engineering, University of Bristol, UK, 1984; MBA, INSEAD, Fontainebleau, France, 1988.
Professional history: Rolls-Royce, sponsored undergraduate, Aero-Engine Division, 1980–1984; 3i Group plc, 1984–1987: Executive, City Office, Large LBOs, 1984–1985; Executive, Shipping Division, 1985–1987; Goldman Sachs & Co., 1989–2016: Associate, M&A, New York, 1989–1991; Vice-President Investment Banking Division, London, 1991–1999; Managing Director, Partner 2000–2016, Head of UK Investment Banking, London, 1999–2005; Head of M&A, Asia-Pacific Ex-Japan (APEJ), Hong Kong, incl. Chairman Industrials APEJ, 2008–2011; Vice-Chairman, Investment Banking Asia Pacific Ex-Japan (APEJ), Hong Kong, incl. member of APEJ Commitments Committee (internal risk committee) and member of APEJ Client & Business Standards Committee (internal compliance committee), 2011–2016; Member of the Board of Directors of Advanced Emissions Solutions, Inc. (ADES) and member of the compensation committee; Member of the Board of Directors of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 2018.
Other activities and mandates: Founder of Omeshorn Capital Advisors, London, UK, since 2016; Director of Omeshorn Holdings Ltd., British Virgin Islands, since 2016; Director of Bittescombe Manor Estate Ltd., since 2021; Chairman of the Board of Directors of Arq Limited, (incl. Arq International Limited, Arq UK Management Limited, and Arq IP Limited), since 2017; Chair of the fundraising committee at Parkinson's UK Charity.

Juerg Hunziker (born 1963), Swiss citizen.
Education: UBS Banking Apprenticeship, Zurich; University of Zurich, Executive Management Program (Executive MBA).
Professional history: UBS AG, 1982–1985: Equity- and Foreign Exchange Trader, 1985–1988; Ascom Banking Systems, Zurich, Product Manager Forex Trading Systems, 1988–2015 SunGard Financial Systems / FIS, Zurich, Frankfurt, London, New York; 1988–1990 Vice President, Devon Systems Zurich, Paris, Frankfurt, 1991–1996 Vice President SunGard Continental Europe, Sales & Services, 1997–2002 Senior Vice President, SunGard Capital Markets Systems, Head of Distribution EMEA, 2003–2004 Senior Vice President, SunGard Asset Management, Head of Distribution North America, New York, 2005–2007 President Global Capital Markets Risk Systems, 2007–2010 President Global Trading and Risk Systems, 2010–2014 President Global Trading, Risk and Derivates Processing Systems, 2014–2015 Group President, Trading, Risk and Private Banking Systems; 2016–2022 Avaloq Group, Zürich; 2016–2017 Deputy CEO, 2018–2021 Group CEO, 2021–2022 Senior Advisor to the Group Executive Board; Member of the Board of Directors of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since April 2023 member of the Audit Committee since April 2023 member of the Development & Innovation Committee since April 2023.

Other activities and mandates: Chairman of the Board of Directors of Adcubum AG; Member of the Board of Directors of Swisspeers AG; Member of the Board of Director of HEH Holding / n-Chain.

David Nicol (born 1955), British citizen.
Education: Bachelor of Arts (BA, Hons) in Accountancy, University of Strathclyde, UK, 1977, Chartered Accountant, Institute of Chartered Accountants Scotland ICAS, 1980.
Professional history: Arthur Young McClelland Moores & Co., London, UK, Trainee, 19771981; Peat Marwick Mitchell Hong Kong, Hong Kong, Deputy Manager, 1981–1983; Morgan Stanley, 1984–2010: FX Business Unit Controller in Finance, 1984–1985; various operations roles, 1985–1995; Head of Operations, Europe & Asia, 1995–2000; Head of Equity and EIS Infrastructure, Europe & Asia, 2000–2004; Chief Administrative Officer EMEA and Director of Morgan Stanley International plc and Morgan Stanley International Ltd., 2004–2010; KPMG UK, Special Advisor, 2011–2013; Brewin Dolphin, London, UK, 2012–2020: Non-Executive Member of the Board of Directors, 2012–2013, and Chief Executive Officer, 2013–£2020; Member of the Board of Directors of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd., since 2021 chair of the Governance & Risk Committee.
Other activities and mandates: Non-Executive member (since March 2021) and Chairman (since 1 May 2021) of the Board of Multrees Investor Services Limited, London, UK; Member of the Board (since 2012) and Chairman of the Appointments Committee (since 2017) of Federated Hermes Property Trust, London, UK (2012–July 2023).

Kathryn Shih (born 1958), British citizen.
Education: Bachelor of Arts (BA), Indiana University, Bloomington, USA, 1978; Master in Business Management, Asian Institute of Management, Manila, Philippines, 1980; Advanced Executive Program, Northwestern University, Evanston, USA, 1999.
Professional history: Citibank, Hong Kong, Assistant Vice President and Head Sales and Customer Service Consumer Lending, 1984–1986; UBS AG, 1987–2018: Various Wealth Management leadership roles, 1987–2002; Chief Executive Officer, UBS Hong Kong, 2003–2008; Head Wealth Management, Asia Pacific, 2002–2015; Member of the Wealth Management Asia Pacific Risk & Governance Committee (2002–2015), of the region's cross-divisional Risk & Governance Committee (2002–2018), as well as of the Global Wealth Management Risk & Governance Committee (2002–2015), covering regulatory, compliance, conduct, market, and credit risks; Group Managing Director, 2008–2015; President Asia Pacific and Member of the Group Executive Board of UBS AG, 2016–2018; Hong Kong Monetary Authority, Banking Advisory Committee Member, 2011–2016; Member of the Board of Directors of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd., since 1 September 2020 chair of the Development & Innovation Committee and member of the Nomination & Compensation Committee.
Other activities and mandates: Temasek Fellow of the Wealth Management Institute, Singapore; Member of the Council of Advisors of the Hong Kong University of Science and Technology Business School, Hong Kong; Member of the Investment Committee of the Island Evangelical Community Church, Hong Kong; Director of Shih Co Charitable Foundation Ltd., Hong Kong.

Tomas Varela Muiña (born 1960), Spanish citizen.
Education: Master in Business Administration, European University, Barcelona, 1990; Registered Auditor (CPA) and Insurance Broker.
Professional history: Price Waterhouse, Spain, various roles up to Assistant Manager, 1982–1988. Allianz Spain, 1988–1992: Director of Organisation, 1988–1990; Deputy Chief Controller, 1990–1992. Banco Sabadell, Spain and London, 1992–March 2021: Internal Audit Director, 1992–2001; CEO of Financial Control Division and Assistant General Manager, 2001–2006; CFO and Deputy General Manager, 2006–2011; Group CFO and General Manager, 2011–March 2021. From June 2015 to March 2022 Non-Executive Director of TSB Banking Group, Edinburgh, United Kingdom, and member of the Audit Committee (since 2015); member of the Risk Committee (2015–March 2021). Member of Advisory Council of TheCityUK, 2015–March 2021; Member of the Board of Directors and Member of the Audit Committee and the Nomination and Renumeration Committee of Aena S.M.E., S.A., Spain; Member of the Board of Directors of Bank Julius Baer & Co. Ltd. and of

Julius Baer Group Ltd. since 2022 and Chair (since 2023) of the Audit Committee and member of the Development & Innovation Committee.
Other activities and mandates: Trustee at Fundación Española de Estudios Financieros (Spanish Foundation of Financial Studies), Madrid, Spain, since 2012; Senior Advisor and Director at Finalbion, Spain, since November 2022.

Eunice Zehnder-Lai (born 1967), dual Swiss and Chinese (Hong Kong SAR) citizen.
Education: Bachelor of Arts (BA), Harvard University, USA, 1989; Master of Business Administration (MBA), Harvard Business School, USA, 1994.
Professional history: Merrill Lynch Capital Markets, New York, Investment Banking Analyst, 1989–1991; Procter & Gamble, Hong Kong, Assistant Brand Manager, 1991–1992; Booz Allen Hamilton, Hong Kong, Summer associate, 1993; Goldman, Sachs & Co., New York, London, Hong Kong, Zurich, Executive Director, Equities and Private Wealth Management, 1994–2001; Zehnder-Lai Investment Advisors (founder), Baech, Switzerland, 2002–2004; LGT Capital Partners, Pfaeffikon, Switzerland, Fund Manager/Executive Director, 2005–2014; IPM Institut für Persönlichkeits-orientiertes Management AG, Pfaeffikon, Switzerland, 2014–2018: Managing Director, 2014–2015; Chief Executive Officer, 2015–2018; Geberit Group, Rapperswil-Jona, Switzerland, Member of the Board of Directors since 2017; DKSH Group, Zurich, Switzerland, Member of the Board of Directors since 2018; Member of the Board of Directors of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 2019 and member of the Audit Committee and Nomination & Compensation Committee.
Other activities and mandates: President of the Foundation Board of Friends of Asia Society Switzerland Arts & Culture Foundation since 2017; Member of the Board of Directors of Asia Society Switzerland since 2016 as well as the Global Trustee of Asia Society, New York, USA since 2020; Member of the Foundation Board of Insights for Education, Horgen, Switzerland, since 2021; Member of the Foundation Board Orpheum Stiftung zur Förderung junger Solisten, Switzerland, since November 2022.

Olga Zoutendijk (born 1961), dual Dutch and Australian citizen.
Education: Bachelor of Science in Business Administration, San José State University, USA, 1983; Master of International Management (Finance), Thunderbird School of Global Management, USA, 1985; Advanced Management Program INSEAD, Fontainebleau, France, 1999; Graduate of the Australian Institute of Company Directors, Australia, 2012.
Professional history: ABN AMRO Bank N.V., 1986–2001: International Career Banker Training Program, the Netherlands, 1986–1987; Officer, Emerging Markets, the Netherlands, 1987–1988; Client Banker, Large Corporates, USA, 1988–1995; Head of Wholesale Banking, Ireland, 1995–1997; Deputy CEO Australia and New Zealand, 1997–1999; CEO, Portugal, 1999–2001; Westpac Banking Corporation, 2001–2007: General Manager, Business and Consumer Banking Products 2001–2002; Group General Manager, Business and Consumer Banking Products 2002–2003; Group General Manager, Corporate and Institutional Banking 2003–2007; Standard Chartered Bank, Group Head of Wholesale Banking Asia and Member of the global Executive Committee of the Wholesale Bank, 2007–2011; ABN AMRO Group N.V. and ABN AMRO Bank N.V., 2014–2018: Member of the Supervisory Board, 2014–2015; Member of the Audit Committee as well as of the Risk & Capital Committee, 2014–2018, Vice-Chairwoman of the Supervisory Board and Chairwoman of the Risk & Capital Committee, 2015–2016; Chairwoman of the Supervisory Board, Member of the Audit, Risk & Capital as well as of the Nominations & Remuneration Committees, 2016–2018; Member of the Board of Directors of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 2019, member of the Governance & Risk Committee and the Audit Committee.
Other activities and mandates: Fnality International Limited, London, UK, Chairwoman of the Board of Directors (February 2022–2023).

Honorary Chairman

The Honorary Chairman has no active function in the Board of Directors.

Raymond J. Baer (born 1959), Swiss citizen; Law Degree, University of St. Gallen, 1984; Master of Law LL.M., Columbia Law School, New York, USA, 1985. Salomon Bros. Inc., New York and London, 1985–1988. Entry into Bank Julius Baer & Co. Ltd., 1988: Head of the Swiss Capital Market Group, Zurich, 1988; New York branch, Deputy Branch Manager, 1990–1993; Zurich Head Office, Member of the Management Committee, 1993–1996; Julius Baer Holding Ltd., 1996–2009: Member of the Group Executive Board and Head of the Private Banking business line as of 1996; Vice-President of the Group Executive Board from 2001 until 13 May 2003; Co-Head of the Private Banking business line from January 2003 until 13 May 2003; Chairman of the Board of Directors, 2003–2009. Chairman of the Board of Directors of Bank Julius Baer & Co. Ltd., 2003–2012; Chairman of the Board of Directors of Julius Baer Group Ltd., 2009–2012. Honorary Chairman of Bank Julius Baer & Co. Ltd. and Julius Baer Group Ltd. since 2012.

Elections and re-elections at the Annual General Meeting 2023

At the Annual General Meeting of Julius Baer Group Ltd. on 13 April 2023, the Board members Romeo Lacher, Gilbert Achermann, Richard M. Campbell-Breeden, David Nicol, Kathryn Shih, Tomas Varela Muiña, Eunice Zehnder-Lai, and Olga Zoutendijk were re-elected for a one-year term.

Juerg Hunziker was elected as new independent member of the Board of Directors for a one-year term.

Heinrich Baumann and Ivo Furrer did not stand for re-election. Heinrich Baumann has served on the Board of Directors since 2011 and Ivo Furrer since 2017.

Romeo Lacher was re-elected as Chairman of the Board of Directors for a one-year term.

Gilbert Achermann, Richard M. Campbell-Breeden, Kathryn Shih, and Eunice Zehnder-Lai were re-elected as members of the Compensation Committee (part of the Nomination & Compensation Committee) for a one-year term.

Proposed changes to the Board of Directors at the Annual General Meeting 2024: nomination of new members

On 11 March 2024, the Board of Directors of Julius Baer Group Ltd. announced its intention to propose Bruce Fletcher and Andrea Sambo for election as new members of the Board of Directors at the Annual General Meeting on 11 April 2024. Gilbert Achermann, who is about to reach the maximum term limit for Julius Baer Board members, will not stand for re-election. Mr. David Nicol does not stand for re-election. He has been member of the Board of Directors and Chairperson of the Governance & Risk Committee since April 2021. All other current members of the Board of Directors will stand for re-election at the forthcoming Annual General Meeting. The total number of Board Members remains nine.

Other activities and interest ties

In applying the *Corporate Governance Directive* and the corresponding commentary of the SIX Swiss Exchange as well as the *Swiss Federal Code of Obligations*, the Company fundamentally discloses all mandates and interest ties of its Board members outside of the Julius Baer Group according to the applicable paragraphs of article 13 ('Mandates outside the Group') of the Articles of Incorporation, available at www.juliusbaer.com/cg, which state:

No member of the Board of Directors may hold more than ten additional mandates, of which no more than four mandates in listed companies.

The following mandates are not subject to the aforementioned limitations:

a) mandates in companies that are controlled by the Company, or which control the Company;
b) mandates held at the request of the Company or companies controlled by it. No member of the Board of Directors may hold more than five such mandates;
c) mandates in associations, charitable organisations, foundations, trusts, and employee welfare foundations. No member of the Board of Directors may hold more than ten such mandates.

Mandates shall mean mandates in comparable functions at other enterprises with an economic purpose. Mandates in different legal entities that are under joint control are deemed one mandate.

Mandates in exchange-listed companies:

Romeo Lacher:
- Vice-Chairman of the Bank Council and member of the Nomination Committee and Chairman of the Compensation Committee of the Swiss National Bank, Zurich.

Gilbert Achermann:
- Chairman of the Board of Directors of Straumann Group, Basle, Switzerland;
- Chairman of the Board of Directors and member of the Compensation Committee of Ypsomed Holding AG, Burgdorf, Switzerland.

Richard M. Campbell-Breeden
- Member of the Board of Advanced Emissions Solutions, Inc. (ADES), Denver, Colorado, USA.

Tomas Varela Muiña:
- Member of the Board of Directors and Member of the Audit Committee and the Nomination and Renumeration Committee of Aena S.M.E., S.A., Madrid, Spain.

Eunice Zehnder-Lai:
- Member of the Board of Directors of DKSH Group, Zurich, Switzerland;
- Member of the Board of Directors of Geberit Group, Rapperswil-Jona, Switzerland.

Mandates in non-listed companies:

Gilbert Achermann:
- Member of the Board of Directors of Unilabs S.A., Geneva, Switzerland;
- Member of the Board of Directors of greenTEG AG, Ruemlang, Switzerland.

Richard M. Campbell-Breeden:
- Founder of Omeshorn Capital Advisors, London, UK, since 2016; Director of Omeshorn Holdings Ltd., British Virgin Islands, since 2016;
- Chairman of the Board of Directors of Arq Limited (incl. Arq International Limited, Arq UK Management Limited, and Arq IP Limited), London, UK;
- Director of Bittescombe Manor Estate Ltd.

Juerg Hunziker:
- Chairman of the Board of Directors of Adcubum AG, St. Gallen, Switzerland;
- Member of the Board of Directors of Swisspeers AG, Winterthur, Switzerland;
- Member of the Board of Directors of HEH Holding/n-Chain, Vaduz, Liechtenstein.

David Nicol:
- Non-Executive member and Chairman of the Board of Directors Multrees Investor Services Limited, London, UK.

Tomas Varela Muiña:
- Trustee at Fundación Española de Estudios Financieros (Spanish Foundation of Financial Studies), Madrid, Spain;
- Senior Advisor and Director of Finalbion, Madrid, Spain.

Olga Zoutendijk
- Chairwoman of the Board of Directors of Fnality International Limited, UK, 23 February 2022–2023.

Other mandates:

Romeo Lacher:
- Vice-Chairman of the Board of Directors of Swiss Finance Institute, Zurich, Switzerland;
- Member of the Board of Trustees of Avenir Suisse, Zurich, Switzerland;
- Member of the Board of Directors of Zurich Chamber of Commerce, Zurich, Switzerland (since 2022).

Gilbert Achermann:
- Member of the Board of Directors of the ITI International Team of Implantology Association and ITI Foundation, Basle, Switzerland;
- Member of the Committee and its Executive Committee of Handelskammer beider Basel, Basle, Switzerland;
- Member of the Supervisory Board of IMD and Chairperson of the Audit and Risk Committee, International Institute for Management Development, Lausanne, Switzerland;
- Member of the Board of Swiss Medtech, Basle, Switzerland.

David Nicol:
- Member of the Board and Chairman of the Appointments Committee of Federated Hermes Property Trust, London, UK, 2012–July 2023.

Richard M. Campbell-Breeden:
- Chair of the fundraising committee at Parkinson's UK Charity.

Kathryn Shih:
- Temasek Fellow at the Wealth Management Institute, Singapore;
- Member of the Council of Advisors of the Hong Kong University of Science and Technology Business School, Hong Kong;
- Member of the Investment Committee of the Island Evangelical Community Church, Hong Kong;
- Director of Shih Co Charitable Foundation Ltd., Hong Kong.

Tomas Varela Muiña:
- Trustee of Fundación Española de Estudios Financieros (Spanish Foundation of Financial Studies), Madrid, Spain.

Eunice Zehnder-Lai:
- 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, as well as member of the Global Board of Trustees, Asia Society, New York, USA;
- Member of the Foundation Board of Insights for Education, Horgen, Switzerland;
- Member of the Foundation Board of the Orpheum Foundation for the Advancement of Young Soloists, Zurich, Switzerland.

Elections and terms of office

The members of the Board of Directors have been elected on an individual basis by the Annual General Meeting since 2012 for a one-year term both in the case of new elections and re-elections. The period between two Annual General Meetings is deemed one year. Members whose term of office has expired are immediately eligible for re-election. Except for the election of the Chairman of the Board of Directors and the members of the Compensation Committee (part of the Nomination & Compensation Committee) by the Annual General Meeting, the Board of Directors constitutes itself. The maximum (cumulative) term of office for the members of the Board of Directors is generally 12 years. Members who have reached their 75^{th} year of age generally do not seek re-election at the end of their current term.

Profile of the Board of Directors of Julius Baer Group Ltd.

The breadth and variety of competencies of its members, both personally and professionally, fundamentally defines the quality of a Board of Directors. It is one of the key determining factors to ensure that the board as a whole can satisfactorily perform its overall and specific oversight duties.

The members of Julius Baer Group Ltd.'s Board of Directors represent a diverse and broad set of backgrounds, skills, and experiences. The Board is composed of individuals who possess relevant functional skills and credentials, have acquired extensive international experience, and developed a global business perspective.

Diversity in culture, ethnicity, and opinion are important aspects of Board composition. The female-to-male ratio on the Board may vary in any given year; the Board, however, is committed to working towards an overall balanced gender representation over the long term.

Board members need to have the ability to assess complex situations swiftly and to challenge management constructively. They need to provide leadership within a framework of prudent and effective controls. Board members need to bring the highest ethical standards of integrity and probity and show deep affinity with Julius Baer's values, purpose, and corporate culture.

Biographical overview

Board member	Age *31.12.2023*	Gender	Nationality	Board member since	Independence
Romeo Lacher	63	male	Swiss	2019	Independent
Gilbert Achermann	59	male	Swiss	2012	Independent
Richard M. Campbell-Breeden	61	male	British	2018	Independent
Juerg Hunziker	60	male	Swiss	2023	Independent
David Nicol	68	male	British	2021	Independent
Kathryn Shih	65	female	British	09/2020	Independent
Tomas Varela Muiña	63	male	Spanish	2022	Independent
Eunice Zehnder-Lai	56	female	Swiss/ Chinese (HK SAR)	2019	Independent
Olga Zoutendijk	62	female	Dutch/ Australian	2019	Independent

Core skills

Core skills represent universal professional, business, and management capabilities that can be gained and used at any company regardless of sector. The core skills shown in the following table and detailed further below are principal requirements that need to be represented on Julius Baer's Board of Directors.

Core skills overview

Board member	Banking	Senior Executive	Audit/ Finance	Risk	Compliance/ Legal
Romeo Lacher	x	x	x	x	x
Gilbert Achermann	x	x	x		
Richard M. Campbell-Breeden	x	x	x	x	x
Juerg Hunziker	x	x		x	
David Nicol	x	x	x	x	
Kathryn Shih	x	x	x	x	x
Tomas Varela Muiña	x	x	x	x	
Eunice Zehnder-Lai	x	x	x		
Olga Zoutendijk	x	x	x	x	x

Banking comprises relevant experience in the banking industry, supplemented and combined with a sound understanding of global banking, financial markets, and financial regulation.

Relevance: Banking experience gained in a senior position within the banking industry assists in understanding and reviewing Julius Baer's core business and strategy.

Senior Executive encompasses a proven record of accomplishments as a former or active executive of a publicly listed or large private multinational company. This typically results in gaining profound insights and credentials in areas such as recruiting and staffing as well as performance management.

Relevance: The exposure as CEO or in a senior executive role significantly deepens the understanding of developing, implementing, and assessing business strategies and operating plans for an organisation of the scale and complexity of Julius Baer.

Audit/Finance includes a broad range of expertise relating to auditing (e.g., current, or former partner of an auditing company, senior role in an auditing capacity or member of an audit committee) or a degree in the subject. It also covers a variety of finance aspects such as the function as current or former financial expert, proficiency in financial accounting and reporting as well as academic or advanced degrees in economics, e.g., former CFO role, Chartered Accountant (CA), Master of Business Administration (MBA), Master of Arts (MA) in Economics, Certified Public Accountant (CPA) or Chartered Financial Analyst (CFA).

Relevance: Expertise and experience in Audit/Finance are important prerequisites for soundly evaluating Julius Baer's financial statements, assessing its capital structure, and required regulatory capital strength, and assisting in understanding and overseeing the integrity of the Group's financial reporting.

Risk includes a broad range of expertise related to risk management and risk control in a global environment (e.g., current, or former Chief Risk Officer, current or former front management role with considerable risk exposure, current or former management and/or supervisory role on a risk committee) or a degree related to the subjects. It also covers experience in establishing risk and control frameworks, setting an organisation's risk appetite, and overseeing its risk culture.

Relevance: Besides understanding the Group's financial and regulatory audit reports, expertise in risk management is important to the Board's role of assessing and overseeing the endogenous and exogenous risks facing Julius Baer. In particular, it is a prerequisite for ensuring that appropriate policies and instruments are in place to manage risk effectively.

Compliance/Legal includes a broad range of expertise related to leading a company's compliance function in a global environment (e.g., current, or former Head Compliance, current or former management and/or supervisory role on a company-wide or regional compliance committee), expertise as a current or former legal expert (e.g., current, or former General Counsel, lawyer, partner in a law firm), or general degree in the subjects. It also covers experience in establishing compliance and legal frameworks and setting and monitoring an organisation's compliance culture.

Relevance: Compliance/Legal qualifications and/or practices assist Julius Baer's Board in assessing and meeting its legal requirements, and ensuring the Group's adherence to local and international regulations and industry standards in the highly complex financial markets globally.

Specific skills

Specific skills represent expertise in those individual business and functional areas that are particularly important to be represented on Julius Baer's Board. The specific skills shown in the following table and detailed further below are principal requirements given the Group's business portfolio, organisational set-up, and corporate strategy.

Specific skills overview

Board member	Wealth Management	Mergers & Acquisitions	Capital Markets	Credit	IT/Technology/ Operations/ Fintech
Romeo Lacher	x	x		x	x
Gilbert Achermann		x	x		
Richard M. Campbell-Breeden		x	x		
Juerg Hunziker	x	x	x		x
David Nicol	x	x			x
Kathryn Shih	x		x	x	
Tomas Varela Muiña		x	x		x
Eunice Zehnder-Lai	x	x	x		
Olga Zoutendijk	x	x	x	x	

Wealth Management encompasses relevant experience gained in senior wealth management functions, including meaningful exposure to some or all of Julius Baer's key markets.

Relevance: With wealth management being the Group's core business, solid representation of wealth management expertise assists in understanding, reviewing, and setting Julius Baer's business focus and strategy.

Mergers & Acquisitions (M&A) represents expertise in the area of corporate M&A gained during current or former roles in investment banking or fund management, through proven experience with M&A or, via current or former corporate advisory roles.

Relevance: Expertise in M&A assists in understanding and evaluating Julius Baer's M&A activities as part of its growth strategy.

Capital Markets represents expertise accumulated during current or former roles in investment banking, fund management, or via leading functions in balance sheet management or executing capital market transactions.

Relevance: Capital markets experience assists in understanding and reviewing Julius Baer's business activities and strategy in this area.

Credit summarises experience gained as current or former private-client-oriented senior credit officer (e.g. Chief Credit Officer) or proven knowledge of the credit business acquired in executive positions in wealth management, investment, or corporate banking.

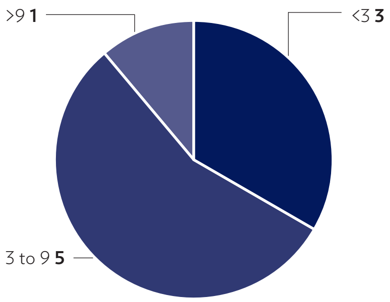
Relevance: Experience in credit-related business areas assists in understanding, reviewing, and assessing Julius Baer's client-related credit strategy and associated risks.

IT/Technology/Operations/Fintech encompasses experience gained in current or former executive roles in the IT/Operations sector or expertise in areas such as software and digital technology or academic degrees in these subjects. Similar competencies include a strong understanding of technology, its impact on innovation and the related development and implementation of initiatives to enhance production and management processes as well as organisational structures.

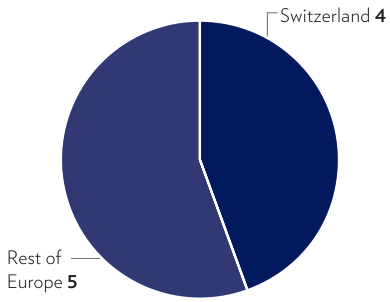
Relevance: Experience in these areas is relevant for Julius Baer in many aspects ranging from client experience to internal operations. In particular, it is instrumental in assessing the impact of new technologies and related corporate investment decisions. Expertise in organisation and process management gives a practical understanding of developing, implementing, and validating Julius Baer's operating plan and business strategy.

Graphical summary of Board attributes

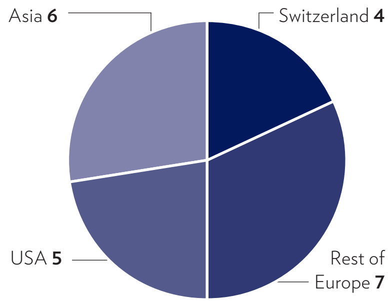
Term of office (years)



Geographic diversity based on primary nationality

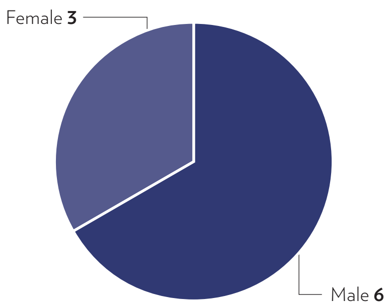


Geographic diversity based on work experience

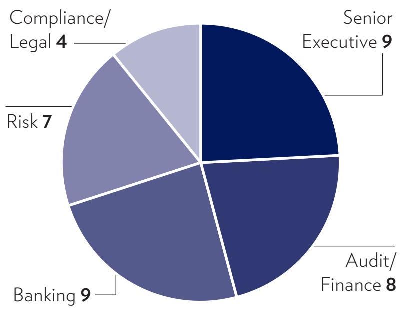


[1]Multiple selections possible

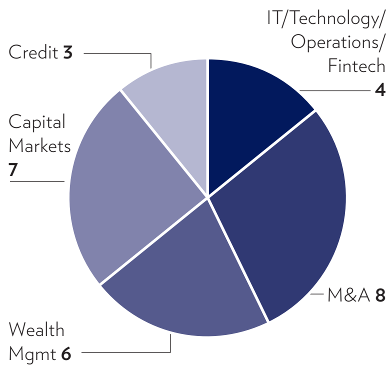
Gender diversity



Core skills



Specific skills



Internal organisational structure

The Board of Directors consists of five or more members. It meets as often as business requires, but at least once per quarter. The presence of a majority of its members is necessary for resolutions to be passed, with the exception of the ascertainment resolution and the resolution concerning the amendment of the Articles of Incorporation, cf. www.juliusbaer.com/cg, as well as the capital increase report in the case of capital increases. Resolutions are passed by an absolute majority of votes of members present. The members of the Board of Directors may also be present by phone or electronic means. Resolutions for urgent or routine businesses of the Board of Directors may also be passed by way of written consent (e-mail) or by way of an electronic data transfer, provided that no member requests oral deliberation. In such cases, the text of written resolutions must be sent to all members and approved by all members of the Board of Directors to be valid.

In the case of a tie vote at meetings, the Chairman shall have the casting vote. For resolutions passed by the Board of Directors with regard to agenda items that have been subject to prior resolution by a committee of the Board of Directors (pre-resolving committee) and if the members of such pre-resolving committee (taking into consideration the casting vote of the Chairman) would represent a majority of votes on the Board of Directors, the casting vote shall not be with the Chairman of the Board but with the Chairperson of the Audit Committee, unless the Chairperson of the Audit Committee is also a member of such pre-resolving committee, in which case the casting vote shall be with the member of the Board of Directors who is not a member of such pre-resolving committee and who has served the longest total term of office on the Board of Directors. The CEO and CFO are standing guests in the meetings of the complete Board of Directors, while the other members of the Executive Board of Julius Baer Group Ltd. are invited to participate as guests for those topics that are within their business responsibility as well as for specific reporting sessions. These meetings generally take up a full day.

In order to gauge the effectiveness of its activities, the Board of Directors as a whole as well as the respective committees carry out an annual self-assessment. The aim is to review and assess what has been achieved relative to the objectives formulated at the beginning of the year. The results of the committees are brought to the attention of the complete Board of Directors.

At intervals, the effectiveness of the Board's activities is also assessed externally. The first such external assessment took place in 2018. Conducted by specialised consultant Egon Zehnder, a comprehensive process meticulously reviewed the use of best industry and other practices at both individual and Board level. The assessment confirmed that the Board of Directors and its committees work effectively and meet the requirements of modern-day corporate governance, which is reflective of the expertise, commitment, and independent stance of the individual Board members at the time.

The second such assessment took place in 2021. Conducted by Egon Zehnder and in close collaboration with the Chairman of the Board of Directors, the Board of Directors undertook a *Board of Directors Effectiveness Review*. The overall objective of the review was to align and, where necessary, improve the Board's focus and effectiveness in order to have a stronger impact. In addition, it served as a basis for each member of the Board of Directors to improve her/his personal effectiveness in the boardroom. The review covered several key dimensions, such as Board structure and composition, personal dynamics, boardroom dynamics, Board committees, Board meetings, and information flow, Company strategy and performance as well as tracking board effectiveness.

The review methodology comprised an online questionnaire that was completed by each Board member as well as feedback collected from all Executive Board members on their relationship with the Board of Directors. The findings were presented to the Chairman of the Board of Directors and subsequently discussed with the whole Board of Directors. Measures to work on the proposed areas for improvement were agreed upon and taken into consideration in the goal-setting process of the Board of Directors and its committees for 2023 and beyond.

In addition, each Board member had to provide feedback on all other Board members in a *Director Peer-to-Peer Assessment* (DPPA). The results of the DPPA were summarised for each Board member in an individual report, which was then discussed in bilateral meetings with the Chairman.

The Board of Directors normally meets for one strategy seminar a year. The purpose of this seminar is to analyse the positioning of the Julius Baer Group as well as to review and, if necessary, redefine its strategic direction in light of the prevailing macroeconomic, sector-related, and company-specific circumstances.

Each Board member must be diligent and invest significant amounts of time and energy in monitoring management's conduct of the business and compliance with the corporation's operating and administrative procedures. It is also important that Board members are able to work together effectively while preserving their ability to differ with one another on particular issues. Consequently, Board members are expected to have the ability and commitment to attend 100% of the Board meetings as well as meetings of the Board committees of which they are a member, with a minimum expected attendance rate of 80%.

In the period under review, the complete Board of Directors of Julius Baer Group Ltd. held eight (physical or remote) meetings, including a two-day strategy seminar (offsite).

Attendance of the members of the Board of Directors at the respective meetings

First half of 2023	February	March[1]	April	June
Romeo Lacher, Chairperson	x	x	x	x
Gilbert Achermann	x	x	x	x
Heinrich Baumann[2]	x	x	-	-
Richard M. Campbell-Breeden	x	x	x	x
Ivo Furrer[2]	x	E	-	-
Juerg Hunziker[3]	G	-	x	x
David Nicol	x	x	x	x
Kathryn Shih	x	x	x	x
Tomas Varela Muiña	x	x	x	x
Eunice Zehnder-Lai	x	x	x	x
Olga Zoutendijk	x	x	x	x

[1] This meeting was held as a video conference; all other meetings were held in a hybrid format combining video attendance with physical presence.
[2] Left the Board of Directors at the Ordinary Annual General Meeting on 13 April 2023.
[3] Joined the Board of Directors in April 2023.
E = was excused from attending the meeting
G = attended the meeting as a guest

Second half of 2023	July[1]	September	October (offsite)	December
Romeo Lacher, Chairperson	x	x	x	x
Gilbert Achermann	x	x	x	x
Richard M. Campbell-Breeden	x	x	x	x
Juerg Hunziker	x	x	x	x
David Nicol	E	x	x	x
Kathryn Shih	x	x	x	x
Tomas Varela Muiña	x	x	x	x
Eunice Zehnder-Lai	x	x	x	x
Olga Zoutendijk	x	x	x	x

[1] This meeting was held as a video conference; all other meetings were held in a hybrid format combining video attendance with physical presence.
E = was excused from attending the meeting

Except for the election of the Chairman of the Board of Directors and the members of the Compensation Committee (part of the Nomination & Compensation Committee) by the Annual General Meeting, the Board of Directors elects the members of the committees of the Board of Directors from among its members. The Chairpersons of the committees are responsible for seeking advice from external specialists as well as from members of the Executive Board as needed.

According to the Articles of Incorporation of Julius Baer Group Ltd., available at www.juliusbaer.com/cg, the Board of Directors has the following non-transferable and irrevocable duties:

a) to supervise the Company and issue the necessary instructions;
b) to determine the organisation of the Company;
c) to arrange the accounting, financial control, and financial planning inasmuch as they are necessary for the management of the Company;
d) to appoint and remove the persons entrusted with the Company's management;

e) to control those persons entrusted with the management of the Company, also in relation to compliance with laws, statutes, regulations and instructions;
f) to draw up the business report, the remuneration report and, if applicable, the report on non-financial matters pursuant to article 964c CO as well as to prepare the General Meeting of Shareholders and implementation of its resolutions;
g) to adopt resolutions on the change of the share capital or the currency of the share capital to the extent that such power is vested in the Board of Directors, to resolve on the ascertainment of capital changes, to prepare the report on the capital increase, and the respective amendments of the Articles of Incorporation (including deletions);
h) to submit a petition for debt-restructuring moratorium and to notify the court in case of over-indebtedness.

The Board of Directors may assign the preparation and implementation of its resolutions or the supervision of business transactions to committees or individual members. It must make sure that its members are suitably informed.

Within the Board of Directors, responsibilities are divided up in accordance with the definition of the areas of responsibility in the respective section on page 35 of this chapter of the Group's Annual Report.

The responsibilities and composition of the currently existing committees of the Board of Directors
The members of the Board of Directors discuss specific topics in the Board's committees. Each of these committees works under its own charter, available at www.juliusbaer.com/cg > Standards and Policies, and is chaired by an independent director (according to article 15 of the *Swiss Code of Best Practice for Corporate Governance* of the Swiss business federation economiesuisse and the Swiss Financial Market Supervisory Authority FINMA's circular 2017/1 entitled *Corporate governance – banks)*. Each committee Chairperson provides the complete Board of Directors with regular updates on the current activities of the respective committee and on important committee issues. In addition, the minutes and the pre-reading/preparatory material of the committee meetings are made available to the complete Board of Directors.

Governance & Risk Committee
The Governance & Risk Committee (GRC) consists of at least three members of the Board of Directors who are specifically skilled and experienced in areas of finance, corporate governance, and risk control. The GRC is responsible for governance, risk, business conduct, and ethics, as well as compliance topics. In particular, the GRC is responsible for

- ensuring that the requirements for effective compliance and the promotion of an adequate compliance/conduct/ethics culture and organisation are given the necessary attention at the level of the Board of Directors;
- assessing the Group's exposure to risk/compliance/conduct/ethical issues as well as the respective frameworks to address such matters, for example monitoring of regulatory developments, operational/enterprise risk management framework, information/cyber security strategy, and the Group's business continuity management strategy (including policies, procedures, and organisational structure);
- performing an annual assessment of the risks and risk-mitigating measures (including respective exceptions) with regard to relationships with clients from countries with an increased risk of corruption;
- monitoring, and assessing the effectiveness of programmes and processes relating to anti-money-laundering requirements, client identification and know-your-client, client on-boarding, monitoring of off-boarding, politically exposed persons, economic and trade sanctions, anti-bribery, and anti-corruption policies, as well as client tax compliance;
- reviewing the status of ongoing procedures as well as the implementation of key initiatives on compliance/conduct topics;
- reviewing reports (including reports of internal and external auditors, in coordination with the Audit Committee) on material matters related to compliance and matters concerning employee conduct, as well as advising the Nomination & Compensation Committee with regard to the consideration of compliance and conduct topics and issues in the compensation process.

Furthermore, the GRC is responsible for

- developing and upholding principles of corporate governance and corporate sustainability for the Julius Baer Group;
- authorising certain market, credit, and financial risks, taking into consideration the respective risk parameters, including, in particular, loans granted to members of the Board of Directors and of the Executive Board and/or affiliated entities and related parties ('Organkredite') as defined by the relevant Swiss accounting standards;
- upholding the standards and methodologies for risk control, which are employed to comply with the principles and risk profile adopted by the Board of Directors or other relevant supervisory or managing bodies.

The GRC determines, coordinates, and reviews the risk limits in the context of the overall risk policy and reviews the policies with regard to risk. The GRC approves and supervises the implementation of the yearly Compliance Programme. The GRC bases its risk-related work on the risk management and risk tolerance framework and the respective processes (cf. chapter *III. Risk Management* of the Group's Annual Report), as approved by the Board of Directors once a year. The GRC furthermore approves the issuance of guarantees, letters of comfort, and similar items relative to Julius Baer Group Ltd. and the principal operating subsidiaries. It approves the entry into, and the dissolution and modification of joint ventures of strategic importance by the principal operating subsidiaries and approves the issue and amendment of Organisational and Management Regulations of the principal operating subsidiaries, cf. www.juliusbaer.com/cg, including the allocation of responsibilities. The GRC furthermore approves the formation, the change in capital or ownership structure, the change of legal form or licences, and the liquidation or closure of all subsidiaries. The GRC decides on requests from members of the Board of Directors and of the Executive Board to serve on outside boards of directors or advisory boards, boards of trustees, or foundation boards and gives its consent to such members to serve in public office or government.

The GRC generally convenes monthly. During the year under review, it held eleven (physical or remote) meetings of approximately four hours each. The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), and the Chief Risk Officer (CRO) are permanent guests, while the other members of the Executive Board of the Company participate for specific reporting sessions in the meetings of the GRC.

Members David Nicol (Chairperson), Richard M. Campbell-Breeden, Romeo Lacher, and Olga Zoutendijk

Attendance of the members of the Governance & Risk Committee at the respective meetings

First half of 2023 – January to March	January	March I	March II
David Nicol, Chairperson	x	x	x
Richard M. Campbell-Breeden	x	x	x
Romeo Lacher	x	x	x
Olga Zoutendijk	x	x	x
Heinrich Baumann[1]	-	G (part.)	G (part.)

[1] Left the Board of Directors at the Ordinary Annual General Meeting on 13 April 2023.
G = attended the meeting as a guest (part. = attended the meeting partially)

First half of 2023 – April to June	April	May	June[1]
David Nicol, Chairperson	x	x	x
Richard M. Campbell-Breeden	x	x	x
Romeo Lacher	x	x	x
Olga Zoutendijk	x	x	x
Tomas Varela Muiña[2]	G (part.)	G (part.)	G (part.)

[1] This meeting was held as a video conference; all other meetings were held in a hybrid format combining video attendance with physical presence.
[2] Assumed the Chairperson role of the Audit Committee in April 2023.
G = attended the meeting as a guest (part. = attended the meeting partially)

Second half of 2023	August[1]	September	October	November[1]	December
David Nicol, Chairperson	x	x	x	x	x
Richard M. Campbell-Breeden	x	x	x	x	x
Romeo Lacher	x	x	x	x	x
Olga Zoutendijk	x	x	x	x	x
Tomas Varela Muiña	G (part.)	G (part.)	G (part.)	G (part.)	G (part.)

[1] These meetings were held as a video conference; all other meetings were held in a hybrid format combining video attendance with physical presence.
G = attended the meeting as a guest (part. = attended the meeting partially)

Audit Committee
The Audit Committee (AC) is responsible for the integrity of controls for financial reporting and the review of the Company's and the Group's financial statements, including the interim management statements, but in particular the consolidated statements of the Group and the annual and semi-annual financial statements before they are presented to the complete Board of Directors for approval. It also reviews the internal and external communication regarding the financial data and accounting statements and related information. The AC monitors compliance by the Company with its respective legal and regulatory obligations and ensures the receipt of regular information as to compliance by its subsidiaries with such obligations as well as with regard to the existence of an adequate and effective internal control in relation to financial reporting.

The AC monitors the activities of Group Internal Audit and ultimately determines the compensation paid to the Head of Group Internal Audit. The Chairperson of the AC meets with the Head of Group Internal Audit on a regular basis throughout the year, usually every two months.

The AC ensures contact with the external auditors at the level of the Board of Directors and monitors their performance and independence as well as their cooperation with the internal auditors. The committee is also responsible for assessing the performance of the external auditors on an annual basis, cf. section *Audit – External Auditor* of this chapter of the of the Group's Annual Report. It reviews their reports about the rendering of the accounts and the management letter and provides a recommendation to the complete Board of Directors on the election of the external auditor at the Annual General Meeting.

All members of the AC are independent (according to article 15 of the *Swiss Code of Best Practice for Corporate Governance* of the Swiss business federation economiesuisse and the Swiss Financial Market Supervisory Authority FINMA's circular 2017/1 entitled *Corporate governance – banks*) and, based on their education and professional expertise, are financial experts. The AC performs an in-depth annual self-assessment with regard to its own performance. The AC convenes at least four times a year for about four hours on average. The CEO, CFO, and CRO are permanent guests, the other members of the Executive Board of Julius Baer Group Ltd. participate in the meetings of the AC if requested. The Head of Group Internal Audit and representatives of the external auditor participate in every meeting. During the year under review, the AC held seven (physical or remote) meetings of approximately four hours each.

Members Tomas Varela Muiña (Chairperson), Juerg Hunziker, Eunice Zehnder-Lai, and Olga Zoutendijk

Attendance of the members of the Audit Committee at the respective meetings

First half of 2023	January	April	May[1]	June
Tomas Varela Muiña, Chairperson[2]	x	x	x	x
Heinrich Baumann[3]	x	-	-	-
Ivo Furrer[4]	x	-	-	-
Juerg Hunziker	G	x	x	x
Eunice Zehnder-Lai	x	x	x	x
Olga Zoutendijk	x	x	x	x
Romeo Lacher				G (part.)
David Nicol				G (part.)
Richard M. Campbell-Breeden				G (part.)

[1] This meeting was held as a video conference; all other meetings were held in a hybrid format combining video attendance with physical presence.
[2] Assumed the Chairperson role in April 2023.
[3] Former Chairperson; left the Board of Directors at the Ordinary Annual General Meeting on 13 April 2023.
[4] Left the Board of Directors at the Ordinary Annual General Meeting on 13 April 2023.
[5] Joined the Board of Directors in April 2023.
G = attended the meeting as a guest (part. = attended the meeting partially)

Second half of 2023	September	November[1]	December
Tomas Varela Muiña, Chairperson	x	x	x
Juerg Hunziker	x	x	x
Eunice Zehnder-Lai	x	x	x
Olga Zoutendijk	x	x	x

[1] This meeting was held as a video conference; all other meetings were held in a hybrid format combining video attendance with physical presence.

Nomination & Compensation Committee
The Nomination & Compensation Committee (NCC) consists of members of the Board of Directors who are adequately skilled and experienced to assess remuneration and succession topics and assume the related responsibilities.

Compensation-related responsibilities:

The NCC carries out the Board's overall responsibility for drawing up the remuneration principles, remuneration strategy and policies covering the Chairman of the Board of Directors, the further non-executive members of the Board of Directors, the CEO, and the further members of the Executive Board within the Julius Baer Group. This includes reviewing any compensation principles (changes thereof have to be submitted for approval to the complete Board of Directors), reviewing and approving compensation policies relating to the Company as a whole as well as any compensation policies within the Group that are linked to the shares of the Company.

The NCC, with the support of external advisors if needed, undertakes to advise the full Board of Directors on whether the current compensation for the Chairman, the Board of Directors, the CEO, and the Executive Board is in line with market practices.

The NCC annually reviews the compensation elements, and the share ownership programmes by considering possible impacts of new regulatory developments and feedback received from stakeholders.

The NCC is responsible for reviewing and approving the Company's principles of total compensation and benefits (Remuneration Policy). It annually verifies that the principles are operated as intended and that the policy is compliant with national and international regulations and standards.

The NCC determines the compensation of the Chairman and of the Executive Board (excl. CEO) and submits the respective proposals for the other members of the Board of Directors and the CEO to the complete Board of Directors for approval. The compensation proposals for the Chairman, the Board of Directors, the CEO, and in aggregate form for the Executive Board are subsequently submitted to the Annual General Meeting for approval by the shareholders.

The NCC annually prepares and proposes to the Board of Directors, and subsequently to the attention of the shareholders, a Remuneration Report as well as other reports required by law or regulations.

→ The Group's overall compensation framework, including compensation governance, compensation elements, and their application in the period under review, is described in detail in chapter *II. Remuneration Report* of the Group's Annual Report.

Nomination-related responsibilities:

In general, the role of the NCC is to assist the Board of Directors in the effective discharge of its responsibilities, ensuring that the Board of Directors comprises individuals who are best able to discharge the responsibilities of directors, in accordance with applicable laws and regulations as well as the principles of sound corporate governance. The NCC is responsible for the long-term succession planning at the level of the Board of Directors. It assesses candidates as possible new members of the Board of Directors of the Company and prepares respective nominations for approval by the complete Board of Directors as well as for final consideration by the Annual General Meeting.

The NCC is also responsible for the long-term succession planning of the Chief Executive Officer (CEO) and the other members of the Executive Board of the Company, and in this function assesses potential candidates and prepares respective nominations for approval by the Board of Directors. In particular, the NCC has the following powers, duties, and responsibilities:

a) establishment of profiles describing necessary and desirable competencies and skills of members of the Board of Directors and of the CEO;
b) search for and identification of suitably qualified candidates for appointment to the Board of Directors;
c) conduct of exploratory talks and application talks with possible candidates;
d) submission of proposals to the Board of Directors with regard to the election of members of the Board of Directors and nomination of the CEO;
e) preparation of a succession plan for the Board of Directors, the CEO, and other Executive Board members.

The members of the Compensation Committee (as part of the NCC) are elected on a yearly basis by the shareholders at the Annual General Meeting. The Chairman of the Board of Directors shall not be a member of the NCC. The NCC elects its own chairperson. With respect to decisions of a specialised nature, the NCC may seek advice from additional members of the Board of Directors.

The NCC consists of at least three members, of whom all shall be independent Board members. As a rule, the NCC convenes once per quarter. In the period under review, the NCC held six (physical or remote) meetings for an average duration of approximately three hours.

Members Richard M. Campbell-Breeden (Chairperson), Gilbert Achermann, Kathryn Shih, and Eunice Zehnder-Lai

Attendance of the members of the Nomination & Compensation Committee at the respective meetings

First half of 2023	January	April[1]	June
Richard M. Campbell-Breeden, Chairperson	x	x	x
Gilbert Achermann	x	x	x
Kathryn Shih	x	x	x
Eunice Zehnder-Lai	x	x	x
Romeo Lacher	G	G	G

[1] This meeting was held as a video conference; all other meetings were held in a hybrid format combining video attendance with physical presence.
G = attended the meeting as a guest except for segments of the meeting in which a conflict of interest might have arisen

Second half of 2023	September[1]	October[1]	December[1]
Richard M. Campbell-Breeden, Chairperson	x	x	x
Gilbert Achermann	x	x	x
Kathryn Shih	x	x	x
Eunice Zehnder-Lai	x	x	x
Romeo Lacher	G	G	G

[1] These meetings were held in a hybrid format combining video attendance with physical presence.
G = attended the meeting as a guest except for segments of the meeting in which a conflict of interest might have arisen

Development & Innovation Committee
The primary aim of the Development & Innovation Committee (DIC) is to support the Board of Directors in its overall oversight responsibilities relating to long-term transformational challenges, business development and innovation as well, as to respective plans as developed by the Executive Board.

The DIC consists of members of the Board of Directors who are adequately skilled and experienced to identify and assess existing and future trends in the financial services industry as well as the means and methods to cope with them successfully and sustainably. Areas of particular interest relate to structural changes in the banking industry in general and the wealth management industry in particular, the business and operating model of the Group, the applied technology and innovation, as well as the assessment of their possible impact on the Group and on new business opportunities.

The DIC acts as both a competence centre and a sounding board and seeks close exchange with related areas of the Group, such as business transformation, people transformation, information technology and processes, automatisation and artificial intelligence, business operations and business development.

The DIC convenes at least twice a year and consists of a minimum of three members of the Board of Directors who are appointed by the Board of Directors. During the year under review, the DIC held four (physical or remote) meetings for an average duration of approximately three hours.

Members Kathryn Shih (Chairperson), Gilbert Achermann, Juerg Hunziker, and Tomas Varela Muiña

Attendance of the members of the Development & Innovation Committee at the respective meetings

	January	June	October	December
Kathryn Shih, Chairperson	x	x	x	x
Gilbert Achermann	x	x	x	x
Ivo Furrer[1]	x	-	-	-
Juerg Hunziker[2]	G	x	x	x
Tomas Varela Muiña	x	x	x	x
Romeo Lacher	G	G	G	G

All meetings were held in a hybrid format combining video attendance with physical presence.
[1] Left the Board of Directors in April 2023.
[2] Joined the Board of Directors in April 2023.
G = attended the meeting as a guest

Definition of areas of responsibility

Julius Baer's strategic framework for long-term value creation

In 2023, following the successful conclusion of a three-year phase of transition and consolidation, Julius Baer entered a new three-year strategic cycle. In line with our purpose, the Group aims to deliver value through wealth management and beyond, by growing and protecting the wealth of our clients and helping them to pass it on to the next generation. We are continuing to concentrate exclusively on wealth management, which is our core area of expertise, and we are pursuing a business model that combines manageable complexity with steady and predictable returns. Further, we are maintaining our focus on high net worth and ultra-high net worth (HNW/UHNW) clients and on serving intermediaries and family offices. Our business is built and delivered around personal relationships with our clients. The provision of personal client services will continue to be of primary importance in the future and will be enriched through the effective use of digitalisation.

Julius Baer will drive further growth and strive to achieve critical mass, not only at Group level but also in our individual markets. Our open product platform gives clients access to the best solutions on a global scale. We also aim to further strengthen our broad range of in-house product capabilities in the areas that create the greatest value for clients. These cornerstones of our approach, along with our proven security and stability as a bank, form the foundations of the Group's future strategic development. As we work towards our goals, all our employees are driven and inspired by Julius Baer's purpose: creating value beyond wealth.

Julius Baer's 2023–2025 strategic cycle is built on three pillars: *focus*, *scale*, and *innovate*.

Focus

Julius Baer will continue to *focus* on creating value for clients through our pure wealth management business model while seeking to generate further sustainable and profitable growth.

We aim to enhance the quality of the Group's earnings by strengthening our ability to grow our recurring income. To achieve this, we target a meaningful increase in discretionary mandate penetration, thus positioning delegated solutions as a strong value proposition to complement our market-leading advisory offering. Further, we will continue to evolve our product mix and offer value-based pricing.

Through strategic and dynamic cost management, Julius Baer expects to generate gross expense savings of CHF 130 million by 2025. We aim to achieve these savings by further streamlining the Group's geographic footprint and market coverage, and by using technology and agile working methods to enhance efficiency, as well as by optimising our organisational structure.

Scale
Scale is about driving the next phase in the Group's growth and development by achieving or building on our critical mass in key geographies.

In an acceleration of our core market strategy, Julius Baer will place a particular emphasis on scaling the business in those markets that offer the most attractive opportunities to achieve critical mass and accelerate profit growth. In Europe, we will leverage our strong onshore presence in Germany, the UK, and Iberia, as well as our leading position in our home market of Switzerland. In North and Southeast Asia, we will continue to deliver outstanding service to HNW and UHNW clients out of our Singapore and Hong Kong hubs. In the growth markets of Brazil, the Middle East, and India, the Group will build on our well-established presence to seize further attractive business opportunities.

We will pursue growth in these focus markets in three ways. First, Julius Baer will strive to recruit the best talent and the most experienced client-facing employees (relationship managers, investment advisors, and wealth planners). Second, we will drive the development of in-house talent across all functions from the front office through to the middle and back office. And third, we will seek to generate additional growth through a disciplined approach to acquisitions, building on our track record of value-creating transactions and successful integrations.

Innovate
We will innovate to ensure the Group remains highly relevant – including through the targeted digitalisation of the business for the benefit of our clients.

Over the 2023–2025 strategic cycle, Julius Baer expects to make further investments in technology totalling about CHF 400 million on top of its regular investment budget. This increase in investment will be achieved incrementally and will be largely capitalised. The resulting impact on expenses will be mitigated by the aforementioned targeted cost savings of CHF 130 million.

Julius Baer will make substantial investments in front-to-back technology with the aim of enhancing operational efficiency, supporting relationship managers, and facilitating the further digitalisation of the value chain to drive state-of-the-art client delivery. We will also explore opportunities to collaborate with further external technology partners. At the same time, we will continue to invest in our alternative assets offering, including private markets and real estate, and further explore the longer-term potential of digital assets, while being mindful of the inherent volatility of this emerging asset class.

Changes to the Executive Board
To enhance the delivery of our targets for the 2023–2025 strategic cycle and beyond, at the beginning of October 2023 Julius Baer announced changes to its regional structure with the aim to create encompassing responsibility for client experience and to strengthen the importance of people management and culture. As a result, the Group made new appointments to the Executive Board, complementing its leadership team through a number of in-house promotions and select new hires. The changes in structure and leadership will take effect on 1 January 2024 (see page 10 of the Group's Annual Report).

The changes in regional structure will create maximum proximity to clients and their needs, thereby accelerating the growth of the Group's franchise. The newly created division Client Strategy & Experience will set global standards in client service, providing support, segment management, marketing, and front risk management for all regions. With the representation of Human Resources on the Executive Board, the updated leadership structure further reflects the central role of people and culture in Julius Baer's strategy of *focus*, *scale*, and *innovate*.

Sustainability for all stakeholders
The delivery of our strategic plan for the 2023–2025 strategic cycle will be underpinned by an engagement-led sustainability strategy. At Julius Baer, we strive to be a responsible partner to our clients by continuously developing our range of responsible wealth management products and solutions – spanning sustainable investing, impact investing, and philanthropy services – as well as by providing transparent reporting to our clients to enable them to track the sustainability performance of their portfolios. Environmental, social, and governance (ESG) principles are deeply embedded in Julius Baer's risk management framework. The Group has also launched a climate strategy to reach net zero by 2050. This includes ambitious interim targets and the decarbonisation of the Group's treasury and proprietary portfolios.

Robust risk management
Prudent risk management forms the foundations on which our business is built. Over the past years, Julius Baer has made important investments and devoted significant human resources to reinforce our risk management. We will continue to improve our risk management approach, and invest in further strengthening our 'know your client', anti-money laundering, and other capabilities. At the same time, we will actively pursue the resolution of legacy legal matters and the steadfast remediation of any new issues that may arise.

In light of the financial impact from the full specific loan loss allowance for the largest exposure in the Group's private debt loan book recorded in 2023 (see page 2 of the Group's Annual Report), the Board of Directors will focus on reinforcing a strong risk culture, in line with our overarching objective to use our solid balance sheet with the utmost prudence for the benefit of our clients. In addition to exiting the private debt business, Julius Baer will take this opportunity to strengthen its credit framework and is committed to make the changes necessary to guard against similar incidents in the future.

Financial targets 2023–2025
Julius Baer's ambitious three-year targets, effective from the start of 2023, are as follows:

- adjusted[1] pre-tax margin of 28 to 31 basis points by 2025;
- adjusted cost/income ratio of below 64% by 2025;
- annual growth in adjusted pre-tax profit in excess of 10% over the cycle; and
- adjusted return on CET1 capital of at least 30% over the 2023–2025 cycle.

These targets apply for the 2023–2025 period, provided there is no significant deterioration in markets or in foreign exchange rates.

Capital management and distribution
We are committed to preserving the quality and strength of the Group's balance sheet and capitalisation. Julius Baer therefore aims to maintain a total capital ratio of at least 15% and a CET1 capital ratio of at least 11%. Both targets represent a prudent buffer of around three percentage points above the regulatory minimum requirements.

Reflecting the ability of our business model to generate significant capital, we continue to target an ordinary dividend payout ratio of approximately 50% of adjusted net profit attributable to shareholders. However, excluding any significant unforeseeable events, we intend to distribute an ordinary dividend per share that is at least equal to the previous year's dividend per share.

Moreover, any additional capital meaningfully exceeding a CET1 capital ratio of 14% at the end of the financial year will be distributed through a share buy-back programme that is to be launched in the following year, unless opportunities for M&A transactions arise that would fit the Group's strategic and financial criteria.

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

[1] For a definition of adjusted results, please refer to the document Alternative Performance Measures available at www.juliusbaer.com/APM

Fundamentals

The governing bodies are responsible for the strategic direction of the Julius Baer Group and the Company as well as for determining and implementing the principles of organisation, management, and monitoring. They are accountable for providing the means necessary to achieve the targeted objectives and bear ultimate responsibility for the overall results. They supervise the maintenance of the Julius Baer Group as a whole and coordinate and oversee all activities carried out by and in the name of the Company. The Board of Directors has a clear strategy-setting responsibility and supervises and monitors the business, whereas the Executive Board, led by the CEO, has executive management responsibility. Julius Baer operates under a strict dual board structure, as mandated by Swiss banking law. The functions of Chairman of the Board and CEO are assigned to two different individuals, thus ensuring a separation of powers. This structure establishes checks and balances and preserves the institutional independence of the Board of Directors from the day-to-day management of the Company, for which responsibility is delegated to the Executive Board under the leadership of the CEO.

→ The individual responsibilities and powers of the governing bodies arise from the Organisational and Management Regulations (OMR). All relevant information contained in the OMR is substantially disclosed in the respective sections of this chapter of the Group's Annual Report. The OMR is available at www.juliusbaer.com/cg.

The decisions of the governing bodies are implemented by the Group companies in compliance with the respective applicable legal and supervisory regulations.

Board of Directors

The Board of Directors is responsible for the ultimate direction, supervision, and control of the Company, which it fulfils within the scope of the duties stipulated in article 716a of the Swiss Code of Obligations and through calling on its various committees. The complete Board of Directors is especially responsible for preparing all topics that fall within the competence of the Meetings of Shareholders (Annual General Meeting and Extraordinary [if any] Meetings) and receives support and advice from the Audit Committee, in particular in matters of financial reporting and other capital management questions. Based on the proposal of the Audit Committee, the complete Board of Directors decides on the external auditors to be recommended for appointment at the Annual General Meeting. Entry into, and dissolution and modification of joint ventures of strategic importance by the Company also fall within the competence of the complete Board of Directors. Moreover, the complete Board of Directors appoints the CEO and the Chief Risk Officer as well as the other members of the Executive Board and based on the proposal of the Audit Committee, decides on the appointment and dismissal of the Head of Group Internal Audit. With regard to the Group's principal operating subsidiaries, the complete Board of Directors decides on the appointment and dismissal of the Chairman of the Board of Directors, of members of the Board of Directors, and of advisory board members (if any). The complete Board of Directors is responsible for determining the overall risk policy of the organisation as well as for the design of accounting, financial controlling, and strategic financial planning. It also decides on capital market transactions involving shares of Julius Baer Group Ltd., on such transactions resulting in the issue of bonds of the Company as well, as on the issue of bonds by subsidiaries based on a graduated competence schedule regarding the capital and time commitment involved.

Executive Board

The Executive Board is responsible for the implementation of the Company's and the Group's overall strategy – within the respective parameters established by the Board of Directors – and is accountable for all operational and organisational matters as well as for the operating results. Except when delegated by the Board of Directors to another supervisory or managing body, the Executive Board is ultimately responsible for all the day-to-day activities of the Company, including those assigned or delegated by the Executive Board.

The Executive Board is responsible for ensuring the consistent development of the Julius Baer Group in accordance with established business policies, for establishing the organisation of the Executive Board itself and for representing the Executive Board in its relationship with the Board of Directors and third parties.

The Executive Board has the right to issue binding policies to and require reporting or consultation from Group companies before a decision is taken. It proposes the formation, the change in capital or ownership structure, the change of legal form or licenses, and the liquidation or closure of principal operating companies and other subsidiaries to the Governance & Risk Committee for final approval. The Executive Board grants permission to employees (other than the members of the Executive Board) to serve on outside boards of directors or advisory boards, boards of trustees, or foundation boards and gives its consent to serve in public office and government.

In addition, the Executive Board may form committees for specific tasks and regulate their activities. Their formation as well as the areas of responsibility must be approved in advance by the Governance & Risk Committee of the Board of Directors.

The Executive Board is responsible for general corporate administration, in particular the registration of shareholders in and the maintenance of the share register. The Executive Board coordinates media contacts, media conferences, and media releases and is responsible for investor relations and the corporate identity (including corporate design and trademarks) of the Company. It also monitors and evaluates financial and other risks as well as compliance with rules governing equity capital, risk distribution, and liquidity maintenance. Additionally, the Executive Board coordinates the contacts with the regulatory authorities. The Executive Board is empowered to issue binding instructions, which may be of general application or related to specific business matters and may require the submission of reports or consultation with the Executive Board prior to making decisions.

The Executive Board is presided over by the CEO (the President of the Executive Board). The CEO is responsible, in particular, for ensuring the consistent management development of the Company in accordance with established business policies and strategies, representing the Executive Board in its relationship with the Board of Directors and third parties, and establishing the organisation of the Executive Board itself within the framework as provided by the Articles of Incorporation as well as the Organisational and Management Regulations of Julius Baer Group Ltd. Both documents are available at www.juliusbaer.com/cg.

The Executive Board of the Group's principal operating company, Bank Julius Baer & Co. Ltd., is composed of the same members in identical responsibilities as the Executive Board of Julius Baer Group Ltd. Details of the Executive Board's composition can be found in the section *Group Structure and Shareholders* of this chapter of the Group's Annual Report.

Information and control instruments vis-à-vis the Executive Board

In order to control the business activity of the Julius Baer Group, the Board of Directors has formed the committees listed in the section *Internal organisational structure* on page 25 of this chapter of the Group's Annual Report. Each committee Chairperson provides the complete Board of Directors with regular updates on the current activities of the respective committee and on important committee issues. In addition, the minutes of the committee meetings and the pre-reading/preparatory material are made available to the complete Board of Directors.

The different committees are regularly kept informed by means of relevant reports from within the Group. Moreover, these reports are discussed in depth during regular meetings with the relevant bodies.

At the meetings of the Board of Directors, the CEO, the CFO, the CRO, and the other Executive Board members regularly update the Board on important issues, either in writing or verbally. At such meetings, the Board members may request from Board or Executive Board members any information about any matters concerning the Company or the Julius Baer Group that they require to fulfil their duties.

The Executive Board or its individual members submit the following major reports to the Board of Directors and its committees (all such reports are made available to the complete Board of Directors but are discussed in the responsible Board committees. In addition, the complete Board of Directors is provided with the minutes and the pre-reading/preparatory material of all Board committee meetings):

- Written report by the CEO (quarterly to complete Board of Directors);
- Written report by the General Counsel (quarterly to complete Board of Directors);
- Written or oral reporting by the CRO (monthly to Governance & Risk Committee, quarterly to complete Board of Directors);
- Written or oral reporting by the members of the Executive Board (as needed monthly to Governance & Risk Committee and/or quarterly to complete Board of Directors);
- Financial reporting by the CFO (Monthly Financial Report to complete Board of Directors; enlarged written and oral reporting on a quarterly basis to complete Board of Directors);
- Financial statements by the CFO (Interim Management Statements to Audit Committee, half-year and full-year results to Audit Committee and complete Board of Directors);
- Forecast by the CFO (quarterly to complete Board of Directors);
- Pension Fund update by the CFO (annually to complete Board of Directors);
- Treasury/Asset & Liability Management update by the CFO or the Head Treasury (annually to complete Board of Directors);
- Budget, Capital Management, and Scenario Planning by the CEO/CFO (annually to complete Board of Directors);
- List of loans granted to members of the Board of Directors and of the Executive Board and/or affiliated entities and related parties ('Organkredite') (quarterly to Governance & Risk Committee);
- Regulatory reporting of large concentrations of risk ('Klumpenrisiken') (quarterly to Governance & Risk Committee);
- Group Risk reporting by the CRO (quarterly to Governance & Risk Committee, annually to complete Board of Directors);
- Risk Management Framework, Risk Control Framework, and Group Risk Landscape by the CRO (annually to complete Board of Directors).

In addition, the Board of Directors has an independent Group Internal Audit unit at its disposal. The obligations and rights of Group Internal Audit are set forth in a separate code of responsibilities. Group Internal Audit has an unlimited right to information and access to documents with respect to all companies and elements of the Group. Furthermore, in consultation with the Chairman of the Board of Directors and the Chairperson of the Audit Committee, the Executive Board may ask Group Internal Audit to carry out special investigations outside of the planned auditing activities. The Head of Group Internal Audit is appointed by the Board of Directors. The Head of Group Internal Audit submits a report to the complete Board of Directors on a yearly basis and to the Audit Committee usually on a quarterly basis.

Executive Board

Members of the Executive Board

Philipp Rickenbacher (born 1971), Swiss citizen.
Education: Master of Science (MSc.) in Biotechnology, Swiss Federal Institute of Technology (ETH), Zurich, 1992–1997.
Professional history: Executive Program, Swiss Finance Institute, 2006; Advanced Management Program (AMP), Harvard Business School, 2013. Union Bank of Switzerland, Zurich, Trading support, 1996–1997; McKinsey & Company, Zurich and London, Associate Principal, 1997–2004; Bank Julius Baer & Co. Ltd., Zurich, 2004–2007: Head Business Development, Trading, 2004–2006; Co-founder and business management, Alternative Risk Trading, 2004–2007; GAM (Switzerland) Ltd., Zurich, Head GAM Structured Investments, 2008–2009; Bank Julius Baer & Co. Ltd., Zurich, since 2009: Head Structured Products, 2009 until July 2016; member of the Executive Board of Bank Julius Baer & Co. Ltd. and Head Advisory Solutions, from August 2016 until 31 December 2018; member of the Executive Board of Bank Julius Baer & Co. Ltd. and Head Intermediaries & Global Custody from 1 January 2019 until 31 August 2019; member of the Executive Board and Chief Executive Officer of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. from 1 September 2019 until 1 February 2024.
Other activities and mandates: Member of the Board of Directors of the Swiss Bankers Association, Basle, Switzerland (as of 12 September 2019); Chairman of the Association of Swiss Asset and Wealth Management Banks, Zurich, Switzerland (as per 10 June 2021; prior Vice Chair, since May 2020); Member of the Foundation Board of 'IMD – International Institute for Management Development', Lausanne, Switzerland (as per 1 January 2020); Councillor of Masayoshi Son Foundation for Scholarship, Tokyo, Japan (as per 4 October 2019); Member of the International Advisory Board of Beijing International Wealth Management Institute Co. Ltd., Beijing, China (since August 2020); Member of the Advisory Board of 'venture' Foundation, Zurich, Switzerland (since 2021), Member of the Swiss Finance Council Board (since 2023); Member of the Board of the Geneva Financial Place Foundation (FGPF), since December 2023.

Oliver Bartholet (born 1966), Swiss citizen.
Education: Master of Law, Universities of Basle and Lausanne, 1990; Attorney at Law, admission to the bar in Switzerland, 1992; PhD in Law, University of Basle, 1995.
Professional history: Chartered Financial Analyst, CFA®, 1999; Canton of Aargau, tax administration, legal department, 1991–1995; Swiss Bank Corporation, 1995–1998, Associate Director, projects, 1995–1997; Director transfer pricing, Basle and New York, 1997–1998; UBS AG, 1998–2018: Regional Tax Counsel Europe, Middle East and Africa, tax counsel for the Bank's Private Equity Business, London, 1999–2001; International Tax, projects, Zurich, 2001–2002; Head International Tax, Zurich, 2002–2003; Global Head of Tax, incl. Member of the Group Managing Board (2008–2009) and Member of the Group Legal & Compliance Executive Committee, 2004–2009; General Counsel Wealth Management & Swiss Bank, incl. Member of the Wealth Management Executive Committee and Member of the Group Legal & Compliance Executive Committee, 2009–2013; Head Legal Regulatory Affairs & Strategic Initiatives, incl. Member of the Group Legal Executive Committee and Member of the Group Regulatory Relations & Strategic Initiatives Management Committee, 2013–2018; Group Managing Director, 2008 until February 2018; Member of the Executive Boards and Chief Risk Officer of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 1 March 2018.
Other activities and mandates: Vice-Director and Lecturer at the IFF, Institute of public finance science, finance law and law and economics, HSG (University of St. Gallen); Member of the Board of the Europa Institute at the University Zurich (since 2019).

Yves Bonzon (born 1965), Swiss citizen.
Education: Degree in Economics (lic. oec. HEC), University of Lausanne, 1986.
Professional history: UBS, graduate programme in wealth management and corporate banking, 1986–1989; Pictet, 1989–2015: Junior private banker, 1989–1990; Member of the Pictet Group Investment Committee, 1990–1997; Member of the Executive Committee Pictet Wealth Management, 1997–2015; Chief Investment Officer Wealth Management, 1998–2015; Equity

Partner, 2006–2015. Entry into Bank Julius Baer & Co. Ltd. 2016: Head Investment Management, Chief Investment Officer and member of the Executive Board from 2016 until December 2019. Member of the Executive Boards and Chief Investment Officer of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 1 January 2020.
Other activities and mandates: Member of the Board of Directors of ISREC Foundation, Lausanne, Switzerland; Member of the Foundation Board of the Verbier Festival, Verbier, Switzerland, until 2023.

Nicolas de Skowronski (born 1973), dual Swiss and Polish citizen.
Education: Master of Science (MSc.) in Physics, Swiss Federal Institute of Technology (EPFL), Lausanne, 1993–1998.
Professional history: Chartered European Financial Analyst, Swiss Training Centre for Investment Professionals (AZEK), 2002–2003. UBS Warburg, Zurich, Market Risk Manager for Fixed Income desk, 1999–2001; Banque Cantonale Vaudoise (BCV), Lausanne, Quantitative Financial Analyst, 2001–2003; Ferrier Lullin & Cie SA, Geneva, Head Asset Allocation and member of the Investment Committee (IC), 2003–2005. Entry into Bank Julius Baer & Co. Ltd. 2005: Head of Advisory Geneva and member of the Executive Committee Private Banking French-speaking regions, 2005–2009; Head of Investment Advisory and member of the Investment Committee, 2009–2015; Chief of Staff, 2013–2015; Deputy Head Advisory Solutions and Head Advisory Operations and Development, 2015–2018; Head Advisory Solutions and member of the Executive Board from January until December 2019. Member of the Executive Boards and Head Wealth Management Solutions of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 1 January 2020.
Other activities and mandates: None

Nic Dreckmann (born 1974), Swiss citizen.
Education: Degree in Business Administration and Corporate Finance (lic. oec. publ.), University of Zurich, 1999; various finance seminars, New York University, 2002; Financial Risk Manager, Global Association of Risk Professionals, 2003; Advanced Management Program (AMP), Harvard Business School, 2021.
Professional history: Financial Risk Manager, Global Association of Risk Professionals, 2003. Accenture AG, Zurich, Business Project Manager, Consultant, 2000–2004. Entry into Bank Julius Baer & Co. Ltd. in 2004 as Product Manager private banking, 2004–2005; Business Development in private banking, 2005; Senior Project Manager in the post-merger integration of the acquired SBC Wealth Management businesses, 2005–2006; Head Strategic Management & Regional Coordination, 2006; Chief of Staff to the CEO and COO of Bank Julius Baer, 2006–2012; Global Head integration of the International Wealth Management business acquired from Bank of America Merrill Lynch, 2012–2015; Programme Director of JB 2.0 – the Group-wide operating model transformation programme, 2014–2016. Member of the Executive Board and Chief Operating Officer of Bank Julius Baer & Co. Ltd. since 1 August 2016, member of the Executive Board and Chief Operating Officer of Julius Baer Group Ltd. since 1 January 2017; additionally Head Intermediaries & Global Custody a.i. of Bank Julius Baer & Co. Ltd. from 1 September to 31 December 2019. Member of the Executive Boards and Chief Operating Officer & Head Intermediaries of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 1 January 2020 and ad interim Chief Executive Officer of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 1 February 2024.
Other activities and mandates: Member of the Steering Committee of digitalswitzerland, Zurich, Switzerland (since 1 July 2021); Member of the Council of the 'Institute of Marketing and Analytics (IMA)', Luzern, Switzerland (since 29 September 2021). Award 'Best Digital Leader' received at PWM Wealth Tech Awards 2023.

Evangelia (Evie) Kostakis (born 1976), dual Greek and American citizen.
Education: Bachelor of Social Science in Economics (BSc), London School of Economics, 1993–1996; Master in Public Policy (MPP), University of Chicago, 1997–1999.
Professional history: Chartered Financial Analyst, CFA®, 2006. Junior Associate, Securities Practice, Mitchell Madison Group, New York, 2000; Associate, Strategic Planning & Product Development Group, Morgan Stanley Asset Management, New York, 2000–2001; Assistant Vice President, Global Strategy Group, Merrill Lynch Investment Managers, New York, 2001–2002; Vice President, Investments,

Webster Financial Corporation, Stanford, CT, USA, 2002–2005; Head of Investment Strategy & Analysis, EFG Mutual Funds, Eurobank EFG, Athens, Greece, 2005–2007; Portfolio Manager at a family office with shipping interests, Athens, Greece, 2007–2009; Director, Corporate Finance & Business Development Group, National Bank of Greece, 2009–2013. Entry into Bank Julius Baer & Co. Ltd., 2013: Managing Director Senior Advisor and Deputy Head Corporate Development & Strategy, 2013–2017; Managing Director and Deputy Head Investment Management as well as Head Alternatives, 2017–2019; Managing Director and Deputy CFO of Bank Julius Baer & Co. Ltd., and of Julius Baer Group Ltd. from January 2020 until 30 June 2022; CFO of Bank Julius Baer & Co. Ltd., and of Julius Baer Group Ltd. from 1 July 2022.
Other activities and mandates: Member of the Board of Directors of AMINA Bank, AG, Zug, Switzerland (since May 2020).

Jimmy Lee Kong Eng (born 1962), Singaporean citizen.
Education: Bachelor of Business Administration, National University of Singapore, 1986; Bachelor of Business Administration with honours, National University of Singapore, 1987.
Professional history: Swiss Bank Corporation, Singapore, Associate Director, 1994–1996; Morgan Guaranty Trust Company of New York, Singapore, Vice President, 1996–1998; Coutts Bank (Schweiz) AG, Singapore, Head of Private Banking South Asia, 1999–2000; Credit Suisse Private Banking, Singapore, Regional Market Director, 2000–2004; Deutsche Bank AG, Singapore, Head Private Wealth Management South East Asia/South Asia, 2004–2009; Clariden Leu AG, Singapore, Chief Executive Officer Asia, 2009–2012; Credit Suisse AG, Asia Pacific, 2012–2015: Head Integration Manager from April 2012 until January 2013; Market Leader Malaysia from February 2013 until August 2013; Market Leader Hong Kong from September 2013 until January 2015; Market Group Head Hong Kong from February 2015 until September 2015. Entry into Bank Julius Baer & Co. Ltd. in October 2015: Designated Head Asia Pacific from October 2015 until December 2015; Head Asia Pacific and Member of the Executive Board from January 2016 until December 2019; Member of the Executive Boards and Head Asia Pacific of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 1 January 2020.
Other activities and mandates: Member of the Board of Directors of Beijing International Wealth Management Institute Co. Ltd., Beijing, China (since 14 August 2020); Board of Director of SCB-Julius Baer Securities Co Ltd (Thailand) since 21 Oct 2019; Donor & Grant Recommendation Committee, Lim Ai Lian Fund: Community Foundation Singapore since July 2023.

Yves Robert-Charrue (born 1973), Swiss citizen.
Education: Degree in Economics (lic. oec. HSG), University of St. Gallen, 1992–1997; École Supérieure de Commerce, Lyon, 1995; London Business School, 2001, AMP, Harvard Business School, October 2023.
Professional history: Credit Suisse Private Banking, 1998–2004: Project Management Fund Lab, 1998–1999; Development and structuring of alternative investment products, 2000–2002; Head of Product Development, Structuring & Implementation, 2003–2004; Sabbatical, various music projects, 2004–2005; Credit Suisse Group, 2006–2009: Head of Mergers & Acquisitions for the Asset Management division, 2006–2007; Global Head of Single Manager Hedge Funds, 2007–2009. Entry into Bank Julius Baer & Co. Ltd. 2009: Head of Funds and Product Management from April 2009 until December 2009; Head Investment Solutions Group and Member of the Executive Board from January 2010 until July 2011; CEO Switzerland and Member of the Executive Board from August 2011 until December 2012; Head Intermediaries and Member of the Executive Board from January 2013 until August 2016; additionally Head Investment Solutions Group a.i. from May 2016 until August 2016; Head Europe and Member of the Executive Board from September 2016 until December 2019; Member of the Executive Boards and Head Switzerland, Europe, Middle East & Africa of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 1 January 2020.
Other activities and mandates: None

Beatriz Sanchez (born 1956), dual Swiss and American citizen.
Education: Bachelor of Arts (BA), University of Miami, 1978; Master's Degree in Business Administration, University of Miami, 1979.
Professional history: Manufacturers Hanover Leasing Corporation, N.A., New York, Vice-President Project Financing, 1981–1983; Chase Manhattan Bank, N.A., New York, Vice-President, Private Banking, 1983–1991;

Republic National Bank of New York (Suisse) SA, Geneva, Head of Hispanic Latin America, 1991–2000; HSBC Private Bank (Suisse) SA, Geneva, Member of the Private Bank Executive Committee & Global Head Private Banking/Latin America, 2000–2008; Goldman Sachs & Co., Miami, 2008 until September 2017: General Manager of Goldman Sachs Bank AG, Switzerland, November 2008 until January 2010; Regional Head Private Wealth Management Latin America from May 2008 until July 2015; Managing Director & Chairwoman Private Wealth Management Latin America from July 2015 until September 2017. Entry into Bank Julius Baer & Co. Ltd. 2017: Head Latin America and Member of the Executive Board from 2017 until December 2019; Member of the Executive Boards and Head Americas of Bank Julius Baer & Co. Ltd. and of Julius Baer Group Ltd. since 1 January 2020.
Other activities and mandates: Member of the Advisory Board of the Foundation for Human Rights in Cuba, Miami, USA; Chairwoman of the Advisory Board of Georgetown Institute for Women, Peace and Security, Washington DC, USA.

Luigi Vignola (born 1970), dual Swiss and Italian citizen.
Education: Master's Degree in Econometrics, University of Zurich, 1995; Ph.D. in Economics, University of Zurich, 1998.
Professional history: Risk Management and Financial Risk Control, Winterthur Insurance Inc., Winterthur, 1998–1999; Development of a prototype for customized application in the area of Credit Risk Management. Project manager for a Portfolio Management System for a Swiss private bank, ECOFIN Research & Consulting AG, Zurich, 1999–2000; Models and Methods 2000–2002, Head Equity Products and Structured Derivatives, 2003–2006 at Zürcher Kantonalbank AG, Zurich; Head Strategic Transactions Switzerland Zurich, 2006–2008 and Head Strategic Transaction CEEMEA in London at the Deutsche Bank, Zurich and London; Entry to Julius Baer & Co Ltd Zurich and Singapore: Head Tailored Solutions Group, Zürich, 2009–2011; Head Markets Asia, Singapore; 2012–2014; Head Markets and Advisory solutions Asia, Singapore; 2014–2017; Head Structured Products, Zurich, 2017–06/2019, singe 07/2019 Head Markets, Since 07/2022 Head Markets, and Member of the Executive Board, Zurich.
Other activities and mandates: One point 55 Ventures AG, Flims Waldhaus, Chairman; Member of the Sanctionsboard EUREX

Changes in the Executive Board as of 1 January 2024
On 9 October 2023, Julius Baer announced the change of its regional structure as of 1 January 2024, creating encompassing responsibility for client experience and strengthening the importance of people management and culture. The changes in structure and leadership are designed to enhance the delivery of its targets for the 2023–2025 strategic cycle and beyond.

Constitution of the Executive Boards of Julius Baer Group Ltd. as of 1 January 2024 can be found on page 10 of the Group's Annual Report.

As per 1 February 2024, Philipp Rickenbacher, CEO since 2019 stepped down in mutual agreement with the Board of Directors, and Nic Dreckmann became ad interim CEO.

Yves Robert-Charrue decided to leave the Group at beginning of 2024 and therefore stepped down from the Executive Board. Beatriz Sanchez also stepped down from the Executive Board and assumes the strategic role of Chair of Americas at Julius Baer as of January 2024.

Background on new Executive Board members
Sonia Gössi (born 1970,) Swiss and Italian citizen
Education: Bachelor's Degree in Business Administration, University of Lausanne 1993; Certified Chartered Accountant of England and Wales, London, 1998; Postgraduate degree 'Artificial Intelligence for Leaders, University of Texas, Austin (McCombs), 2023.
Professional history: Auditor at Arthur Andersen, Geneva and Zurich, 1993–1998; Senior Manager Business Consulting at PwC Zurich, 1998–2002; Associate Partner, Business Consulting, SAP Practice Leader for DACH region at IBM, Zurich; UBS AG, Zurich 2004–2023: Group Program Manager for Sarbanes Oxley 404 implementation, 2004–2006, Divisional Head Operational Risk Control Global Wealth Management & Business Banking, 2006–2009, Divisional Head Business Risk Management UBS Switzerland, 2009–2014, Business Risk Partner Markets, Latin America &

Caribbean, 2014–2015, Chief of Staff Wealth Management Europe International, 2015, Market Head Wealth Management Germany & Austria, 2015–2018, Sector Head Wealth Management Europe International North, 2018–2023; Julius Baer Group Ltd. and Bank Julius Baer & Co. Ltd., Head Switzerland & Europe and Member of the Executive Boards, since January 2024.
Other activities and mandates: Chairwoman of Board of Trustees of Foundation Child and Autism, Urdorf, Switzerland, since 2019.

Carlos Recoder Miralles (born 1970), Spanish citizen
Education: Degree in Economics and Business Administration, University of Barcelona, 1993; Master in Financial Markets, Fundacio Bosch i Gimpera, Barcelona, 1995; Management Development Program, IESE Business School, Madrid, 2000; Executive Program, Stanford University, 2015.
Professional history: Research Department, Barcelona Stock Exchange, 1994–1996; Credit Suisse AG 1996–2016: Relationship Manager, Barcelona, 1996–1997, Senior Portfolio Manager, Barcelona, 1997–1999, Senior Relationship Manager for UHNWIs, Madrid, 1999–2000, Head Investment Consulting & Products Spain & Portugal, Madrid, 2001–2007, Market Area Head Private Banking Spain & Portugal, Geneva and Zurich, 2008–2013, Head Private Banking Western Europe, Zurich, 2013–2016; Bank Julius Baer & Co. Ltd, since 2016: Head Private Banking Western Europe, 2016–2019, Head Private Banking Western, Northern Europe & Luxembourg, 2020–2023, Julius Baer Group Ltd. and Bank Julius Baer & Co. Ltd. Head Americas & Iberia and Member of the Executive Board, since January 2024.
Other activities and mandates: None

Rahul Malhotra (born 1965), British citizen
Education: Bachelor's Degree in Commerce, University of Delhi, 1987; Executive Education (Management) Program, Columbia University, New York City, 2003.
Professional history: Citigroup 1987–2006: Vice President Global Consumer Bank, India, 1987–1993, Country Head NRI Business, Dubai, 1993–1995, Area Director NRI Business Middle East, Dubai, 1995–1999, Global Head NRI Business, London, 1999–2005, Retail Bank Head Asia-Pacific, Singapore, 2005–2006; Head of Asia, Global Wealth Management at Merrill Lynch, Singapore, 2006–2009; J.P. Morgan, Singapore 2010–2021: Head of Southeast Asia, 2010–2020, Strategy & Projects, International Private Bank, 2020–2021; Head Private Banking, Global India & Developed Markets at Bank Julius Baer & Co. Ltd., Singapore and Dubai, 2021–2023; Julius Baer Group Ltd. and Bank Julius Baer & Co. Ltd Head Emerging Markets and Member of the Executive Boards, since January 2024.
Other activities and mandates: None

Thomas Frauenlob (born 1970), Swiss and Australian citizen
Education: Master's Degree in Business and Economics, University of Zurich, 1995; Ph.D. in Banking and Finance, University of Zurich, 1998.
Professional history: Business Economist at UBS Asset Management Switzerland Ltd., Zurich, 1995–1997; Lehman Brothers International Europe 1998–1999: Lehman Brothers Associate Class, Zurich, New York, and London, 03/1998–11/1998, Sales Equity Derivatives, Zurich, 11/1998–08/1999; Country Captain Equity Derivatives Switzerland at Goldman Sachs International, Zurich, 1999–2004; Head of Structured Products at Goldman Sachs JB Were, Sydney, 2004–2007; Head of Equity Derivatives Sales and Retail Investor Solutions Switzerland, Deputy Head Institutional Client Group Switzerland at Deutsche Bank AG, Zurich, 2007–2010; Head of Equities Switzerland, Deputy Head Investment Bank Switzerland at UBS AG, Zurich, 2010–2016; UBS Switzerland AG, Zurich 2016–2023: Head Global Family Office & Ultra High Net Worth Clients Switzerland, 2016–2021, Head Global Financial Intermediaries, 2021–2023; Head Intermediaries & Family Offices and Member of the Executive Boards at Julius Baer Group Ltd. and Bank Julius Baer & Co. Ltd., since 2024.
Other activities and mandates: None

Sandra Niethen (born 1971), German citizen
Education: General Business Administration, Certified Business Economist, Business School, Mönchengladbach, 1996.
Professional history: Foreign Department cash management and Private & Business clients at Deutsche Bank AG, Viersen, 1991–1994; Credit Risk Management Analyst at Stadtsparkasse Kaarst-Buettgen, 1994–1998; Deutsche Bank AG 1999–2012: Credit Risk Management Analyst, Munich, Hong Kong, and Frankfurt, 1999–2004, Head Fixed Income Solutions, Frankfurt, 2004–2009, Senior Relationship

Manager, Cologne, 2009–2011, Head Global Fund Solutions Germany, Frankfurt, 2011–2012; DWS AG, Frankfurt 2013–2019: Head Sales Passive Institutional Mandates EMEA & APAC, 2013–2016, Chief of Staff and Head of Client Strategy EMEA & APAC, 2016–2019; Chief of Staff and Head of Strategy at Bank Julius Baer & Co. Ltd, 2020–2023; Head Client Strategy & Experience and Member of the Executive Boards at Julius Baer Group Ltd. and Bank Julius Baer & Co. Ltd., since January 2024.
Other activities and mandates: None

Guido Ruoss (born 1976), Swiss citizen
Education: Master in Business Administration (lic. oec. HSG), University of St. Gallen, 2002; Chartered Financial Analyst, CFA Institute, 2007; Executive Program, Singularity University, Palo Alto, 2019.
Professional history: Business Analyst at Credit Suisse Private Banking, Singapore, 2000–2001; RMF Investment Management, Pfäffikon 2002–2006: RMF Alternative Investment Academy, 2002–2003, Hedge Fund Seeding Transaction Manager, 2003–2006; Bank Julius Baer & Co. Ltd. 2008–2023: Head Business Development Portfolio Management, 2008–2009, Chief of Staff Investment Solutions Group, 2009–2011, Head Business & Product Management Investment Solutions Group, 2011–2015, Global Head Human Resources, 2015–2023; Chief Human Resources Officer & Head Corporate Affairs and Member of the Executive Boards at Julius Baer Group Ltd. and Bank Julius Baer & Co. Ltd, since January 2024.
Other activities and mandates: Member of the Foundation Board (employer representative) at the Pension Funds of the Julius Baer Group, since 2015; Representative of Bank Julius Baer on the Board of the Employers' Association of Swiss Banks.

Christoph Hiestand (born 1969), Swiss citizen
Education: Degree in Law (lic. iur. HSG), University of St. Gallen, 1994; Bar exam (Switzerland), 1997; Master of Law, LL.M., Cornell University, Ithaca, New York, 2000.
Professional history: Attorney-at-law at Beiten Burkhardt Mittl & Wegener, Frankfurt am Main and Düsseldorf, 1997–1998; Attorney-at-law at BBLP Meyer Lustenberger, Zurich, 1999–2001, Bank Julius Baer & Co. Ltd 2001–2005: Legal Counsel, 2001–2003, General Counsel Corporate Center, 2004–2005; Deputy Group General Counsel at Julius Baer Holding Ltd., 2006–2009; Group General Counsel and (until 2019) Member of the Executive Board at Julius Baer Group Ltd., 2009–2023; Group General Counsel and Member of the Executive Boards at Julius Baer Group Ltd. and Bank Julius Baer & Co. Ltd., since January 2024.
Other activities and mandates: None

Other activities and interest ties

In applying the *Corporate Governance Directive* and the corresponding commentary of the SIX Swiss Exchange as well as the *Swiss Federal Code of Obligations,* the Company fundamentally discloses all mandates and interest ties outside of the Julius Baer Group according to the applicable paragraphs of article 13 ('Mandates outside the Group') of the Articles of Incorporation, available at www.juliusbaer.com/cg, which state:

No member of the Executive Board may hold more than five additional mandates, of which no more than one mandate in listed companies.

The following mandates are not subject to the aforementioned limitations:

a) mandates in companies that are controlled by the Company, or which control the Company;
b) mandates held at the request of the Company or companies controlled by it. No member of the Executive Board may hold more than five such mandates;
c) mandates in associations, charitable organisations, foundations, trusts, and employee welfare foundations. No member of the Executive Board may hold more than ten such mandates.

Mandates shall mean mandates in the supreme governing body of a legal entity, which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control are deemed one mandate.

Mandates in listed companies:

None

Other mandates:

Philipp Rickenbacher:

- Member of the Board of Directors of the Swiss Bankers Association, Basle, Switzerland;
- 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;
- Councillor, Masayoshi Son Foundations for Scholarship, Tokyo, Japan;
- Member of the Advisory Board of Beijing International Wealth Management Institute Co. Ltd., Beijing, China;
- Member of the Advisory Board of >>venture>> Foundation, Zurich, Switzerland;
- Member of the Swiss Finance Council Board;
- Member of the Board of the Geneva Financial Place Foundation (FGPF).

Oliver Bartholet:

- Vice Director and Lecturer at the IFF, Institute of public finance science, finance law and law and economics, HSG (University of St. Gallen);
- Member of the Board of the Europa Institut at the University of Zurich, Switzerland.

Yves Bonzon:

- Member of the Board of Directors of ISREC Foundation, Lausanne, Switzerland;
- Member of the Foundation Board of the Verbier Festival, Verbier, Switzerland, until 2023.

Nic Dreckmann:

- Member of the Steering Committee of digitalswitzerland, Zurich, Switzerland;
- Member of the Council of the 'Institute of Marketing and Analytics (IMA)', University of Lucerne, Switzerland.

Evie Kostakis

- Member of the Board of Directors of AMINA Bank AG, Zug, Switzerland.

Jimmy Lee Kong Eng:

- Member of the Board of Directors of Beijing International Wealth Management Institute Co. Ltd., Beijing, China;
- Member of the Board of Director of SCB-Julius Baer Securities Co., Ltd., Bangkok, Thailand;
- Donor & Grant Recommendation Committee, Lim Ai Lian Fund: Community Foundation Singapore.

Beatriz Sanchez:

- Chairwoman 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.

Luigi Vignola:

- One point 55 Ventures AG, Flims Waldhaus;
- Member of the Sanctionsboard EUREX.

Mandates of new EB Group members as of 1 January 2024:

Sonia Gössi:

- Chairwoman of Board of Trustees of Foundation Child and Autism, Urdorf, Switzerland, since 2019.

Guido Ruoss

- Member of the Foundation Board (employer representative) at the Pension Funds of the Julius Baer Group, since 2015;
- Representative of Bank Julius Baer on the Board of the Employers' Association of Swiss Banks.

Management contracts

There are no management contracts between Julius Baer Group Ltd. and companies (or individuals) outside of the Group.

Rules about compensation and loans within the Group

The topics of compensation and loans within the Group are fundamentally defined in the Articles of Incorporation of the Company. The outline below provides a summary. The full version of the rules can be found in the current version of the Articles of Incorporation, available at www.juliusbaer.com/cg.

Vote on pay

The approval of compensation by the General Meeting of Shareholders is defined in article 11.1 of the Articles of Incorporation and determines:

a) the maximum aggregate amount of compensation of the Board of Directors for the next term of office;
b) the maximum aggregate amount of fixed compensation of the Executive Board for the financial year following the respective General Meeting of Shareholders;
c) the aggregate amount of variable cash-based compensation elements of the Executive Board for the financial year preceding the respective General Meeting of Shareholders;
d) the aggregate amount of variable equity-based compensation elements of the Executive Board granted in the current financial year.

The supplementary amount for payments to members of the Executive Board appointed after the vote on pay at the General Meeting of Shareholders shall not exceed 40% for the CEO and, for each other member, 25% of the aggregate amounts of compensation last approved by the General Meeting of Shareholders as detailed in article 11.2 of the Articles of Incorporation.

Compensation of the Board of Directors and of the Executive Board

Article 11.3 of the Articles of Incorporation details the compensation of the Group's two main governing bodies. Compensation of the members of the Board of Directors shall comprise a fixed remuneration only. Compensation of the members of the Executive Board shall consist of fixed and variable compensation.

Variable cash-based compensation elements shall be governed by performance objectives and metrics that take into account the performance of the Company or parts thereof, targets in relation to the market, other companies or comparable benchmarks and/or individual objectives, and achievement of which is generally measured during a one-year period. Variable equity-based compensation elements shall be governed by performance objectives and metrics that take into account strategic objectives of the Company, and achievement of which is generally measured during a perennial period.

Compensation may be paid or granted in the form of cash, shares, options (for Executive Board members only), similar financial instruments or units, or in the form of other types of benefits. In 2022 and 2023, the compensation of both bodies did not include any grants of options.

Loans

To loans, separate rules apply as set forth in article 14 of the Articles of Incorporation:

Loans to members of the Board of Directors and of the Executive Board may only be granted if their amount complies with the Bank's market practice and applicable internal guidelines of the Company. The total amount of loans outstanding must not exceed CHF 15 million per member of the Board of Directors or of the Executive Board.

Loans to members of the Executive Board may be granted at employee conditions, which correspond to the conditions for employees of the Julius Baer Group. Loans to members of the Board of Directors shall be granted at market conditions.

→ The Group's overall compensation framework, including compensation governance, compensation elements and their application in the period under review, is described in detail in chapter *II. Remuneration Report* of the Group's Annual Report.

Shareholders' participation rights (as at 31 December 2023)

Voting-rights restrictions and representation

In relation to the Company, any person entered in the share register shall be deemed to be a shareholder. Shareholders shall exercise their rights in the affairs of the Company at the General Meeting of Shareholders. They may represent themselves or be represented by the independent voting rights representative or a third party at the General Meeting of Shareholders.

The General Meeting of Shareholders shall elect the independent voting rights representative for a term of office expiring after completion of the next Annual General Meeting of Shareholders. Re-election is possible.

The independent voting rights representative shall inform the Company of the amount, kind, nominal value, and category of shares represented by it. The Chairman shall convey this information to the General Meeting of Shareholders.

The Group's shareholders are given the possibility to vote their shares through an electronic voting tool. Such votes will be delegated to the independent voting rights representative.

There are no voting rights restrictions; each share entitles to one vote.

Statutory quorums

Except where otherwise required by mandatory law or article 8.15 of the Articles of Incorporation, available at www.juliusbaer.com/cg, all resolutions of the General Meeting of Shareholders are passed by the majority of the votes represented, excluding blank or invalid ballots. In the event of a tied vote, the Chairman shall have the casting vote.

Convocation of the General Meetings of Shareholders

The convocation of the General Meetings of Shareholders complies with the applicable legal regulations. The convocation of a General Meeting may also be requested by one or more shareholders who, alone or together, represent at least 5 percent of the share capital or votes. The Board of Directors must convene the requested General Meeting of Shareholders within six weeks after the request is received.

Agenda

Shareholders who, alone or together, hold at least 0.5 percent of the share capital or votes may demand that matters be put on the agenda or that a motion relating to matters on the agenda be included in the notice convening the General Meeting of Shareholders. This request must be submitted at least six weeks before the date of the General Meeting of Shareholders.

The request to call a meeting and to put a matter on the agenda must be done in writing including the matters to be handled and the proposals and, in case of elections, the names of the nominated candidates, together with a brief statement of the reasons.

Registrations in the share register

In the invitation to the Annual General Meeting of Shareholders, the Board of Directors states the applicable record date by which shareholders must be registered in the share register to be eligible to participate and vote at the meeting.

Changes of control and defence measures

Duty to make an offer

The Articles of Incorporation, available at www.juliusbaer.com/cg, do not deviate from the standards set by the law (no opting-out or opting-up rules).

Clauses on changes of control

Executive Board members are not entitled to specific payments upon a change of control or upon termination of employment related to a change of control; however, they are eligible to receive such benefits (e.g., accrued holiday pay, death/disability/retirement benefits under the pension plan) as are generally available to other Julius Baer employees. The Executive Board members, however, are not entitled to other severance pay or special termination benefits under the pension plans that may apply to the general staff population.

Special change-of-control provisions may be available under the Equity Performance Plan. All provisions remain subject to the prevailing legislation in each of the applicable jurisdictions at the time of the change of control. More details can be found in chapter *II. Remuneration Report* of the Group's Annual Report.

Audit

Audit is an integral part of corporate governance. While retaining their independence, the External Auditor and Group Internal Audit (GIA) closely coordinate their work. The Audit Committee and ultimately the Board of Directors supervise the adequacy of audit work.

External Auditor

The statutory auditor of the Julius Baer Group is KPMG AG (KPMG), Badenerstrasse 172, 8036 Zurich, Switzerland. The mandate was first given to KPMG for the business year 2006. Since the 2019 Annual General Meeting, Mirko Liberto has been acting as the Lead Auditor. Swiss law requires the Lead Auditor to rotate at least every seven years.

KPMG attends all meetings of the Audit Committee. At each meeting, KPMG reports on the findings of its audit and/or interim review work. The Audit Committee reviews KPMG's audit plan on an annual basis and evaluates the performance of KPMG and its senior representative in fulfilling their responsibilities. Moreover, the Audit Committee recommends to the Board of Directors the appointment or replacement of the External Auditor, subject to shareholder approval as required by Swiss law.

KPMG provides a report as to its independence to the Audit Committee at least once a year. In addition, the policy that governs the cooperation with the External Auditor strives to ensure an appropriate degree of independence of the Group's External Auditor. The policy limits the scope of service that the External Auditor may provide to Julius Baer Group Ltd. or any of its subsidiaries in connection with its audit and stipulates certain permissible types and caps of additional audit-related and other services. In accordance with this guidance and as in prior years, all KPMG audit, audit-related, and other services provided in 2023 were pre-approved. KPMG is required to report to the Chief Financial Officer and the Audit Committee periodically the extent of services provided and the fees for the services performed to date.

The External Auditor is assessed yearly by the Audit Committee. The assessment includes a judgement of the External Auditor's qualification and independence (based on the External Audit Guideline). In addition, the Audit Committee assesses the scope and quality of the reports and management letters submitted to management and the Audit Committee.

Fees paid to External Auditors

	2023 *CHF m*	2022 *CHF m*
Audit fees[1]	**6.7**	6.4
Audit-related fees[2]	**0.8**	0.3
Other services fees[3]	**1.5**	1.2

1 Fees related to Group and stand-alone financial statement and regulatory audit
2 Fees related to accounting and regulatory compliance services and other audit and assurance services
3 Fees related to tax compliance and consultancy services

Group Internal Audit

With 42 professionals as at 31 December 2023, compared with 43 as at 31 December 2022, Group Internal Audit (GIA) performs the global internal audit function for the Julius Baer Group. GIA is an independent and objective function that provides independent and objective assurance to the Board of Directors on safeguards taken by management to (i) protect the reputation of the Group, (ii) protect its assets, and (iii) monitor its liabilities. GIA provides assurance by assessing the reliability of the risk management system, internal controls including operational information, as well as compliance with laws and regulations. All audit reports are made available to all Board members. Audit reports are addressed to the responsible Executive Board member and other relevant functions in the Group. Audit reports with key audit findings are provided to the entire Executive Board, the Audit Committee, and the Chairman. In addition, the Chairman and the Audit Committee members are regularly informed about all audit reports and significant audit findings. GIA further assures the closure and successful remediation of audit findings addressed by management actions.

To maximise its independence from management, the Head of GIA, Ralph Dicht, reports directly to the Chairman and to the Chairperson of the Audit Committee for delegated duties. GIA has unrestricted access to all accounts, books, records, systems, property, and personnel, and must be provided with all information and data needed to fulfil its auditing duties. The Chairman and the Chairperson of the Audit Committee may request special assignments to be conducted. Other Board of Directors members and the Executive Board may ask for such special assignments with the approval of the Chairman or the Chairperson of the Audit Committee.

Coordination and close cooperation with the External Auditors enhance the efficiency of GIA’s work.

Information policy

Julius Baer Group Ltd. has four scheduled financial reporting events: the full- and half-year results as well as two so-called interim management statements, published between the full- and half-year results, usually covering the business performance for the first four and the first ten months of each year. It also publishes media releases, presentations, and brochures as needed.

→ Current as well as archived news items can be accessed via www.juliusbaer.com/news.

→ Stakeholders and interested parties can be kept informed about our Group automatically by subscribing to Julius Baer's News Alert service at the address www.juliusbaer.com/newsalert.

Important dates

18 March 2024	Publication of Annual Report 2023, Business Review 2023, and Sustainability Report 2023
11 April 2024	Annual General Meeting, Zurich
15 April 2024	Ex-dividend date
16 April 2024	Record date
17 April 2024	Dividend payment date

Additional information events are held regularly and as deemed appropriate in Switzerland and abroad.

→ Please refer to the corporate calendar at the address www.juliusbaer.com/calendar for the publication dates of financial statements and further important corporate events.

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Alexander van Leeuwen
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Quiet periods

To avoid the potential use of non-public share-price sensitive information in a way not commensurate with general market conduct principles and thus not with Julius Baer's Code of Ethics and Business Conduct, since the beginning of 2024 Julius Baer restricts trading in its own shares for all employees and members of the board of directors to four annual trading windows. Such windows generally open for six weeks, in February and July following the publication of the annual results and the half year results, respectively, and for a maximum of three weeks following the publication of the interim management statements. Further restrictions apply for example to employees in Markets, Julius Baer's trading, sales, and execution division. This trading windows regime replaced the previous quiet respectively so-called blackout periods imposed prior to the financial reporting publication dates, during which, until the end of 2023, trading in Julius Baer shares and derivatives was prohibited for a specifically defined group of staff (including the executive management and the members of the board of directors) with heightened access to financial information.

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Letter to our shareholders

Dear Shareholders,

Julius Baer navigated a unique set of challenges during the 2023 performance year.

Despite a complex market environment and persistent geopolitical tensions, Julius Baer's business model proved highly resilient and our underlying operating results were robust. We continued to partner with our clients and their families, supporting them in all matters related to wealth management, and their on-going trust in us has led to sustained growth in Net New Money (NNM).

However, the Group results were impacted by the full loan loss allowance for the single largest exposure in the Group's private debt loan book. We deeply regret the need for, and the magnitude of, the measures required in 2023 and have decided to wind down the private debt business.

Notwithstanding the above, the Group's balance sheet continues to be extremely strong. Both our CET1 capital ratio (14.6%) and total capital ratio (24%,) are still well above our own floors and significantly exceed the regulatory minimum requirements. This financial stability is a key prerequisite for delivering on our strategy and creating value for our stakeholders.

Remediation measures

The regrettable misjudgement of risk and the resulting private debt loan loss allowance led to, inter alia, our CEO, Philipp Rickenbacher, stepping down, the Chairman of Group's Governance & Risk Committee (GRC), David Nicol, not standing for re-election at the upcoming 2024 Annual General Meeting (AGM), and imposing significant compensation remediation measures.

The agreed compensation remediation measures directly impacted members of the Board of Directors (BoD) and the Executive Board (ExB), as well as employees involved in the credit-related decisions. The BoD agreed that those members serving on the Group's GRC shall forfeit their equity-based BoD fees for the current AGM period. The Nomination & Compensation Committee (NCC) determined that the CEO and all five ExB members who were responsible for the Group's credit-related decisions will not receive any variable compensation for 2023.

Beyond the ExB and BoD, compensation measures were applied to employees within the private debt and client-facing parts of the organisation who were involved in the private debt offering. Additionally, the private debt loan loss allowance will have a multi-year impact on all of the Group's Senior Management through our performance-based deferred compensation programme, the Equity Performance Plan (EPP), which is directly linked to the Group's underlying performance through its cumulative economic profit.

Risk awareness and governance
The Group acknowledges that the evolution of the private debt business outpaced the adjustments to the associated risk framework, so in line with our commitment to stability and predictability we have decided to exit the private debt business. Alongside this commitment, the BoD will reinforce its oversight of the risk management framework around credit policies.

The Group maintains its commitment to ensuring that the management of risk is at the forefront of all our business activities. Over the past years we have established a risk management assessment framework for our employees. All global employees continue to be subject to value (Care, Passion and Excellence) and risk behaviour assessment through our annual review cycle. And, front-facing staff are subject additionally to conduct and execution standards within our key risk indicator framework. These conduct and risk-related elements are embedded firmly in our global compensation framework, and we will continue to refine and expand their application further to shape our risk-based culture in support of our disciplinary policies and programmes.

2023 variable compensation pool funding
As reported, full loss allowance was made for the single largest private debt exposure which had a significant impact on the 2023 adjusted net profit. This full loan loss allowance reflects our determination to end any uncertainty around this single exposure and support our commitment to stability and predictability.

In this regard, it was important for us also to ensure the stability of our business and to recognise the tremendous efforts of and progress made by the vast majority of our employees in 2023. Our underlying operational performance was robust, our margins were resilient, and NNM inflows improved throughout the year.

It was therefore decided to align the variable compensation pool for employees who were not involved in the private debt loan loss allowance for the single largest exposure with the underlying operational performance of the Group. Such a step was deemed important to support our employees' efforts, provide ongoing financial stability for our people, and thereby to preserve the foundation for the Group to continue along its future growth strategy.

Group strategy, transformation, and performance

At the start of 2023 we embarked on our new three-year strategic cycle. In this cycle, we are *focusing* on further driving sustainable profit growth, *scaling* our business where the opportunities to drive critical mass and profit growth are highest, and *innovating* through digitalisation in wealth management and beyond.

To support this next chapter in our growth strategy, the Group announced an organisational change of the Executive Board in 2023 (effective 2024) with the goal of becoming even more client-centric, aligned, and value-oriented. The shift from ten (10) to fifteen (15) ExB members (including the CEO) creates a more targeted regional management structure aimed at creating maximum proximity to our clients, consolidating responsibilities for client experience, and strengthening the importance of people management and culture.

Annual General Meeting
We deeply regret the need for and the magnitude of the loss allowance for the single largest private debt and its impact on our stakeholders. With our decisions to take the full loss allowance for the single largest exposure, exit the private debt business as well as our commitment to strengthening our credit framework going forward, we eliminate uncertainty and safeguard the fundamental strength of our company.

In line with our commitment to shareholders, we will continue to have an open dialogue and appreciate your meaningful feedback. The enclosed Remuneration Report provides a summary of the Group's remediation measures and the compensation impact related to the private debt related loss allowance as well as details around the related ExB pay decisions. We will again ask for your feedback via the vote on the disclosed compensation arrangements for the BoD and the ExB, alongside a consultative vote on this Remuneration Report.

Our capital position remains strong, our balance sheet highly liquid, and we move forward with the right organisational structure to enable us to remain a trusted and preferred partner to clients globally. We have challenges to manage in the year ahead but we are confident we are well-equipped to manage, grow, and develop our business for the benefit of all our stakeholders.

On behalf of the Board of Directors,

Romeo Lacher
Chairman of the Board of Directors

Richard M. Campbell-Breeden
Chairman of the Nomination & Compensation Committee

2023 Remuneration highlights

The following summarises the key elements of Julius Baer Group Ltd.'s compensation programmes and the core performance metrics utilised in the compensation decision-making process.

Group performance summary

While the Group's net profit was impacted by the full loss allowance for our largest private debt exposure, our underlying operational performance remained robust with a stable year-on-year operating income development. The Group's performance led to the following results:

	Adjusted cost/income ratio[1]	Adjusted pre-tax margin[2]	Adjusted profit before taxes[2]	RoCET1[3]
Strategic Targets by end 2025	<64%	28–31 bp	>10% avg. growth p.a. over 2023–2025 cycle	>30% over 2023–2025 cycle
2023 (underlying[4])	**69.1% (from 65.9% in 2022)**	**25.6 bp (from 27.0 bp in 2022)**	**CHF 1,120 million (-7% from 2022)**	**30% (from 34% in 2022)**
2023 (as reported)	**81.6%**	**12.2 bp**	**CHF 534 million**	**15%**
Performance Assessment	Largely stable underlying revenues and increased costs due to significant growth investments (e.g. personnel and IT-related projects)	Underlying result below the lower end of strategic target range	Target not met on an underlying basis, reflecting higher operating expenses due to significant growth investments (e.g. personnel and IT-related projects)	Slightly below target on an underlying basis

[1] Excluding adjusted provisions and losses.
[2] The document Alternative Performance Measures available at www.juliusbaer.com/APM provides a reconciliation of adjusted performance measures to reported results under IFRS as well as definitions of adjusted performance measures and other alternative performance measures.
[3] Adjusted return on common equity tier 1 capital.
[4] Excludes CHF 586m increase in loan loss allowances against the single largest exposure in private debt.

Pay linked to performance

Executive Board (ExB) compensation reflects the dual objectives of being performance-oriented and risk-appropriate. Compensation decisions made for the 2023 performance year include the elimination of variable compensation for the CEO and the ExB members involved in the credit-making decisions of the Group. The Nomination & Compensation Committee (NCC) proposes that the remaining ExB members receive variable compensation in line with the Group's reported results in a fully deferred, equity-based manner. The proposed 2023 CEO and the ExB compensation allocation, as compared against the 2022 compensation awarded to the Group's ExB members, is the following (in millions [m], excluding pension fund, social security, and varia):

CEO, Phillip Rickenbacher — **2023: CHF 1.5m**

ExB (excluding the CEO) — **2023: CHF 9.8m**

No changes were made to the underlying CEO and ExB base salaries. The above differences reflect the full-year base salary for the new ExB member (Head Markets) and foreign currency impact between 2022 and 2023.

Sound compensation governance philosophy and practices

Julius Baer employs strong corporate governance practices, including the following highlights:

✓ **Pay linked to performance**
Use of adjusted net profit before bonus and taxes as baseline for the available bonus pool size directly links variable compensation (VC) to the performance of the Group

✓ **Risk governance**
Sound policies to manage operational and behavioural risks via qualitative assessment processes

✓ **Compensation benchmarking**
Annual review and assessment of compensation against peers within the Group's defined benchmarking quartiles

✓ **No 'golden' arrangements**
No additional entitlements upon joining/departing the Group or upon a change of control

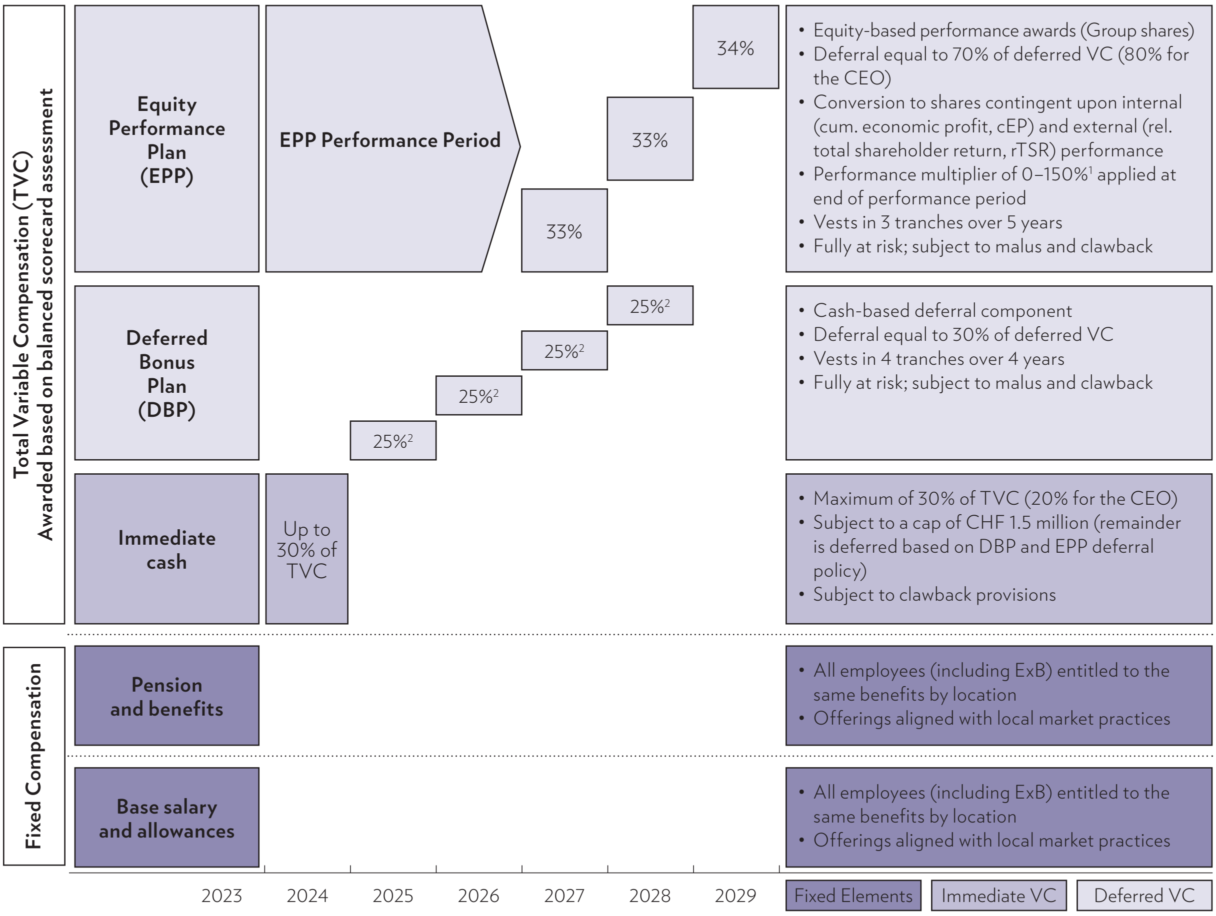
✓ **Pay at risk**
Significant portion of compensation deferred over 4 to 5 years subject to vesting and/or malus and clawback provisions

✓ **Shareholder-aligned compensation**
Equity-based deferred compensation linked to share price, relative shareholder return, and Group cumulative economic profit

✓ **Strong shareholding guidelines**
Board of Directors (BoD) and Executive Board (ExB) members subject to minimum shareholding requirements

Overview of Executive Board compensation structure

Julius Baer's compensation package links pay to both past performance and future development of the Julius Baer Group. The structure aligns compensation with stakeholder interests and encourages prudent risk management over a multi-year period. While no significant changes were made to the underlying compensation structure, per the NCC's decision, 2023 variable compensation for eligible ExB members shall be fully deferred into the EPP. The overall structure remains as follows:



[1] Subject to KPI Performance assessment on 3rd anniversary of the grant date, share allocation capped at 150% of Performance Units granted; vesting share value dependent on market performance at vesting date.

[2] Represents % of DBP award granted. Cash awards vested/paid in February each year. Residual amounts delivered in the final vesting tranche.

Compensation governance

Nomination & Compensation Committee authority and responsibilities

Julius Baer operates a multi-tiered system of compensation governance with clear processes governing all aspects of compensation. The Board of Directors (BoD) sets the overall remuneration policy and retains full responsibility for designing and monitoring all aspects of the compensation paid to the BoD and the Executive Board (ExB).
All compensation is delivered in line with the compensation principles set forth in the Articles of Incorporation (cf. www.juliusbaer.com/cg). These principles outline the structure and elements of compensation offered to the BoD and the ExB as well as the roles and responsibilities governing the setting of ExB performance objectives and metrics, their measurement, and the related decision-making processes.

The Nomination & Compensation Committee (NCC) supports the BoD by specifically:

- Defining the Julius Baer Group's compensation principles and strategy (changes to which are submitted for approval to the BoD);
- Overseeing compensation of the BoD (including the Chairperson), ExB members (including the CEO), and employees of Julius Baer on a collective basis;
- Controlling compensation policies linked to shares of the Group; and
- Managing the long-term succession planning at the level of the BoD.

If pertinent, the NCC also collaborates with other Board members or other Julius Baer Group committees (e.g. the Audit Committee and the Governance & Risk Committee [GRC]) when shaping policy or when decisions of a specialised nature are required.

Each year, the NCC reviews the compensation elements and the share ownership programmes in the context of Julius Baer Group's current business strategy, market practice, the possible impact of new regulatory developments, and feedback received from stakeholders. The NCC also carries out an annual review of the Group's compliance with these principles and policies and ensures that the relevant policies conform to national and international standards and regulations. For each category of recipients, the following table shows the procedures for recommendations and decisions on compensation:

Compensation recipient	Recommended by	Reviewed and agreed by	Approved by
Chairperson of the BoD	Chairperson of the NCC	NCC	Shareholders
BoD members (excluding the Chairperson)	NCC	BoD	Shareholders
CEO	Chairperson of the BoD and Chairperson of the NCC	NCC/BoD	Shareholders
Executive Board (excluding the CEO)	CEO	NCC/BoD	Shareholders
Regulated staff (e.g. Group Key Risk Takers)	Line management	CEO/ExB	NCC
High-income earners	Line management	CEO/ExB	NCC

To avoid conflicts of interest, the Chairperson of the BoD, the CEO, and other members of the ExB do not participate in those segments of the NCC meetings that serve to discuss and determine their proposed compensation.

The NCC consists of at least three members of the BoD who are elected by the Annual General Meeting (AGM). The current NCC is made up of four members.

Members: Richard M. Campbell-Breeden (Chairperson), Gilbert Achermann, Kathryn Shih, and Eunice Zehnder-Lai. As described in the section *Board of Directors* of chapter *I. Corporate Governance* of the Annual Report, these four individuals are experienced Board members who have a broad range of expertise in the industry as well as in matters of governance.

The NCC convenes as often as required and holds a minimum of three meetings each year. During the year under review, the NCC held six meetings, each lasting an average of three hours.

The following tables show the meetings held by the NCC of Julius Baer Group Ltd. in 2023, attendance at such meetings, and the topics covered:

Nomination & Compensation Committee

First half of 2023	January	April[1]	June
Richard M. Campbell-Breeden, Chairperson	x	x	x
Gilbert Achermann	x	x	x
Kathryn Shih	x	x	x
Eunice Zehnder-Lai	x	x	x
Romeo Lacher	G	G	G

[1] This meeting was held as a video conference; all other meetings were held in a hybrid format combining video attendance with physical presence.
G = attended the meeting as a guest except for segments of the meeting in which a conflict of interest might have arisen

Second half of 2023	September[1]	October[1]	December[1]
Richard M. Campbell-Breeden, Chairperson	x	x	x
Gilbert Achermann	x	x	x
Kathryn Shih	x	x	x
Eunice Zehnder-Lai	x	x	x
Romeo Lacher	G	G	G

[1] These meetings were held in a hybrid format combining video attendance with physical presence.
G = attended the meeting as a guest except for segments of the meeting in which a conflict of interest might have arisen

NCC activities 2023

Topics/activities	Jan	Apr	Jun	Sep	Oct	Dec
Compensation Strategy and Disclosure						
Compensation design and award plans		x	x	x	x	x
Pay-for-performance alignment and fair pay	x	x		x	x	x
Compensation policies			x			x
Compensation disclosure	x			x		x
Talent management and people development	x	x	x	x	x	x
HR strategy and workforce planning	x	x	x	x	x	x
Risk and Regulatory Landscape						
Regulatory developments and compensation impacts			x			x
Disciplinary event and policy breach governance	x		x			x
Year-End Compensation Review						
Variable compensation funding	x	x	x	x	x	x
ExB and BoD compensation governance and assessment	x	x				x
KRT, control function & high earner compensation review	x				x	
Nomination Activities and Governance						
NCC governance	x	x				x
Nomination activities	x	x	x	x	x	x
External Landscape						
Stakeholder and proxy advisor feedback		x	x	x		
Market trends and benchmarking		x	x	x		

Key NCC activities and decisions

The NCC engaged in comprehensive activities that aligned the Group's compensation policies to the Group's evolving strategy. In addition to ensuring consistency in the Group's compensation practices across all entities, the 2023 NCC activities are highlighted by the following:

- Oversight of the remediation measures, including the BoD- and ExB-level decisions to account for the private debt loss impact for the single largest exposure;
- New regional and divisional organisation structure (including ExB appointments);
- A revised annual performance management process in support of the new ExB structure with greater individual accountability and closer alignment to the 2023–2025 strategy;
- Continued succession planning for roles at the ExB and BoD level;
- Promotion of an inclusive and equitable work environment through diversity & inclusion (D&I) initiatives and strong support of the Group's gender equality targets; and
- Fostering life-long learning through talent development programmes, including the global rollout of the Group's client-facing career programmes.

Peer benchmarking

It is important to the NCC and the BoD that the Group ensures that its compensation practices, structure, and pay levels (adjusted for performance) remain competitive within the marketplace and are comparable with those of its peers. As such, the Group reviews its peer group and relevant peer positioning on an annual basis.

The Group has defined a bespoke industry and Swiss market peer group for the purposes of ExB compensation comparisons and for assessing corporate governance practices and relative performance reviews. Taking into account the Group's market capitalisation and industry complexity, the Group targeted its positioning around the median of selected peers. This selected peer group includes the companies in the table below.

Overview of peer group for compensation benchmarking and relative performance review

Bespoke Peer Group (* denotes entities reviewed mainly on a wealth management division basis)

Bank of Singapore*	Deutsche Bank*	LODH	Vontobel
Barclays*	EFG	Morgan Stanley*	
BNP Paribas*	Goldman Sachs*	Pictet	
Citigroup*	HSBC*	Standard Chartered*	
DBS	JP Morgan*	UBS*	

External advisors

During the year, Willis Towers Watson and McLagan (a business division of Aon) provided compensation survey data and analyses that were utilised internally by the Group for benchmarking purposes. KPMG AG was retained to provide global mobility advisory and expatriate income tax-related services, and Ernst & Young AG (EY) was mandated to prepare an analysis of various aspects of compensation and diversity. HCM International Ltd. advised on equity-based award valuation. The law firm, Homburger AG, was engaged to provide guidance in relation to senior management compensation terms and employment-related contracts. With the exception of HCM, all of the aforementioned advisors also had other mandates within the Group.

Compensation principles

The primary compensation principles of the Group are to:

- Attract and retain industry professionals who are dedicated to contributing value to the Group;
- Foster risk awareness and control, while ensuring full alignment with regulatory compliance;
- Incentivise management by rewarding achieved performance and by providing incentives for the creation of future shareholder value; and
- Ensure that performance-based variable compensation is in line with the Group's business strategy and relevant current market practice.

Compensation remediation measures

As highlighted in the letter to shareholders and the Group's disclosures, the Group's private debt loss allowance for the single largest exposure had a significant impact on the overall 2023 financial performance of Julius Baer. The regrettable misjudgement of risk related to the single private debt exposure and the related financial impact led to significant consequences for our company.

As of 1 February 2024, Philipp Rickenbacher stepped down from his role as CEO. In addition, David Nicol, member of the BoD and Chairman of the GRC, will not stand for re-election at the upcoming 2024 AGM.

From a compensation perspective, the reductions were applied to individuals with overall responsibility for the Group's credit business as well as specifically at employees within the Group involved in decisions made in the course of establishing and monitoring the Group's private debt business. The agreed compensation measures specifically included:

- Forfeiture of 2023/2024 equity-based BoD fees for the Chairman and members of the GRC;
- Agreed forfeiture of all 2023 variable compensation for the CEO and five ExB members who were involved in the credit-related decisions of the Group;
- Substantial reduction of 2023 variable compensation for all other ExB members in line with the disclosed financial results of the Group (post the private debt related loss allowance for the single largest exposure adjustment), with remaining variable compensation delivered in a fully deferred manner under the EPP;
- Reduction (up to 100%, depending on role/responsibility) of 2023 variable compensation for all non-ExB employees who were directly involved in the credit decisions and/or responsible for the associated client relationships (including line management); and
- Suspension of all outstanding deferred compensation for select current and former employees pending further investigations into the private debt issuance.

In addition to the above, the private debt related loss allowance will have a multi-year impact on all of the Group's ExB members and on our most senior management by being fully considered in the performance of all EPP awards outstanding at the end of 2023 (i.e. those granted in relation to performance years 2020, 2021, and 2022 and vesting between calendar years 2024 and 2028).

Integration of Sustainability aspects in compensation

Sustainability is a key enabler of Julius Baer's strategy. The Bank recognises the importance of integrating sustainability throughout its business activities, including within its compensation systems. Sustainability-related elements are reflected in various aspects of the Group's compensation systems and governance, as well as through performance measurement standards (around values, client satisfaction, and employee development) and risk management considerations.

ExB members have Group-level targets outlined in their performance assessment Scorecard. These targets are linked directly to the goals and priorities set by our Sustainability Board and approved by the BoD. They are quantitatively and qualitatively measured on an annual basis and taken into account in the ExB's variable compensation. For additional details on the sustainability targets, performance, and achievements, please refer to the *Executive Scorecard* provided on page 78 of this Remuneration Report and to the *Progress towards strategic priorities in 2023* provided on pages 14–15 of the Group's Sustainability Report.

All employees are held to high conduct standards via the Code of Ethics and Business Conduct. Specifically, they are measured on their ability to reflect the core values (Care, Passion and Excellence) and risk behaviours throughout daily business activities, which include sustainability-related elements.

The Group's compensation schemes are designed to ensure compliance with global rules and regulations in the context of sustainability. Group and divisional compensation decisions include assessments of metrics related to financial, market, legal, risk and compliance to ensure that compensation properly reflects both internal and external factors. Compensation deferral mechanisms, with risk-adjusted performance metrics, are applied to deter excessive risk-taking.

The Group operates various sustainability-related initiatives with the ambition to empower clients, employees, and broader stakeholder groups to make a positive impact on society and the environment. Internally, this relates to talent management, workforce D&I, and employee satisfaction, which are strengthened each year to help us attain our employer-of-choice goals.

Equal opportunity

The Group aims to foster an inclusive environment built on 'care', which embraces individuality and supports employee acceptance to drive a working culture of innovation and results.

With 'care' firmly in mind, our work on D&I globally focuses on selected dimensions of diversity: gender, generations, LGBT+, and disability. Our global D&I Committee includes members from the ExB and has the role of shaping the D&I strategy, driving actions that help us attract and recruit more diverse candidates, tackling unconscious bias, and fostering inclusion among different stakeholder groups. Our employee-driven networks – such as Women@JuliusBaer in Asia, IWMS H.E.R., Women in the Americas and InterBaer together with around 100 D&I volunteers – continue to flourish. They organise dedicated awareness sessions, roundtables and other events; for instance, for the second year in a row, Julius Baer participated in the Zurich Pride event, celebrating diversity and raising awareness for LGBT+ rights.

The impact of the work is manifold: the share of women in the levels of management (internal rank of Director) and above has risen from 28.9% to 29.8% in one year, and our efforts to foster gender equality were also recognised in Julius Baer being included for the first time in the Bloomberg Gender Equality Index. In our engagement survey we measure an average score of 8.1/10 on the question of satisfaction regarding Julius Baer's efforts to support diversity and inclusion.

The Group maintains its commitment to compensating employees on a fair, equitable, and gender-neutral basis. Julius Baer believes that it is important to appropriately reward its employees with equal-pay for work of equal value. As a safe-guarding measure of pay equity, the Group conducts internal reviews along with an independent, external equal-pay analysis on an annual basis.

Since 2015, Julius Baer has partnered with Ernst and Young AG (EY) to conduct an equal pay assessment for our major locations worldwide covering over 85% of our total regular staff across all levels. The analysis did not reveal any systemic bias and the Group remains substantially below the regulatory pay gap tolerance threshold (5%) of the Swiss Federal Office for Gender Equality. We apply adjustments as needed on an individual level if material pay differences are identified and cannot be fully explained by objective factors such as role, responsibility, experience, performance, or location.

Say-on-pay

In accordance with the Swiss Code of Obligations, Julius Baer reports the compensation awarded to members of both the BoD and the ExB on a business year basis. This Remuneration Report aims to provide sufficient and meaningful information for shareholders to assist them in analysing and interpreting the compensation numbers on which they vote under the Swiss Code of Obligations.

The approval of compensation by the AGM is defined in the Articles of Incorporation (cf. www.juliusbaer.com/cg). This approval at the AGM 2024 determines:

1. the maximum aggregate amount of compensation paid to the BoD for its next term of office (2024 AGM to 2025 AGM);
2. the maximum aggregate amount of fixed compensation of the ExB for the financial year following the respective General Meeting of Shareholders (2025);
3. the aggregate amount of variable cash-based compensation elements of the ExB for the financial year preceding the respective General Meeting of Shareholders (2023); and
4. the aggregate amount of variable equity-based compensation elements of the ExB granted in the current financial year (2024, and relating to performance in the preceding calendar year [2023]).

At the AGM in 2024, shareholders will be asked to vote on fixed compensation for the Group's new/expanded ExB, which increases in 2024 from ten (10) to fifteen (15) members.

In addition, a consultative vote on the Remuneration Report is scheduled for the AGM on 11 April 2024. The BoD is committed to maintaining a dialogue with shareholders on compensation matters. The detailed compensation data will be provided to shareholders as part of their invitations to the AGM.

The following table summarises the outcomes of the binding say-on-pay votes on compensation and the consultative vote on the Remuneration Report held at the 2023 AGM and 2022 AGM.

Results of say-on-pay shareholder approvals

Say-on-pay shareholder approvals	Vote 'for' at 2023 AGM	Vote 'for' at 2022 AGM
Board of Directors maximum aggregate amount of compensation	99.15%	98.16%
Executive Board maximum aggregate amount of fixed compensation	99.20%	98.37%
Executive Board aggregate amount of variable cash-based compensation	96.53%	94.95%
Executive Board aggregate amount of variable equity-based compensation	91.33%	92.79%
Consultative vote on the Remuneration Report	88.43%	87.77%

If the aggregate amount of the fixed compensation approved by shareholders for the ExB is not sufficient to cover the fixed compensation (including any replacement award) of a new member of the ExB (joining after the AGM), the Group may award a supplementary amount. This supplementary amount is defined (in article 11.2 of the Articles of Incorporation, cf. www.juliusbaer.com/cg):

- for a new CEO as a maximum of 40% of the aggregate amounts of compensation last approved by shareholders for the ExB;
- for a new member of the ExB as a maximum of 25% of the aggregate amounts of compensation last approved by shareholders for the ExB.

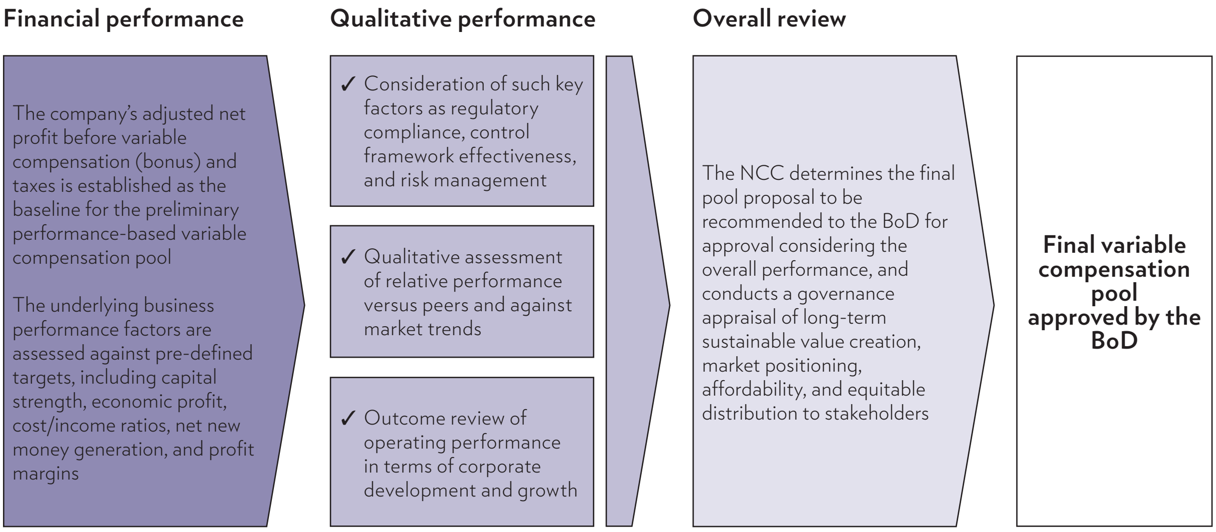
The supplementary amount was utilised in 2023 for the purposes of the 2022 promotion of the Group's Head of Markets onto the ExB. The 25% cap per ExB member was not exceeded (the total supplementary amount utilised equalled CHF 453,252 [CHF 375,000 in base salary plus CHF 78'252 in social security, Pension Fund, and varia]). It is expected that the supplementary amount will also be utilised in 2024 for the onboarding of the Group's five new ExB members.

Changes implemented in the Swiss corporate law in 2022 impacting the above (eliminating the use of the supplementary amount for existing ExB members), are now reflected in the Group's Articles of Incorporation (cf. www.juliusbaer.com/cg).

Group performance and variable compensation funding

Variable compensation funding

Variable compensation funding process



Financial performance assessment

The baseline for calculating the Group's variable compensation pool is the adjusted net profit before variable compensation (bonus) and taxes (ANPbBT, as reconciled by the Audit Committee). Adjusted net profit is derived by excluding from the audited IFRS financial statements items such as integration and restructuring expenses as well as amortisation of intangible assets related to previous acquisitions or divestments, as provided in the Alternative Performance Measures document (cf. www.juliusbaer.com/APM). ANPbBT, representing the underlying, sustainable operating profit generated by the business, reflects the Group's actual performance, thus giving the NCC a clear indication of operating performance and providing a reliable baseline for comparing the year-on-year development of the Group.

In determining the pool, the NCC also takes other financial metrics into consideration, such as changes in and/or the development of the capital ratios, adjusted cost/income ratio, gross/adjusted pre-tax margin, economic profit, and net new money (NNM) generation. Quantitative metrics are measured against the overall mid-term plan, the strategic goals of the Group, and its historical results.

Qualitative performance assessment

The qualitative review of performance is multifaceted in order for the NCC to gain a perspective on the sustainability of the financial results and quality of earnings. Firstly, the Group's performance is measured in terms of how successfully key aspects, affecting current and future performance, have been managed with regard to operational achievements, regulatory compliance, control framework effectiveness, and risk. Secondly, the progression and outcomes of key strategic initiatives pertaining to corporate development and growth are also appraised.

Overall review

Before approval, a final review of the proposed variable compensation pool is undertaken (based on financial and qualitative performance) to consider factors such as long-term sustainable value creation, affordability, and market positioning. The NCC recommends adjustments only in exceptional cases and does not make adjustments to the pool in subsequent years to take into account reduced or revoked variable compensation due to ex-ante or ex-post performance adjustments made in prior years. This additional governance process ensures a balance between the development of the pool and the Group's corporate performance.

As part of the approval of the final variable compensation pool, the BoD seeks to ensure that the profit distribution among stakeholders (principally through shareholder dividends, global taxes paid to the relevant authorities, employee variable compensation, and reinvestment into the business) is sustainable and reflects an appropriate, equitable distribution.

This approved variable compensation pool is allocated across the various business units and entities based on such factors as headcount, financial performance, significant achievements, regulatory compliance, and contributions to the ANPbBT. This policy has been consistently employed over many years and thus allows meaningful year-on-year comparisons and the continued implementation of a stable compensation system.

2023 Julius Baer Group performance[1]

The Group's financial results for 2023 were impacted by the full loss allowance for the single largest exposure in the Group's private debt loan book. Excluding this credit event, the Group's underlying operating performance was robust, and the quality of our balance sheet remains extremely strong.

Driven by NNM and positive market performance (offset by the significant impact of a stronger Swiss Franc), assets under management (AuM) grew by CHF 3 billion (+1%) to CHF 427.4 billion. NNM inflows were CHF 12.5 billion (2.9% growth rate), a year-on-year increase of 43%. When excluding the impact of client deleveraging, the NNM amounted to CHF 16.2 billion or a 3.8% growth rate, reflecting solid net inflows from clients throughout the year. AuM growth would have been CHF 14 billion (+3%) when excluding the CHF 11 billion combined impact from divestments and a policy-related net reclassification of AuM to assets under custody.

Operating income was directly impacted by the large private debt related loss allowances, whereby it declined by 16% (CHF 614 million) to CHF 3,239.6 million. Excluding the large private debt related loss allowance, operating income decreased by CHF 27.3 million (less than 1%) to CHF 3,825.5 million. Meanwhile, adjusted operating expenses rose by 2% to CHF 2,705.2 million, including largely unchanged adjusted general expenses at CHF 765.8 million and a 1% increase in personnel expenses, which includes a significant increase in the overall full time equivalent employees (+535 including net +95 relationship managers).

The disclosed adjusted profit before taxes fell by 55% to CHF 534.3 million, with the same underlying performance when excluding the large private debt related loss allowance from operating income declining by 7% to CHF 1,120.2 million. Given the aforementioned largely stable underlying operating income, this change reflects the Group's higher operating expenses due to its significant investments in growth. The resulting adjusted cost/income ratio increased to 81.6% (2022: 65.9%). Excluding the large private debt related loss allowance from operating income, the underlying cost/income ratio rose to 69.1%.

The highly cash-generative nature of our business model is again evidenced by our robust capitalisation. At the end of 2023, the Group's common equity tier 1 (CET1) capital ratio was 14.6% and the total capital ratio was 24.0%. Both ratios remain well above our own floors and significantly exceed the regulatory minimum requirements.

Reflecting the Group's commitment to maintaining the ordinary dividend per share at least at the level of the previous year, the Board of Directors will propose to the Annual General Meeting on 11 April 2024 an unchanged dividend of CHF 2.60 per share for the financial year 2023.

[1] This section references certain adjusted performance measures that are not defined or specified by IFRS. The document Alternative Performance Measures available at www.juliusbaer.com/APM provides a reconciliation of adjusted performance measures to reported results under IFRS as well as definitions of adjusted performance measures and other alternative performance measures.

2023 Variable compensation pool

The Group considers it fundamental that the amount of performance-based variable compensation available for distribution to its employees is directly linked to the overall performance of the Group, while considering individual and business unit performance.

The Group's reported ANPbBT was significantly impacted by the private debt related loss allowance. The adjusted profit before taxes fell by 55% to CHF 534.3 million, from CHF 1,198.9 million in 2022. The underlying adjusted profit before taxes declined by 7% to CHF 1,120.2 million.

The Group takes a multifaceted approach to reviewing the funding of the variable compensation pool, including both quantitative and qualitative assessments. This includes such elements as consideration of the value creation in terms of economic profit, relative performance comparison against peers, and development of the Group's profit distribution (including proposed dividends). The Group remained highly capitalised at the end of the year and able to meet its dividend commitment to shareholders.

For purposes of the 2023 variable compensation pool, a differentiated allocation process was agreed which distinguished between the population associated with the private debt related loss allowance and the majority of the organisation.

As described in the *Compensation Remediation section of this Remuneration Report*, the CEO and the five ExB members and select non-ExB employees who were directly involved in the credit-related decisions of the Group and/or who were responsible for the associated client relationships (including line management) received cuts to 2023 variable compensation. The variable compensation for the remaining ExB members was directly linked to the disclosed financial results of the Group, with bonuses decreasing by a minimum of 60%.

As regards to the vast majority of the population who were not involved in the private debt related loss allowance it was important for the Group to ensure that the variable compensation pool supported the organisational achievements. As a result, given the overall underlying financial performance of the Group and the imposed employee-specific impacts on individuals involved in the private debt related loss allowance, Julius Baer aligned the variable compensation pool delivered to the majority of the organisation with the underlying operational performance of the Group (i.e. excluding the impact of the private credit loss provision). The resulting overall bonus pool was below the prior year bonus pool and spread across a significantly larger population.

The Group determined that in such an extraordinary year it was important that the overall bonus pool recognised the broad efforts and achievements of its employees in terms of financial and qualitative elements and external market factors. In addition, it supported the efforts to maintain stability across the organisation and preserve the underlying operational future of the franchise.

Overview of 2023 variable compensation plans

The following table summarises the key features of the Group's variable compensation plans funded by the variable compensation pool, including the relevant population eligibility:

Summary of 2023 deferred compensation plans

		Ongoing plans[1]				Hiring-related replacements[2]	Employee share purchase
		Deferred Bonus Plan (DBP)	**Equity Performance Plan (EPP)**	**Deferred Cash Plan (DCP)**	**Premium Share Plan (PSP)**	**Long-Term Incentive Plan (LTI)**	**Staff Participation Plan (SPP)**
Eligibility		Executives and selected senior management with bonus of at least CHF 125,000	Executives and selected senior management with bonus of at least CHF 125,000	Employees with bonus of at least CHF 125,000	Employees with bonus of at least CHF 125,000	New hires who lost compensation due to change in employer	All employees who are not participants in other company share plans[3]
Purpose		Align with sustainable value creation	Align long-term performance and retention	Align with sustainable value creation	Align long-term performance and retention	Attraction and long-term alignment	Shareholder alignment
Funding drivers		Company, business, and individual performance		Company, business, and individual performance		Business and company affordability checks	Mainly self-financed[4]
Duration		4 years	5 years	3 years	3 years	3 years	3 years
Pay-out factors	**Instrument price**		•		•	•	•
	Vesting performance conditions		•				
	Forfeiture clauses and clawback	•	•	•	•	•	• (additional shares)
Settlement		Cash	Shares	Cash	Shares/Funds[5]	Shares	Shares

[1] Staff who are participants of the DBP and EPP are not eligible to participate in the DCP and PSP, and vice versa.
[2] The LTI may be used in exceptional cases for retention awards or in lieu of the PSP if restrictions on variable compensation apply. It is also utilised to deliver vested but blocked (if required) shares as part of immediate cash variable compensation to regulated staff.
[3] Employees in some locations are excluded from participating for legal, regulatory or administrative reasons.
[4] For every three shares purchased by the employee, one additional share is delivered free of charge at the end of the three-year vesting period.
[5] As from 2022, deferral may also be into Julius Baer fund instruments (if required) for regulated employees.

Deferred compensation plan provisions
In order to promote sustainable and risk-appropriate performance, the Group's deferred compensation programmes include service-based vesting conditions with pre-defined termination provisions that delineate the treatment in various termination scenarios (e.g. voluntary, involuntary, mutual agreement, good leaver, retirement, death, or disability). Each plan utilised for the deferral of variable compensation contains malus and clawback provisions that enable the Group to reduce, forfeit, and/or claw back outstanding deferred compensation awards when warranted. In all plans, deferred compensation awards shall be forfeited in the event of a termination for cause.

Change-of-control provisions may be available under the variable compensation plans. Subject to BoD discretion, the plans generally allow for an intrinsic value roll-over of awards and/or early evaluation of performance. All share-based units/shares outstanding (as noted within Note 17 of the 2023 Annual Report under the chapter *IV. Consolidated Financial Statements Julius Baer Group 2023, Share-based payments and other compensation plans*) and all outstanding cash-based awards (with an intrinsic value of CHF 116.3 million at the end of the 2023 performance year) would be eligible for such treatment at the time of the change of control. All provisions and treatments remain subject to the prevailing legislation in each of the applicable jurisdictions at the time of the change of control.

Executive Board and Senior Management compensation

This section provides the details of the compensation system for members of the Executive Board and selected members of senior management (Senior Management).

Summary of 2023 compensation components

<table>
<tr><th></th><th>Element</th><th>Payment Structure</th><th>Description</th><th>Governance</th></tr>
<tr><td rowspan="2">Fixed compensation</td><td>Base salary and allowances</td><td>100% in cash (monthly)</td><td>Base salary is set individually taking into account the market value of the function based on role (benchmarked), responsibilities, experience, level of education, degree of seniority, and level of expertise.
Similar to Group employees, Senior Management is eligible for allowances based on rank, function level, and their location of employment.</td><td>Provides an appropriate level of income by function at market rates, while permitting the Group to operate a fully flexible policy for variable compensation.</td></tr>
<tr><td>Pension and other benefits</td><td></td><td>Senior Management (including the ExB) are entitled to the same pension and benefits as other employees within their employment location.</td><td></td></tr>
<tr><td rowspan="3">Variable compensation</td><td>Immediate cash</td><td>100% in cash delivered following shareholder approval</td><td>Variable compensation determined annually based on the Group and individual performance (via Scorecard for ExB). Developed to link compensation to business strategy and to ensure that participants continue to manage Julius Baer for sustainable long-term shareholder value creation, emulate Julius Baer values, and carry out all business activities in a regulatory-compliant manner.

The ExB is subject to deferral at rates from 30% to 70% (80% for the CEO) of variable compensation determined for the performance year. The deferred portion of the variable compensation is awarded via the DBP and EPP. The deferral can exceed the maximum rate if the total non-deferred portion of variable compensation reaches the Variable Compensation Cash Cap (CHF 1.5 million). All amounts in excess of the Variable Compensation Cash Cap are deferred. Amounts below the minimum threshold are not subject to deferral.</td><td>Links compensation to Group performance in a risk-aligned manner.

Immediate cash payment is capped and is delivered to ExB only following shareholder approval.</td></tr>
<tr><td>Deferred Bonus Plan (DBP)</td><td>100% in cash delivered in 4 vesting tranches over 4 years (fully deferred)</td><td>The cash portion of the variable compensation deferral is delivered in the form of DBP awards, which vest on a pro rata basis over 4 consecutive years subject to service-based vesting conditions. The DBP is not eligible for interest or any additional compensation elements during the deferral period. The DBP is subject to forfeiture/clawback provisions.</td><td>Deferral promotes a long-term orientation, allowing for clawback in the event of legal/regulatory breaches, financial losses and other events where conduct has substantially contributed to a financial loss or has caused reputational damage.</td></tr>
<tr><td>Equity Performance Plan (EPP)</td><td>100% in equity delivered in 3 vesting tranches over 5 years (in years 3, 4 and 5) (fully deferred)</td><td>The equity portion of the variable compensation deferral is delivered in the form of Performance Units under the EPP. This incentive functions as a retention element and links compensation to the Julius Baer share price and the Group's future performance via two KPIs (internal: cumulative economic profit [cEP][1] and external: relative total shareholder return [rTSR][2]).

The number of shares delivered under the EPP (assessed in year 3) is 0%–150% of the Performance Units granted (with each individual KPI capped at a maximum multiplying factor of 200%). The cEP target is set based on the strategic three-year budget/plan that is approved by the BoD on an annual basis. KPI targets are set by the NCC each year for the upcoming grant. Multiplier performance target ranges remain unchanged for 2023:
<table><tr><th></th><th>Minimum (0% KPI multiplier)</th><th>Target (100% KPI multiplier)</th><th>Maximum (200% KPI multiplier)</th></tr><tr><td>cEP</td><td>-50%</td><td>100%</td><td>+50%</td></tr><tr><td>rTSR</td><td>-22%</td><td>+3%</td><td>+28%</td></tr></table>Performance of each KPI is measured on a linear basis within the target ranges. The EPP is subject to forfeiture/clawback provisions.</td><td>Aligns compensation with shareholders' interests and ties it more closely to contributions to the future performance of the Group via internal and external metrics which are market-linked and risk-adjusted. Through a capped multiplier, promotes stable growth that does not incentivise excessive risk-taking.

The final cEP is based on figures approved by the Audit Committee. The calculation and all its components are audited. The NCC reviews and approves the final multiplier.</td></tr>
<tr><td>Other</td><td>Other compensation</td><td></td><td>Senior Management (including the ExB) are not entitled to receive any other special compensation elements which are not offered to other employees within their employment location.</td><td></td></tr>
</table>

[1] cEP = ANPbB – Taxes – CoC; where ANPbB = adjusted net profit before variable compensation (as defined previously) adjusted for non-performance-related extraordinary events approved by the NCC. Fair value calculated externally using a probabilistic model of potential deviation from the Group's strategic plan (MTP).

[2] The Julius Baer Group's TSR is compared against the performance of the STOXX Europe 600 Banks (gross return) Index (the Index).

Total compensation assessment and pay mix

The total compensation of the members of the ExB, including the CEO, typically consists of a base salary in cash and performance-linked variable compensation, which is partially deferred in cash (under the DBP) and partially in equity (under the EPP). For 2023, however, six ExB members (including the CEO) received only their base salary (i.e. no variable compensation) due to the private debt related loss allowance. The remaining four ExB members who were eligible for variable compensation in 2023 received all of their 2023 variable compensation in the form of fully deferred equity under the EPP. This extraordinary decision to impose full, equity-based deferral for performance year 2023 does not change the underlying, legacy compensation scheme, which is expected to remain in place in 2024.

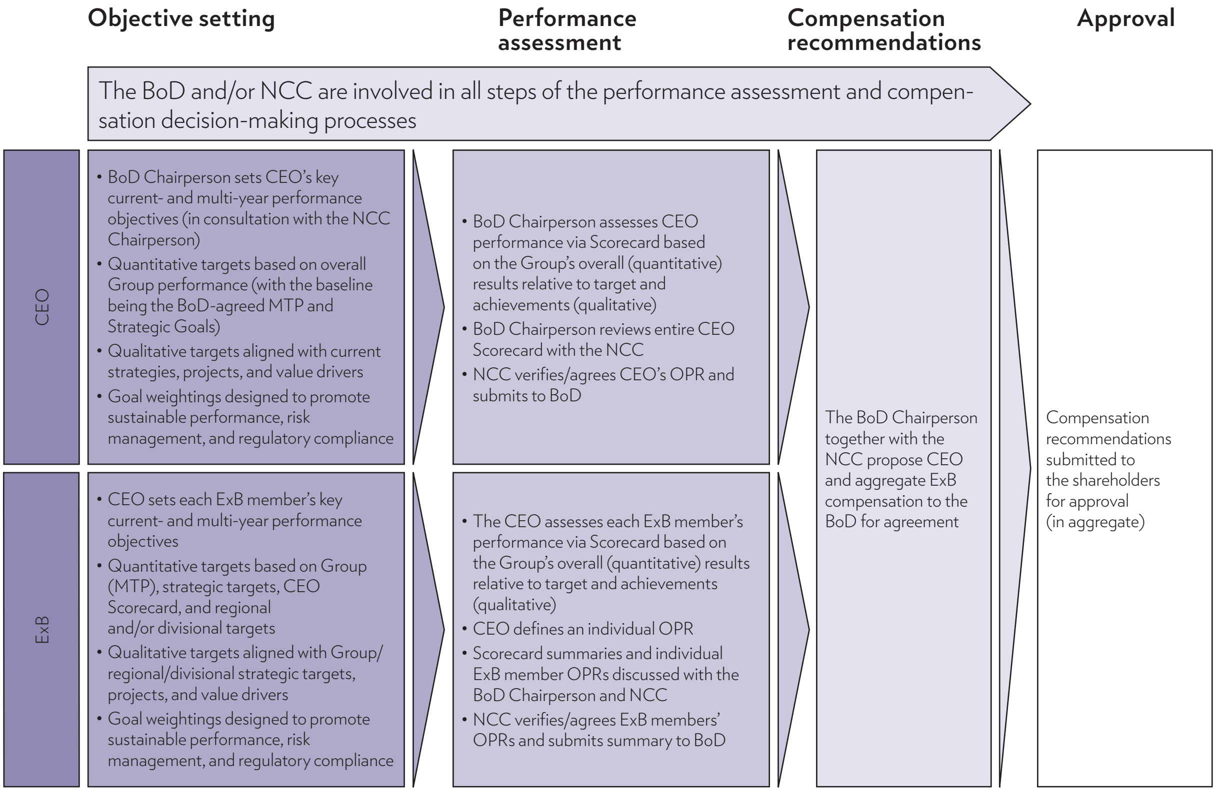
The ExB targets (via Scorecard) maintained the same weighting as in prior years (60% linked to financial [Group and/or regional/divisional] performance)[2] and a minimum 20% weighting applied to Risk and Business Conduct criteria. Qualitative objectives incorporate both Group targets and specific regional/divisional targets.

Variable compensation

Performance assessment process
Julius Baer rewards ExB members who contribute to enhancing value by employing investor capital efficiently while at the same time managing risk, adhering to regulatory requirements, and meeting Julius Baer's corporate culture standards.

Julius Baer's variable compensation scheme is discretionary. The final amounts allocated are based on a careful assessment of the attainment of a mix of specific quantitative and qualitative objectives. These objectives are individually weighted to support the alignment of managerial actions with shareholder interests as part of a balanced scorecard (Scorecard), which results in an overall performance rating (OPR). Performance in 2023 was assessed and is disclosed given due consideration to both the underlying performance and the impact of the private debt related loss allowance. Given the discretionary nature of the compensation system, there is not a direct translation of the OPR into a compensation change. The following illustration provides an overview of this process:

Executive Board objective setting and performance assessment



[2] Exception applies for the Group Chief Risk Officer (CRO) who has a more significant weighting for risk KPIs.

The following Scorecard summarises the key performance objectives set for the Group CEO and the ExB in 2023, along with the individual assessments leading to the related OPRs.[3]

	CEO	ExB (average)					
Financial KPIs	60% weighting	58% weighting[1]					**Final**
	KPI weighting	KPI weighting	**Target range**	**Underlying results**	**Reported results**	**Assessment on Underlying results**	**Performance Assessment**
Adjusted pre-tax profit (CHF m)	30%	18.9%	1,330–1,470	1,120.2	534.3	Not Met	Not Met
CET1 ratio (%)	15%	9.5%	14.9%[2]	16.4%	14.6%	Fully Met	Mostly Met
Cost/income ratio (%)	7.5%	4.8%	65.7%–66.7%	69.1%	81.6%	Mostly Met	Not Met
Net margin (bps)	7.5%	4.8%	30.9–32.9	25.6	12.2	Not Met	Not Met
Regional / divisional KPIs		20%	Varies by Region/Division				Mostly Met

[1] Weightings for Group KPIs apply equally to all ExB members. Regional/divisional KPIs can account for up to 20% per ExB member (depending on role/responsibility)

[2] Targets reflect the Group's risk tolerance level below which a performance downgrade is triggered; this safeguard cannot be overachieved (max. Fully Met rating).

	CEO	ExB (average)		
Risk and business conduct objectives	10% weighting	21% weighting		**Final**
Goal	**Achievement**		**Assessment on Underlying results**	**Performance Assessment**
Conduct business with sound risk awareness and judgement and promote risk awareness throughout the organisation	• While no breach of internal or external regulations were identified, historical decisions related to the single largest private debt exposure have led to significant financial losses and a corresponding review of the Group's lending business and control framework; • Notwithstanding the historical private debt decisions, management has taken an active role in ensuring compliance with internal and external regulations, as well as promoting adequate business conduct across the whole organisation; and • The Group has implemented a new comprehensive market & client coverage model to strengthen cross-border compliance.		Fully Met	Not Met

[3] Performance achievement utilised for purposes of the OPR determination is defined as: Exceeded (>105%), Fully Met (>95% to >= 105%), Mostly Met (>85% to <= 95%), Not Met (<85%).

Non-financial objectives	CEO 20% weighting	ExB (average) 21% weighting	CEO Final	ExB Final
Strategic objective	**Goal**	**Progress and Achievements**	**Performance Assessment**	**Performance Assessment**
FOCUS and SCALE	Next phase of development and scale in our most important markets/regions	• Enhanced geographic footprint (India and United Kingdom) with consolidation efforts in Brazil, while streamlining through the sale of Kairos (Italy) and finalising office closures; • Significant investment in key target markets led to visible increases in financial contributions in 2023 and enabled the Group to capitalise on attractive opportunities in current geographical locations; and • New regional structure (effective 2024) implemented to maximise proximity to clients and their needs with centralisation of Digital Wealth Management (DWM) and front-support functions (client service, business management, front risk management, marketing, etc.) to set global standards focused on enhancing our clients' experience.	Mostly Met	Fully Met
	Focus on initiatives to increase recurring revenue generation	• Positive progress on the Group's discretionary mandate initiatives across the regions with prior penetration successfully helping to stabilise 2023 recurring revenues; • Dedicated programmes (e.g. systematic referrals) implemented to drive growth; and • Comprehensive implementation plan developed to re-design our sales approach.		
	Net positive growth in client-facing staff	• 190 RMs hired in 2023 (net of +95) laying the foundation for our continued increase in future growth potential; and • The 2023 hiring investment is showing positive progress as the vast majority of new hires are actively growing their business case.		
INNOVATE	Target model and digital wealth management progress	• Sound progress towards goal of a global, scalable, and cost-efficient target operating model, including global alignment on future target state; and • Continued progress towards our DWM initiatives.	Fully Met	Fully Met
ENABLER	Progress against priorities of our sustainability strategy	• Responsible wealth management: Expansion of investment rating methodology and ESG client reporting; however, dampened demand decreased sustainability-linked mandate inflows, fund brokerage fees, and capital commitments; • Responsible citizenship: Implementation of a consistent approach to address environmental and social reputational risks and significant efforts to reduce operational carbon footprint, including more energy-efficient buildings, reduced business travel emissions by 30% vs. 2019, and sustainable aviation fuel partnership funded by internal carbon price; • Stakeholder engagement: Close to 20 Julius Baer Funds and clients voted according to sustainability voting guidelines at AGMs. The Group also expanded its Sustainability Circle and Front Ambassadors Club; and • The Group was fractionally below its aspirational gender goal with 29.8% female representation in rank of Director and above at the end of 2023.	Fully Met	Fully Met
Regional and Divisional objectives	Holistic approach towards clients with enhanced processes	• For the first time, our client survey reached 100% of our client base, and close to 80% of the more than 6,800 responding clients indicated a very high level of satisfaction; and • Creation of new team structures and a dedicated advisory function to facilitate UHNWI acquisition, development, and retention.		Mostly Met
	Market strategies	• Successful launch of the Julius Baer Equity India Fund and the rollout of Alternative Investment Funds for onshore India clients; and • Unveiled the 'New Wave of Wealth' strategy, supporting the SCB Julius Baer Joint Venture in becoming the pre-eminent market leader in the international private banking industry in Thailand by 2025.		
	Digital Wealth Management value proposition	• Expansion of the e-banking and mobile banking solutions and launch of an e-trading platform for equities and exchange-traded funds in Switzerland; • Launch of JB Connect to address our clients' specific needs for community usage; • Increase in digital assets offering including FX products; and • Global integration of the Investment Insights in the Julius Baer Mobile app.		
	Core function	• Introduction of a new media screening solution that provides improved visibility around relevant and potentially controversial news about prospects and clients; • Improved liquidity risk framework and enhanced visibility in case of liquidity stress; and • Workforce talent initiatives established to support progress along the new target operating model.		

Personal objectives	CEO 10% weighting	ExB (average) n.a.	CEO Final
Goal	**Achievement**		**Performance Assessment**
Strategic roadmap for 2023 and beyond	• Dedicated initiatives or projects conscientiously established in relation to all strategic targets.		Fully Met
Organisation and leadership alignment with 2023–2025 strategy as well as a diverse, sound talent pipeline	• Roll out of improved organisational structure (effective 2024) with increased, targeted leadership representation; and • Strengthened importance of people management and culture.		Fully Met

Overall scorecard assessment	CEO Final	ExB Final (Average)
Weighted average	Not Met	Mostly Met

In addition to the above performance achievements, the Group's success was also recognised through the receipt of the following awards during the 2023 calendar year:

Organisation	Award
The Asset: Triple A Awards 2023, Private Capital	Best Boutique Private Bank in Asia
PWM and The Banker 2023 Global Private Banking Awards	• Best Branding in Private Banking • Best Private Bank in the Middle East
Euromoney Global Private Banking Awards 2023	Best for High Net Worth Individuals (HNWI)
2023 Asian Private Banker Awards	• Best Private Bank Discretionary Portfolio Management • Best International Private Bank – Thailand • Best Private Bank – Global Indians • Best Private Bank – Pure Play

Organisation	Award
Private Banker International 2023 Global Wealth Awards	Outstanding Global Private Bank – Global
Refinitiv Lipper Fund Awards 2023	• Best overall group award (small company category): Austria, Europe, Germany, Netherlands, Switzerland, and UK • Various fund awards in Europe and/or Arabia related to the following funds: JB Fixed Income EM Corporate USD Fund, JB Strategy Income USD Fund, and JB Fixed Income Investment Grade Corporate USD Fund
Swiss Derivative Awards 2023	Best Market Maker
PWM Wealth Tech Awards 2023	• Best Bank for Technology for ESG Reporting (Global) • Best Digital Leader

CEO compensation decisions
The CEO's base salary remained unchanged at CHF 1.5 million in the 2023 performance year.

In line with the Group's performance and weighting scale (60% financial and 40% non-financial), the CEO's OPR (Not Met) reflected the Group's performance (including the impacts of the private debt related loss allowance associated with our largest client exposure) related to his qualitative and personal targets in aggregate for the 2023 performance year.

Excluding the credit event, the Group's underlying operating performance was robust, however, the results were significantly below target and the underlying adjusted profit before taxes declined by 7% year on year. The CEO continued to drive the Group's strategic programmes forward in 2023. The scaling of the organisation, including the restructuring of the ExB, continued on track as the Group approaches the next phase of development. Positive progress was made towards increasing recurring revenue generation avenues, and significant steps undertaken in growing the Group organically through net positive hiring. In addition, the Group made sound progress towards its improved operating model and in its sustainability initiatives.

Irrespective of these performance achievements, given the financial impact and reputational damage incurred as a result of the private debt related loss allowance in 2023, the NCC and the BoD determined that the CEO was not entitled to a bonus for the 2023 performance year.

Mr. Rickenbacher has stepped down from his position effective 1 February 2024. We thank him for his considerable contribution over the past five years and for the measures he has taken to navigate Julius Baer through a challenging time, charting a successful course that is tangible in many of the transformational steps that have brought us to where we are today.

ExB compensation decisions
This section relates specifically to the nine (9) members of the Group ExB at the end of 2023. It excludes any compensation related to the CEO. No ExB members left or joined the ExB during the 2023 calendar year. No changes were made to the ExB base salaries in 2023.

The ExB's average OPR (Mostly Met) reflected their 2023 achievements, including the below target Group financial performance (including the private debt related loss allowance associated with our largest client exposure) and performance against their regional/divisional financial targets.

As noted in the Scorecard, further progress was made in 2023 towards our strategic objectives with high levels of client satisfaction reported from clients. While the Group continued to develop in 2023, the NCC and the Board of Directors also recognised the financial and reputational impact of the credit situation on the Julius Baer. As a result, similar to the CEO, the five members of the ExB with who were responsible for the credit-related decisions of the Group did not receive any variable compensation for the 2023 performance year. Variable compensation for the remaining ExB members was aligned with the disclosed Group performance and was cut more than 60% (after assessment of 2023 performance as described in the Scorecard).

The NCC proposes an overall total variable compensation of CHF 3.1 million in 2023 (down 85% from CHF 20.6 million in 2022). All of the variable compensation proposed in 2023 will be fully deferred into the Group's EPP programme and thereby 100% deferred in a performance-based programme over the coming five years.

Compensation caps

The NCC agrees that it is important to ensure that the compensation paid to members of the ExB is benchmarked and subject to defined specific caps that set an appropriately balanced pay mix. There are no changes to the prior year's compensation caps.

2023 maximum caps for the Executive Board (all caps as a multiple of base salary)

	Cap	
	Average ExB	CEO
Total variable compensation (bonus, DBP and EPP)	4.0	4.0
Cash-based variable compensation (bonus and DBP)	2.0	2.0
Equity-based variable compensation (EPP)	2.0	2.0

For 2023, the variable compensation caps applicable to the ExB are unchanged and remain as follows:

- The total sum of the variable compensation allocated to the members (in aggregate) of the ExB (including the CEO) shall be capped at four times the total sum of the base salaries paid to the entire ExB.
- The total sum of the bonus and DBP and the total sum of the EPP allocated to all members (in aggregate) of the ExB (including the CEO) will each be capped at two times the total sum of the base salaries paid to the entire ExB.
- The total sum of the variable compensation allocated to the CEO shall be capped at four times the CEO's base salary.
- The total sum of the bonus and DBP and the total sum of the EPP allocated to the CEO will each be capped at two times the CEO's base salary.

The NCC is responsible for ensuring that the total variable compensation paid to the ExB members is compliant with the applicable compensation caps.

Share ownership requirements

Under the Group's share ownership requirements (SOR) the ExB members are required to build up the following shareholdings:

Executive Board member	**Share ownership requirement (in Julius Baer Group Ltd. Shares/Awards)**
Chief Executive Officer (CEO)	100,000 shares/awards
Executive Board members (excluding the CEO)	50,000 shares/awards

Individual shareholdings shall include all vested and fully-owned shares and non-performance-linked equity awards, plus 75% of any equity awards that are linked to performance. The members of the ExB have a period of five (5) full calendar years starting from the beginning of their appointment to the ExB to build up their Julius Baer Group Ltd. shareholdings. The final measurement will be performed on 31 December of the fifth calendar year following the ExB member's appointment to the ExB.

Details of the shareholdings of each member of the ExB can be found in the *Compensation, loans and shareholdings of the Executive Board* section of this Remuneration Report. In accordance with the NCC's instructions, 50% of all outstanding equity-based grants may be held back from any ExB member who has not reached his or her target at the measurement date until the defined level has been reached.

ExB members are not permitted to hedge Julius Baer Group Ltd. shares.

Employment contracts

As part of article 12.2 of the Articles of Incorporation (cf. www.juliusbaer.com/cg), employment agreements for the ExB may have a maximum notice period of twelve months. In practice, the notice period for all members of the ExB does not exceed six months.

The ExB members are not entitled to any special severance payments or special termination benefits under the pension plans compared to the general staff population. The termination provisions applicable to the ExB members' deferred compensation are no different than those offered to the broader senior management population in the same programmes.

Furthermore, non-compete agreements for members of the ExB for the time after the termination of an employment agreement are permissible (see article 12.3 of the Articles of Incorporation, cf. www.juliusbaer.com/cg) for a duration of up to two years. The consideration payable to such former members in respect of such agreements shall not exceed the total annual compensation last paid to them prior to termination.

Other variable compensation

Newly joining ExB members are not entitled to hiring bonuses; however, they may be eligible to receive a replacement of compensation that was forfeited at their previous employer (including unpaid current-year and/or prior-year outstanding variable compensation). All replacements of lost compensation must be documented prior to being replaced by Julius Baer and are replaced based on the prevailing fair market value (i.e. no increase to the replacement value). Current-year compensation replacements are partially deferred at rates in line with the Group's standard variable compensation deferral policy and will be delivered partly in immediate cash and partly in deferred awards. Prior-year outstanding deferred compensation shall be replaced on a like-for-like basis to the extent administratively practical and possible.

Clauses for change of control

ExB members are not entitled to specific payments upon a change of control or upon termination of employment related to a change of control; however, they are eligible to receive such benefits (e.g. accrued holiday pay, death/disability/retirement benefits under the pension plan) as are generally available to other Julius Baer employees.

The ExB members are not entitled to other severance payments or special termination benefits under the pension plans compared to the general staff population; nor are they entitled to special change-of-control provisions under the deferred compensation plans compared to the general staff population.

Other employee compensation

This section provides details of the ongoing compensation system for the employees of Julius Baer (excluding the ExB and Senior Management, whose compensation was addressed in the previous section). Swiss rules regarding the disclosure of compensation concern only the BoD and the ExB; thus, it is on these groups that this Remuneration Report focuses. However, Julius Baer's success depends on the continued excellence of all its employees. Accordingly, this section describes the salient features of the compensation system for non-executive employees.

Summary of 2023 employee compensation components

Element	Payment structure	Description	Governance
Base salary and allowances	100% in cash (monthly)	Base salary is set individually based on the Group's functional model comprising ten function levels, each of which represents an increasing degree of job complexity. Salary bands are assigned to each function level which define the target base salary range for jobs assigned to the respective function level. Individual salaries are then determined in accordance with these salary bands, taking market benchmarks into account. Group employees are eligible for allowances based on rank, function level and their location of employment.	Provides an appropriate level of income by function at market rates while permitting the Group to operate a fully flexible policy for variable compensation.

Short-term variable compensation	100% in cash or partially deferred into cash- and equity-based awards	Individual variable compensation amounts depend on the formal year-end assessment of performance against a range of quantitative and qualitative objectives (e.g. adherence to compliance and regulatory standards and to the Group policies, core values and procedures) as well as skills, expertise, and conduct and value behaviours.
		
		In addition to the plans offered to the members of Senior Management (as described previously), Julius Baer also offers equity- and cash-based deferred plans to members of the global staff population. Participation in these plans depends on various factors such as function level, overall variable compensation and/or nomination for participation in the relevant plan on an annual basis. The deferral structure is generally as follows:
		• Variable compensation below the annual deferral threshold: 100% immediate cash payment
		• Variable compensation at or above the annual deferral threshold: deferral applies to the full variable compensation amount (based on the same linear deferral scale and rates applicable to Senior Management). Unless required otherwise by regulation, deferred awards are subject to 3-year pro rata vesting with service-based vesting, malus and clawback provisions. The deferral structure generally results in a maximum deferral of the following:
		  • 50% of immediate cash (subject to the Variable Compensation Cash Cap of CHF 1.5 million)
		  • 25% deferred cash (Deferred Cash Plan [DCP])
		  • 25% deferred equity (Premium Share Plan [PSP]) plus a premium equity component equal to one-third of the granted PSP
		
		Variable compensation in excess of the Group's Variable Compensation Cash Cap is fully deferred (equally under the DCP and PSP).
			In line with market practice, the Group's balanced variable compensation scheme targets deferral for the more senior and/or high-performing members of staff and provides immediate cash to the remainder.
			
			For eligible staff members, the deferral programme serves as a retention mechanism, promotes long-term orientation allowing for clawback (including the same provisions as noted in the DBP) and aligns compensation with shareholders' interests. The Variable Compensation Cash Cap augments the deferral programme and increases the overall deferral for the Group's highest earners.

Pension and other benefits		Julius Baer offers competitive and market-appropriate pension and benefit programmes throughout its global offices. All programmes are in compliance with rules and regulations of the country in which they operate.	
Other compensation		Benefits and other compensation arrangements are offered globally by Group entities based on the prevailing market practices and the local rules and regulations.	

Compensation arrangements in strategic partnerships

In certain current or former strategic partnerships, Julius Baer operates special compensation arrangements unique to the organisation concerned. Such arrangements can include compensation linked to the strategic partner entity's shares or, where required by regulations, compensation linked to the performance of the strategic partner entity's managed investment funds.

Key risk takers and regulated staff

Julius Baer takes particular care in identifying staff whose professional activities may have a material impact on the Group's (or a Group subsidiary's) risk profile (the so-called key risk takers [KRTs]) and in applying the risk-appropriate pay-out structure for such employees. The Group's role-based guidelines for identifying KRTs take into consideration both quantitative and qualitative criteria in the identification process. KRTs of Julius Baer Group Ltd. are considered Senior Management for the purpose of their deferral and are thereby subject to higher rates of deferral (up to 70%) and a longer deferral horizon than other employees. KRTs of Group subsidiaries may be considered as Group KRTs depending on their role or function.

The European regulatory requirements include a number of provisions that impact the variable compensation awarded to employees and directors of the Group entities that fall under the jurisdiction of the European Economic Area. Julius Baer has adopted pay-out process rules to ensure that the variable compensation of certain employees (e.g. identified KRTs) in applicable European Union subsidiaries meets the legislative requirements of the jurisdiction. To comply with the applicable regulatory requirements, identified KRTs may be subject to pay-out process requirements that differ from the Group's standards: fixed deferral rates/thresholds, minimum deferral periods, and instrument-based variable compensation (i.e. vested/blocked shares, share awards, and/or fund-linked instruments).

Furthermore, one of the central provisions of the European Capital Requirements Directive (CRD) requires that variable compensation paid to specific individuals (e.g. regulated KRTs) shall not exceed the value of their fixed remuneration unless shareholder approval is obtained to increase this cap. The Julius Baer entities within the European Economic Area requested and were granted approval by their respective shareholders to increase the variable compensation cap to two times fixed compensation.

Control functions

Control functions (which, among others, include Internal Audit) at Julius Baer are critical roles with responsibility for independently monitoring and managing our risk effectively. In order to ensure proper remuneration governance, the Group places a stronger emphasis on fixed compensation and operates a fully discretionary variable compensation programme whereby employees are rewarded independently from the performance of the operating business units' corporate functions they monitor or control. As a best practice, the Group has also implemented internal caps on variable compensation payable for individuals in specific divisional control functions. In order to ensure effective risk management and avoid conflicts of interest, role-based objectives remain the key driver of variable compensation awards, and achievement of the core functional objectives is rewarded regardless of the results of the business activities.

Other variable compensation

Although Julius Baer only offers performance-based compensation to its current staff (including the ExB), it may in the course of its recruitment processes offer incentives (e.g. sign-ons and replacements of forfeited compensation from their previous employment) for specific new hires when they join the Group. Such incentives may be made in the form of cash (subject to a minimum one-year clawback from hiring date) and/or deferred awards (generally under the Group's Long-Term Incentive Plan [LTI]). As a general policy, Julius Baer offers such forms of remuneration only on an exceptional basis, typically in the first year of employment.

Additionally, retention payments may be made to current staff in extraordinary or critical circumstances (e.g. restructuring situations). Such incentives are generally in the form of deferred shares (under the Group's LTI Plan).

Actual parameters may vary according to location, local regulation, and the specific circumstances of the employee. In all cases where equity-based awards are not permitted in a specific location, such awards are made in cash in accordance with the terms and conditions in the DCP.

Long-Term Incentive Plan (LTI)
Group LTI awards generally run over a minimum plan period of three years (pro rata vesting permitted). The shares are transferred to participants at the time of vesting, subject to continued employment and any other conditions set out at grant. The plan allows for the addition of post-vesting blocking periods and/or performance metrics.

Employee share purchase

Staff Participation Plan (SPP)
The SPP is offered to most of Julius Baer's global employee population. Individuals may be excluded from participating because, for example, the employee participates in another Julius Baer 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 purchased, they will be granted one additional matching share award. These matching 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 Group, 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 Group.

Board of Directors compensation

This section provides details of the compensation system for members of the Board of Directors (BoD).

Summary of compensation components

Element	Payment Structure	Description	Governance
Fixed compensation	Cash and share-based awards	Members of the Board of Directors (including the Chairperson) are only entitled to fixed compensation for their term of office in the form of a combination of cash and share-based awards. This fixed compensation is determined by the workload of the individual Board member based on the Board committees on which he or she serves and his or her committee position. The cash-based compensation is paid in December each year for all members of the Board of Directors except the Chairperson, who receives the cash element on a quarterly basis. Share-based awards are granted under the Group's Long-Term Incentive Plan at the beginning of each term based on a fixed total compensation value. The grant price is equal to a five-day volume-weighted average price with a one-year, service-based vesting period (equal to that of the individual's term of office). Under the award's forfeiture provisions, the award will only vest if the Board member concerned fulfils the entire term for which he or she has been elected or re-elected. No dividends are payable on unvested awards; all shares are delivered unrestricted at vesting (subject to the Guidelines on Share Ownership provided below). No additional compensation is paid to members of the Board of Directors for attending meetings.	Reflecting the independent status of all members of the Board of Directors (including the Chairperson), the remuneration package does not include a variable component and is therefore not dependent on the financial performance of the Group. However, a share-based element is included to align their compensation with shareholder interests.
Other benefits		Members of the Board of Directors benefit from preferential staff conditions for transactions (e.g. in securities) executed in-house.	In order to avoid conflicts of interest, no other preferential staff conditions (e.g. lower rates on mortgages or Lombard loans) are offered to members of the Board of Directors.

The cash element of fixed compensation is disclosed on a business-year basis (i.e. split across the two calendar years that make up a Board member's term) and the share-based element is disclosed at grant value in the year of election or re-election. The share-based element granted to the Chairman and the GRC members for the AGM period from 2023 to 2024 was forfeited due to the private debt related loss allowance.

The NCC benchmarks BoD compensation against a selected peer group, including the lower quartile of the Swiss Market Index (SMI) and the upper quartile of the Swiss Market Index Mid-cap (SMIM). The Chairperson's and the overall BoD's compensation pay mix remains in line with market standards, and pay levels are in line with Julius Baer's target pay levels.

The maximum aggregate compensation amount will again be presented to shareholders for approval at the 2024 AGM for the subsequent compensation period (2024 AGM to 2025 AGM).

Share ownership requirements

Share ownership is considered an additional factor underscoring commitment towards Julius Baer. The BoD believes these requirements will strengthen the ownership mentality of Board members and ensure the alignment of the BoD's decisions with the interests of our shareholders.

The members of the BoD will be required to build up their total vested shareholdings until they reach the following levels:

Board member	**Share ownership requirement (in vested Julius Baer Group Ltd. shares)**
Chairperson of the Board of Directors	25,000 shares
Members of the Board of Directors (excluding the Chairperson)	7,500 shares

The members of the BoD will have a period of three full calendar years starting from their initial election to the BoD to build up their Julius Baer Group Ltd. shareholdings. The final measurement will be performed on 31 December of the third calendar year following the Board member's election to the Julius Baer Group Ltd. BoD. If the above shareholding requirements are not reached by the measurement date, 50% of the shares vesting from the individual's equity-based compensation grant may be held back until the defined level of shareholding has been reached.

Under these rules, all individuals who were members of the BoD from May 2020 have been required to build up the aforementioned Julius Baer Group Ltd. shareholdings by 31 December 2023. All members of the BoD with at least three full years of tenure have fulfilled their Share ownership requirements as at 31 December 2023.

Details of the shareholdings of each member of the BoD can be found in the *Compensation, loans and shareholdings of the Board of Directors* section of this Remuneration Report.

Contracts

The members of the BoD do not have contracts with Julius Baer Group Ltd. that provide for benefits upon termination of their term of office on the BoD.

Compensation, loans and shareholdings of the Executive Board (audited)

This section provides the data for 2023 and 2022. The details of the compensation system for members of the Executive Board are presented in the *Executive Board and Senior Management compensation* section of this Remuneration Report.

			Variable compensation (VC)[6]				
				Deferred elements[7]			
				Cash-based	Equity-based		
		Base salary[3] CHF 1,000	Immediate cash CHF 1,000	Deferred cash[9] CHF 1,000	Units[10] CHF 1,000	Pension fund, social security contributions and varia[12] CHF 1,000	Total CHF 1,000
Total compensation Executive Board 2023 (10 members)[1]	**2023**	**8,235[4]**	**0**	**0**	**3,084[11]**	**1,701[13]**	**13,020**
Highest Paid Nic Dreckmann (COO & Head Intermediaries)		**750**	**0**	**0**	**1,024**	**222[14]**	**1,996**
Philipp Rickenbacher (CEO)		**1,500**	**0**	**0**	**0**	**224[15]**	**1,724**
Total compensation Executive Board 2022 (10 members)[2]	2022	7,886[5]	7,216[8]	5,065[11]	12,370[11]	2,943[13]	35,480
Highest paid Philipp Rickenbacher (CEO)		1,500	810	972	2,268	483[15]	6,033

[1] Details provided relate to 10 ExB members in 2023 and 10 ExB members plus the former CFO in 2022. The foreign exchange rate applied to cash-based Singapore dollar compensation was 0.668 for 2023 (0.692 for 2022).

[2] Includes the full value of any variable cash-based compensation awarded for performance year 2022 to the 2022 ExB members (including the current and former CFOs as well as the Head of Markets) regardless of whether the awarded compensation relates to the ExB role.

[3] All current members of the ExB have a full-time (100%) employment relationship with the Group. The disclosed amounts include an allowance of SGD 50,000 for the ExB member in Singapore and lump sum expense allowances up to CHF 22,800 p.a. per member of the ExB in Switzerland and CHF 24,000 p.a. to the CEO.

[4] Includes total 2023 expense allowance of CHF 239'800.

[5] Includes total 2022 expense allowance of CHF 229,590. Includes the pro rata base salary paid to both the current and former CFOs for the time that each served as a member of the ExB (i.e. the former CFO on a 6-month basis from January to June 2022 and the current CFO on a 6-month basis from July to December 2022).

[6] Variable compensation for 2023 relates to 2023 performance and is subject to shareholder approval at the AGM in April 2024. Variable compensation disclosed for 2022 relates to 2022 performance and was approved by shareholders at the AGM in April 2023. No amounts are paid unless and until shareholder approval has been granted at the AGM.

[7] All deferred elements are subject to malus and/or clawback provisions.

[8] Includes the portion of variable compensation delivered in blocked shares to the ExB member subject to deferral rates and pay-out restrictions under the European Securities and Markets Authority (ESMA) requirements. Such vested shares are granted under the Group's LTI programme and subject to a 6-month blocking period.

[9] Deferred cash amounts are paid in equal tranches in February over four years.

[10] Units include any awards granted under the Group's Equity Performance Plan (EPP). EPP grant date fair value of CHF 32.56 (SGD 48.75; grant date: 15 February 2024) and CHF 45.04 (SGD 64.42; grant date: 15 February 2023).

[11] The average ratio of fixed to variable compensation amounted to 73%:27% in 2023 (24%:76% in 2022). 100% of the variable compensation of the members of the ExB in the reporting period was deferred for a period of five years under the EPP (71% deferred in 2022 over a period of four years for the DBP or five years for the EPP).

[12] Includes actual employer contributions to social security (AHV/ALV) for base salaries and estimated future contributions based on the grant values of the DBP for the 2022 performance year and the fair value of the Performance Units/EPP awards granted for performance years 2023 and 2022. These amounts also include premiums for additional accident insurance.

[13] Includes social security and accident insurance costs of CHF 644,063 in 2023 and CHF 1,826,494 in 2022.

[14] Includes social security and accident insurance costs of CHF 107,343 in 2023.

[15] Includes social security and accident insurance costs of CHF 96,097 in 2023 and CHF 358,149 in 2022.

The above tables are based on the accrual principle, which means that the amounts shown are compensation earned for the respective year. The actual payment of a portion of the amounts for the performance-related components, however, maybe effected at a later date. In particular, under the DBP, a portion of the cash-based variable compensation is paid following shareholder approval (generally in April) with the remainder being deferred over a four-year period (disbursed in equal instalments in February over the following four years).

Loans to the members of the Executive Board (audited)

Loans to the members of the Executive Board	**31.12.2023** Loans *CHF*	Loans to related parties *CHF*	31.12.2022 Loans *CHF*	Loans to related parties *CHF*
Total	**25,059,000**	**-**	23,682,000	-
of which the highest amount: Yves Bonzon, Chief Investment Officer	**8,236,000**		8,168,000	-

The loans granted to the members of the ExB consist of Lombard loans on a secured basis (through pledging of securities portfolios or other marketable coverage), fixed-rate mortgages (on a fixed-rate basis), Libor mortgages, and floating-rate mortgages (the latter two on a variable-rate basis). Such loans are made on substantially the same terms as those granted to employees, including those relating to interest rates and collateral. For investment properties, the standard mortgage conditions for external clients apply, including those relating to pricing and amortisation.

No loans to former members of the ExB (and their related parties) were outstanding at year-end 2023 or were granted in 2023 at conditions that were not in line with market conditions.

Members of the ExB benefit from preferential staff conditions for transactions (e.g. in securities) executed in-house.

Shareholdings of the members of the Executive Board (audited)

Shareholdings of the members of the Executive Board[1]		Number of shares/awards
Philipp Rickenbacher, Chief Executive Officer	**2023**	**177,006**
	2022	175,280
Evangelia Kostakis, Chief Financial Officer	**2023**	**24,332**
	2022	11,520
Oliver Bartholet, Chief Risk Officer	**2023**	**66,177**
	2022	56,433
Nic Dreckmann, Chief Operating Officer & Head Intermediaries	**2023**	**100,026**
	2022	110,565
Yves Bonzon, Co-Head IWMS and Chief Investment Officer	**2023**	**85,969**
	2022	90,986
Jimmy Lee Kong Eng, Head Asia Pacific	**2023**	**124,007**
	2022	165,918
Yves Robert-Charrue, Head Switzerland and EMEA	**2023**	**95,322**
	2022	152,852
Beatriz Sanchez, Head Americas	**2023**	**81,559**
	2022	90,113
Nicolas de Skowronski, Co-Head IWMS and Head Wealth Management Solutions	**2023**	**57,875**
	2022	53,705
Luigi Vignola, Head Markets	**2023**	**49,657**
	2022	52,505
Total	**2023**	**861,930**
Total	2022	959,877

[1] Including shareholdings of related parties (the 2022 and 2023 figures are disclosed according to the revised Share ownership requirements)

None of the members of the ExB held any option positions on Julius Baer Group Ltd. shares as at year-end 2023 and 2022.

The SOR for the members of the ExB were introduced with effect from 2014 and revised in 2021.

According to the current Share ownership requirements (SOR), the CEO is required to build up and maintain 100,000 (all other ExB members 50,000 each) shares/awards of Julius Baer Group Ltd. (build-up over five full calendar years from the promotion to the new role). The SOR may be covered by awards subject to vesting conditions, with only a portion (75%) of the outstanding awards that are subject to performance-based conditions counting towards the SOR. The SOR apply for the duration of the ExB member's tenure in the applicable role.

Former executives (audited)

No additional compensation was granted and paid to former members of the ExB who left the ExB in 2023 or earlier that related to such member's prior function within the ExB.

No compensation was granted to parties related to members of the ExB or former members of the ExB. No severance payments to members of the ExB or former members were effected in 2023 or 2022.

Mandates (audited)

In accordance with the Group's Articles of Incorporation (cf. www.juliusbaer.com/cg), no member of the ExB may hold more than five additional mandates, of which, no more than one mandate in listed companies. The following is a summary of the mandates of the 2023 ExB members in governing, supervisory or management bodies of any organisations with a commercial purpose (companies, partnerships, and/or for-profit organisations):

- Philipp Rickenbacher: Member of the International Advisory Board of Beijing International Wealth Management Institute Co. Ltd., Beijing, China.
- Evangelia (Evie) Kostakis: Member of the Board of Directors of AMINA Bank AG, Zug, Switzerland.
- Jimmy Lee: Member of the Board of Directors of Beijing International Wealth Management Institute Co. Ltd., Beijing, China; and Member of the Board of Director of SCB-Julius Baer Securities Co Ltd (Thailand) (Joint-venture relationship).
- Luigi Vignola: President, One Point 55 Ventures, Zurich, Switzerland.

For a full list of mandates (including commercial, non-commercial, or similar mandates), please refer to the Corporate Governance section of this Annual Report.

Additional honoraria, related parties, other important information (audited)

The compensation disclosed for the ExB members includes the compensation for the same function those members assume at the level of the ExB of Bank Julius Baer & Co. Ltd., the principal entity of Julius Baer Group Ltd.

No compensation has been granted to parties related to members of the ExB.

Vested compensation

The EPP vesting is contingent upon the performance of the two KPIs (namely, the cEP and the rTSR). The number of shares delivered under the EPP is between 0% and 150% (final multiplier of 0 to 1.5) 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 final multiplier for the 2021 EPP programme (grant related to performance year 2020 and vesting 15 February 2024) reflects the Group's performance from 2021 through 2023 is 0.464. The multiplier was calculated as follows:

Final multiplier	**Weighting**	**KPI Performance**	**Target range**	**Multiplier**
rTSR	50.0%	-79.7%	-22% / +28%	-
cEP	50.0%	-3.6%	+/- 50%	0.928
Final multiplier				**0.464**

Of which the individual KPI performance was calculated as follows:

	2021 to 2023		
rTSR Performance	**INDEX**[1]	**BAER**	**rTSR**
rTSR performance (+3% target):	**75.50%**	**-4.21%**	**-79.7%**

cEP Performance 2021–2023 cumulative totals in CHF m	**TARGET**	**ACTUAL**	**cEP**
Operating income	**11,057**	**10,951**	
Adjusted operating expenses[2]	-7,609	-7,770	
of which adjusted bonus	-1,182	-1,129	
Operating expenses before bonus	-6,427	-6,641	
Adjusted net operating profit before bonus and taxes	**4,630**	**4,310**	
Adjusted income taxes before taxes and bonus	-648	-566	
Adjusted net operating profit before bonus and after taxes	**3,982**	**3,744**	
Cost of capital[2]	-778	-656	
Economic profit before bonus[2]	**3,203**	**3,088**	
cEP performance:			**-3.6%**

[1] STOXX Europe 600 Banks (gross return) Index
[2] Economic profit before bonus is calculated as the sum of adjusted profit before bonus (using the same tax rate as for the full adjusted profit calculation), cost of capital and non-compensable items. The definition of adjusted profit is available from the Alternative Performance Measures document, found on our website at www.juliusbaer.com/apm. The cost of capital charge is calculated by applying a pre-defined cost of capital rate to the average required capital for the period, with a lower pre-defined cost of capital rate being applied to average excess capital for the period.

Compensation, loans and shareholdings of the Board of Directors (audited)

This section provides the data for 2023 and 2022. The details of the compensation system for members of the BoD are presented in the *Board of Directors compensation* section of this Remuneration Report.

Compensation of the members of the Board of Directors[1]		Base salary[2] *CHF 1,000*	Share-based payments[3] *CHF 1,000*	Social security contributions and varia[4] *CHF 1,000*	**Total** *CHF 1,000*
Romeo Lacher – Chairman	**2023**	**400**	**150**	**104**	**654**
	2022	400	600	89	1,089
Gilbert Achermann	**2023**	**127**	**120**	**29**	**276**
	2022	128	120	25	273
Heinrich Baumann (left the Board at AGM 2023)	**2023**	**37**	**30**	**15**	**82**
	2022	153	120	24	297
Richard M. Campbell-Breeden	**2023**	**210**	**30**	**59**	**299**
	2022	210	120	51	381
Ivo Furrer (left the Board at AGM 2023)	**2023**	**32**	**30**	**14**	**76**
	2022	127	120	23	270
Claire Giraut (left the Board at AGM 2022)	**2023**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
	2022	36	30	11	77
Juerg Hunziker (joined the Board at AGM 2023)	**2023**	**96**	**90**	**13**	**199**
	2022	n.a.	n.a.	n.a.	n.a.
David Nicol	**2023**	**150**	**30**	**42**	**222**
	2022	150	120	37	307
Kathryn Shih	**2023**	**145**	**120**	**28**	**293**
	2022	141	120	25	286
Tomas Varela Muiña (joined the Board at AGM 2022)	**2023**	**154**	**120**	**32**	**306**
	2022	96	90	14	200
Eunice Zehnder-Lai	**2023**	**140**	**120**	**30**	**290**
	2022	140	120	27	287
Olga Zoutendijk	**2023**	**175**	**30**	**53**	**258**
	2022	175	120	42	337
Total	**2023**	**1,666**	**870**	**419**	**2,955**
Total	2022	1,755	1,680	368	3,803

At the end of 2023, the BoD consisted of nine members (compared to ten members at the end of 2022). Raymond J. Baer remains Honorary Chairman of the Board of Directors. For 2023, he was compensated with CHF 51,292 (incl. VAT) through a third-party agreement for his activities on behalf of Julius Baer (CHF 69,063 incl. VAT in 2022).

[1] The members of the BoD of Julius Baer Group Ltd. assume similar director roles on the BoD of Bank Julius Baer & Co. Ltd. For more information on the detailed compensation components of the BoD please refer to the *Board of Directors compensation* section of this Remuneration Report.

[2] The base salaries are disclosed on a business year basis according to the requirements of the Swiss Code of Obligations.

The Chairman is paid a fixed base salary in cash of CHF 400,000 per term (AGM to AGM); no further compensation is paid for his work at the level of the Board Committees.

The work on the Board committees (excl. the Chairman) is compensated as follows (all figures per term AGM to AGM): (1) General base payment: CHF 90,000; (2) Governance & Risk Committee: membership and chairmanship: CHF 60,000; (3) Audit Committee: chairmanship CHF 60,000, membership CHF 25,000; (4) Nomination & Compensation Committee: chairmanship CHF 60,000, membership CHF 25,000; and (5) Development & Innovation Committee: chairmanship CHF 30,000, membership CHF 12,500.

[3] The share-based elements reflect a fixed amount in CHF (currently CHF 120,000 for BoD members who retained grants at the end of 2023). Such awards are granted each year upon election or re-election to the BoD and are rounded up to the nearest whole share. The share-based payments are valued at fair value at the grant date (CHF 63.61 per share of Julius Baer Group Ltd. as at 2 May 2023; CHF 46.35 per share of Julius Baer Group Ltd. as at 2 May 2022).

Share-based payments for 2023/2024 AGM period to the Chairman of the BoD and the GRC members were forfeited due to the private debt related loss allowance. The provided share-based payment values for these BoD members are linked to the awards granted in 2022 and vesting in 2023 for the 2022/2023 AGM period.

At the AGM in 2023, Romeo Lacher (Chairman), Gilbert Achermann, Richard M. Campbell-Breeden, David Nicol, Kathryn Shih, Tomas Varela Muiña, Eunice Zehnder-Lai and Olga Zoutendijk were re-elected for a term of one year, Heinrich Baumann and Ivo Furrer did not stand for re-election and left the BoD, and Juerg Hunziker was elected as a new BoD member.

[4] The amounts reported for 2023 and 2022 include Julius Baer's actual contributions to social security in the respective reporting period in accordance with the Swiss Code of Obligations, amounting to CHF 339,099 for 2023 and CHF 275,511 for 2022. Depending on the domicile of the BoD member and the applicable local legislation, contributions to social security vary despite the similar level of compensation among members of the BoD.

The value of the share-based payments shown in the above table cannot be compared with the figures in Note 17 of the 2023 Annual Report under the chapter *IV. Consolidated Financial Statements Julius Baer Group 2023, Share-based payments and other compensation plans* because the latter discloses the compensation expense for the shares that have been recognised during the applicable reporting periods.

Under the forfeiture clause, the members of the BoD are only entitled to the shares granted to them if they fulfil the entire term for which they have been elected or re-elected. Should a BoD member resign between two AGMs, any unvested shares are generally forfeited. In that event, the cash element of their compensation will, however, be paid on a pro rata basis. In the event of dismissal of the Chairperson or a BoD member by an Extraordinary General Meeting, both the cash and the share elements will be paid on a pro rata basis. In the event of disability or death, all awards granted may be retained by the BoD member and no forfeiture applies.

BoD members are not entitled to participate in any performance-related share or cash programme at either Group or Bank level.

No compensation was granted to parties related to members of the BoD.

Loans to the members of the Board of Directors (audited)

	31.12.2023		31.12.2022	
Loans to the members of the Board of Directors	Loans *CHF*	Loans to related parties *CHF*	Loans *CHF*	Loans to related parties *CHF*
Romeo Lacher – Chairman	**-**	**-**	-	-
Gilbert Achermann	**-**	**-**	-	-
Heinrich Baumann (left the Board at AGM 2023)	**n.a.**	**n.a.**	-	-
Richard M. Campbell-Breeden	**-**	**-**	-	-
Ivo Furrer (left the Board at AGM 2023)	**n.a.**	**n.a.**	-	-
Juerg Hunziker (joined the Board at AGM 2023)	**-**	**-**	n.a.	n.a.
David Nicol	**-**	**-**	-	-
Kathryn Shih	**-**	**-**	-	-
Tomas Varela Muiña	**-**	**-**	-	-
Eunice Zehnder-Lai	**-**	**-**	-	-
Olga Zoutendijk	**-**	**-**	-	-
Total	**-**	**-**	-	-

The loans granted to members of the BoD may consist of Lombard loans on a secured basis (through pledging of securities portfolios or other marketable coverage), fixed-rate mortgages (on a fixed-rate basis), Libor mortgages, and floating-rate mortgages (the latter two on a variable-rate basis).

The interest rates on the Lombard loans and the mortgages for BoD members and related parties are in line with normal market rates at the time the loans were granted and do not include any preferential conditions.

Members of the BoD benefit from preferential staff conditions for transactions (e.g. in securities) executed in-house.

Shareholdings of the members of the Board of Directors (audited)

Shareholdings of the members of the Board of Directors[1]		Number of shares
Romeo Lacher – Chairman	**2023**	**51,561**
	2022	38,614
Gilbert Achermann	**2023**	**10,090**
	2022	7,500
Heinrich Baumann (left the Board at AGM 2023)	**2023**	**n.a.**
	2022	12,502
Richard M. Campbell-Breeden	**2023**	**21,477**
	2022	18,887
Ivo Furrer (left the Board at AGM 2023)	**2023**	**n.a.**
	2022	7,500
David Nicol	**2023**	**7,177**
	2022	3,187
Kathryn Shih	**2023**	**8,688**
	2022	6,098
Tomas Varela Muiña	**2023**	**4,190**
	2022	800
Eunice Zehnder-Lai	**2023**	**10,314**
	2022	7,724
Olga Zoutendijk	**2023**	**10,314**
	2022	7,724
Juerg Hunziker (joined the Board at AGM 2023)	**2023**	**500**
	2022	n.a.
Total	**2023**	**124,311**
Total	2022	110,536

[1] Including shareholdings of related parties.

None of the BoD members held any option positions on Julius Baer Group Ltd. shares as at year-end 2023 and 2022.

Share ownership requirements (SOR) for the members of the BoD were introduced with effect from 2014.

The Chairperson of the BoD is required to build up and maintain 25,000 vested shares of Julius Baer Group Ltd., the other members of the BoD 7,500 each.

The targeted number of Julius Baer Group Ltd. shares must be built up over a period of up to three years following election (and reached at year-end of the respective year) and maintained until the Board member leaves the BoD.

BoD members who were elected and/or re-elected in 2020 or earlier (i.e. all BoD members except for David Nicol, Juerg Hunziker, and Tomas Varela Muiña) were required to reach the targeted number of shares on or before the end of calendar year 2023. David Nicol is required to reach such target by year-end 2024, Tomas Varela Muiña by year-end 2025, and Juerg Hunziker by year-end 2026.

Former Directors (audited)

In 2023, no compensation was granted to BoD members who left the BoD in 2022 or earlier. No loans to former members of the BoD (or their related parties) were outstanding at year-end 2023 or were granted in 2023 at conditions that were not in line with market rates.

Mandates (audited)

In accordance with the Group's Articles of Incorporation (cf. www.juliusbaer.com/cg), no member of the BoD may hold more than ten additional mandates, of which, no more than four mandates in listed companies. The following is a summary of the mandates of the 2023 BoD members in governing, supervisory or management bodies of any organisations with a commercial purpose (companies, partnerships, and/or for-profit organisations):

- Romeo Lacher: Vice-Chairman of the Bank Council and member of the Nomination Committee and Chairman of the Compensation Committee of the Swiss National Bank, Zurich.
- Gilbert Achermann: Chairman of the Board of Directors of Straumann Group, Basle, Switzerland; Chairman of the Board of Directors and member of the Compensation Committee of Ypsomed Holding AG, Burgdorf, Switzerland; Member of the Board of Directors of Unilabs S.A., Geneva, Switzerland; Member of the Board of Directors of greenTEG AG, Ruemlang, Switzerland; and Member of the Board of Swiss Medtech, Basle, Switzerland.
- Richard M. Campbell-Breeden: Member of the Board of Advanced Emissions Solutions, Inc. (ADES); Founder of Omeshorn Capital Advisors, London, UK; Director of 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; Director of Bittescombe Manor Estate Ltd.
- Juerg Hunziker: Chairman of the Board of Directors of Adcubum AG, St. Gallen, Switzerland; Member of the Board of Directors of Swisspeers AG, Winterthur, Switzerland; Member of the Board of Directors of HEH Holding AG/ n-Chain, Vaduz, Liechtenstein.
- David Nicol: Non-Executive member and Chairman of the Board of Directors Multrees Investor Services Limited, London, UK; Member of the Board and Chairman of the Appointments Committee of Federated Hermes Property Trust, London, UK, 2012–July 2023.
- Tomas Varela Muiña: Member of the Board of Directors and Member of the Audit Committee and the Nomination and Renumeration Committee of Aena S.M.E., S.A., Madrid, Spain; Senior Advisor and Director of Finalbion, Madrid, Spain.
- Eunice Zehnder-Lai: Member of the Board of Directors of DKSH Group, Zurich, Switzerland; Member of the Board of Directors of Geberit Group, Rapperswil-Jona, Switzerland.
- Olga Zoutendijk: Chairwoman of the Board of Directors of Fnality International Limited, UK, 23 February 2022–2023.

For a full list of all mandates (including commercial, non-commercial, or similar mandates), please refer to the Corporate Governance section of this Annual Report.

Abbreviations

AGM	Annual General Meeting
ANPbBT	Adjusted net profit before variable compensation (bonus) and taxes
AuM	Assets under management
BoD	Board of Directors
bp	Basis points
CEO	Chief Executive Officer
cEP	Cumulative economic profit
CET1	Common equity tier 1
CFO	Chief Financial Officer
CoC	Cost of capital
COO	Chief Operating Officer
CRO	Chief Risk Officer
CRD	Capital Requirements Directive
D&I	Diversity & Inclusion
DBP	Deferred Bonus Plan
DCP	Deferred Cash Plan
DWM	Digital Wealth Management
ExB	Executive Board of Julius Baer Group Ltd.
EMEA	Europe, Middle East & Africa
EP	Economic profit
EPP	Equity Performance Plan
ESG	Environmental, social and governance
GRC	Governance & Risk Committee
IFRS	International Financial Reporting Standards
Index	STOXX® Europe 600 Banks Index (gross return)
KPI(s)	Key Performance Indicator(s)
KRT(s)	Key Risk Taker(s)
LTI	Long-Term Incentive Plan
MTP	Strategic 3-year Mid-Term Plan
NCC	Nomination & Compensation Committee
NNM	Net new money
OPR	Overall Performance Rating
PSP	Premium Share Plan
RM(s)	Relationship manager(s)
RoCET1	Return on common equity tier 1 capital
rTSR	Relative total shareholder return
SMI	Swiss Market Index
SMIM	Swiss Market Index Mid-cap
SOR	Share ownership requirements
SPP	Staff Participation Plan
TSR	Total Shareholder Return
TVC	Total variable compensation
VC	Variable compensation

Report of the Statutory Auditor

Report of the statutory auditor

To the General Meeting of Julius Baer Group Ltd., Zurich

Report on the Audit of the Remuneration Report

Opinion
We have audited the Remuneration Report of Julius Baer Group Ltd. (the Company) for the year ended 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked “audited” on pages 88 to 97 of the Remuneration Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the Remuneration Report complies with Swiss law and the Company’s articles of incorporation.

Basis for Opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Remuneration Report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked “audited” in the Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Remuneration Report
The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company’s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement in the Remuneration Report, 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 Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Mirko Liberto
Licensed Audit Expert
Auditor in Charge

Corina Wipfler
Licensed Audit Expert

Zurich, 12 March 2024

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

III. Risk Management

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Comment on risk management

In pursuing its strategy and business, Julius Baer Group (the Group) is exposed to risks, e.g. events that may have an impact on its financial, business, regulatory, and reputational standing. Therefore, risk management is an integral part of the Group's business model and is designed to protect its franchise and reputation.

Risk management framework

The Group's Risk Management Framework (RMF) links and integrates all relevant activities, governance, and processes of the Group to identify, assess, manage, monitor, and report risks across the organisation.

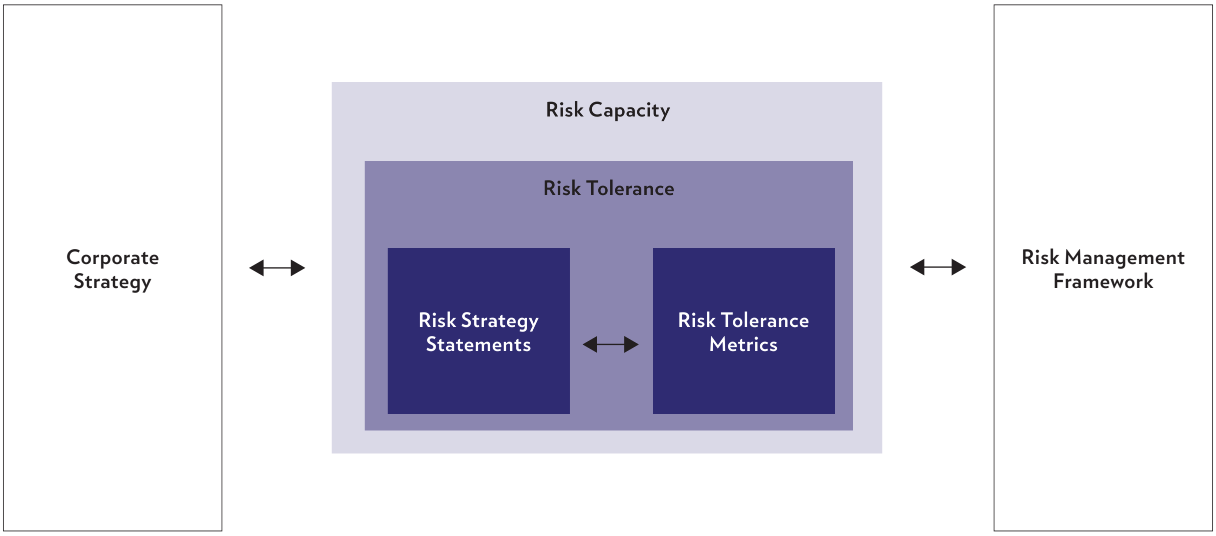
Risk management activities are structured according to the Group's risk categorisation, which represents the material risks the organisation is exposed to. Besides credit, market, and treasury risk, the Group is exposed to non-financial risks, covering operational risk, compliance and legal risk, as well as strategic, business, and reputational risk. The risk categorisation allows for individual assignment of responsibilities to Risk Type Owners (RTOs), who maintain the risk management framework of each material risk type by means and in accordance with the RMF.

Risk tolerance framework

Not all risks can be eliminated, fully controlled, or mitigated at all times. However, the Group's Risk Tolerance Framework (RTF) supports and ensures that risk-taking is in line with the strategic objectives and within the Group's overall risk capacity. The Group's risk tolerance is defined as the aggregate level of risk, subject to appropriate mitigating actions, that the Group is willing to accept across all relevant risk categories. It is formalised by a set of qualitative risk statements and quantitative risk metrics along the Group's key risk categories.

The risk capacity describes the maximum level of risk the Group can assume given its capabilities and resources, taking account of capital, earnings, and liquidity constraints (financial risk capacity), regulatory requirements, and the Group's reputational standing (regulatory and reputational risk capacity). The latter reflects all relevant laws and regulations that affect the overall business operations and conduct of the Group.

The key components of the Group's RTF are illustrated by the following figure:



Risk governance

The Group has established a robust risk governance, involving several stakeholders across the organisation and various committees, functions, and business units.

The Board of Directors (BoD) is responsible for establishing the strategic course of the Group and the guiding principles for the Group's corporate culture. It approves the Group-wide RMF and RTF. This ensures that risks are managed effectively at Group level and that suitable processes are in place.

Regular reporting enables the BoD to monitor whether the risk tolerance, policies, instructions, and mandates are being complied with, and whether they remain appropriate, given the Group's business model, risk profile, and strategy. In addition, the BoD regularly reviews reports analysing the Group's risk exposure.

The BoD has established the following committees to supervise specific risk management-related areas and to prepare topics for consideration by the complete board:

- Governance and Risk Committee (GRC)
- Audit Committee of the BoD (ACB)
- Nomination & Compensation Committee (NCC)
- Development & Innovation Committee (DIC)

For further details, please refer to the Board of Directors section of this report.

The Executive Board (ExB) is overall responsible for developing and maintaining the RMF and the RTF for approval by the BoD. As part of its responsibility for managing the core (wealth management) business of the Group as laid down in the Group's and Bank Julius Baer's Organisational and Management Regulations (OMR), the ExB defines specific instructions with regard to risk management, implements the RMF, and ensures that the Group's risk management practices are sound and in accordance with the business model, strategy plan, risk tolerances, and the defined mitigating actions set out in them. In doing so, executive boards assume the responsibilities for the management of business, strategic, and reputational risks.

The following committees enable the ExB to delegate decision-making in the daily course of business:

- Credit Committee (CCEB)
- Risk Committee (RC)
- Asset and Liability Management Committee (ALMCO)
- Transformation Committee (TC)
- Sustainability Board (SB)
- Information Security Committee (SECO)

For further details, please refer to the Executive Board section of this report.

The CRO division develops and oversees the global framework for risk identification, assessment, management, and monitoring and reporting within the risk tolerance for the various business activities of the Group, aiming at sustainable growth of the franchise. It accomplishes this mission by being an independent partner in constructively challenging the business activities from a risk management perspective.

Further, it is responsible for the control of market risk, treasury risk, and non-financial risk. Additionally, the CRO division oversees the interaction between risks and supports the mitigation of risks together with other divisions. The CRO coordinates his activities with regard to legal risk (including regulatory risk) matters with the Group General Counsel (GGC).

The CFO division oversees the Group's financial reporting, budgeting, and strategic business analysis, including the tools used by the business units for performance follow-up. It is also responsible for balance sheet, capital, funding and liquidity management, and the management and oversight of credit risks. The CFO's duties thus include maintaining a sound ratio of eligible capital to risk-weighted positions and ensuring that sufficient liquidity is available. In doing so, the division maintains monitoring systems to ensure compliance with supervisory regulations on the above topics.

Risk culture

The Group recognises that successful risk management requires a combination of sound risk culture, organisation and supporting processes, and controls.

- A sound risk culture is the key pillar in effectively managing risks. It promotes sound risk-taking and ensures that emerging risks or risk-taking activities beyond the Group's risk tolerance are appropriately identified, assessed, escalated, and addressed in a timely manner. The following four levers are viewed as critical elements in ensuring a strong alignment between the expected behaviour standards and the strategic objectives of the Group:

  - *Strong leadership and tone from the top*
  - *Accountability and clear roles and responsibilities*
  - *Effective communication and challenge*
  - *Employee life cycle and incentives*

- Based on Julius Baer's long-standing core values 'Care, Passion and Excellence', a set of guiding principles and professional standards for ethical business conduct have been established and formalised in the Group's Code of Ethics and Business Conduct (the Code). The Code, which is globally applicable, covers a range of topics, from values, beliefs, and culture to how behaviour affects clients, employees, and business activities. It supports the Group's aspiration to act with the utmost professional expertise and integrity, and articulates the Group's expectation to adhere to high standards of ethical business conduct and to comply with all applicable laws and regulations.
- To ensure adherence to the Code, employees are regularly trained on its content and provide regular confirmations of their understanding and compliance through a formal self-attestation framework. Further, non-adherence to the Code is reflected in an employee's value and risk behaviour assessment and rating, and may lead to disciplinary action.

- Julius Baer expects that employees raise any concerns or suspicions regarding deficient processes and/or any type of unethical or improper behaviour, including any breaches of law and/or policy. The Group instructs employees to report any such issues directly to their line management, a member of the CRO function, and/or Human Resources. Alternative channels are also made available to report any concerns, observations, or complaints, such as contacting the Group's internal Ombudsman or reporting the incident anonymously through the Group's whistleblowing reporting tool (Integrity Line). The Group will not retaliate against any employee who reports a concern in good faith.
- The Group's remuneration philosophy is geared toward ensuring that Julius Baer attracts and retains industry professionals who are dedicated to contributing sustainable value to the Group. It fosters risk awareness while ensuring alignment with regulatory compliance. The Relationship Manager Compensation Framework, which has been fundamentally reviewed and was rolled out across our target operating jurisdictions as of 2022, supports the Group's overall strategy of sustainable profit growth and risk and regulatory viability.
- The procedures dealing with policy breaches by employees are defined in a global policy to ensure a standardised Group-wide sanction approach to non-compliant behaviour as well as policy and regulation infringements. Depending on the severity of the non-compliant behaviour, a variety of measures can be imposed, such as reprehension, reprimand, warning, promotion ban, financial sanction, or termination of work contract.

Group risk landscape

In order to make risks transparent and to put them into perspective, a Risk Landscape is compiled annually and continuously maintained. To comprehensively and holistically identify and assess existing and emerging risks as well as disclose them transparently to the BoD and ExB, the following multilayered approach is applied:

- A yearly bottom-up Risk and Control Self-Assessment (RCSA) of non-financial risks is performed by the Group's entities and the Business Functions at Head Office and challenged by the second line of defence.
- The RCSA is complemented by the top-down Risk Type Owner Assessment (RTOA), which is performed annually by the RTOs for all non-financial risk types.
- All risk categories are assessed, depicting both a 'normalised' and a 'stressed' risk profile (with low probability).
- The above is supplemented by a review and a top-down assessment by ExB (under the auspices of the CRO) of strategic, reputational, and major risks – and subsequently 'back-tested' against the Group's overall risk capacity.

The Risk Landscape, which is discussed and evaluated at ExB and BoD level, is an integral part of the Group's strategic capital planning process.

Capital planning and liquidity contingency plan

Regulatory capital standards require banks to calculate their capital requirements by quantifying all of the inherent risks the Group is exposed to.

In the capital planning process of the Group, its ability to withstand the impact of credit, market, and other risk events is assessed. The current and future required capital is planned in relation to the strategic targets of the Group and is therefore an integral part of the yearly budgeting and mid-term planning process. It provides a reliable forecast of available capital on the basis of business planning and budgeting, future profits, dividend policy, and targeted corporate transactions.

In assessing whether the capital base is adequate, the Group takes into account the economic cycle and shows in its capital planning that it is in a position to meet its capital adequacy requirements over a three-year horizon even in the event of an economic downturn with sharply falling revenues and a funding stress scenario.

This includes the risk of unplanned pension liabilities since the present value of future pension obligations minus plan assets currently calculated under IAS 19 is recorded in retained earnings and as such, risk events could reduce the available eligible regulatory capital of the Group. Possible reasons are (i) increasing liabilities, in particular due to regulatory change, such as higher minimum guaranteed amounts and decreasing interest rates; or (ii) decreasing assets, e.g. due to reduced assumed returns on investments; or (iii) a combination of both, caused for instance by changes to the pension fund scheme, acquisitions, increasing longevity, or assumption of higher risks due to a reduced insurance offering. In case of extraordinary situations, the capital plans are reviewed on an ad hoc basis.

The Group Liquidity Contingency Plan sets out procedures and action plans for the various departments to respond to severe disruptions in the Group's ability to fund some or all of the activities in a timely manner. It enhances the Group Liquidity and Funding Manual, which outlines the quantitative and qualitative methodologies for managing liquidity and funding risks at the Group.

In order to trigger the Liquidity Contingency Plan, the CFO (deputised by the CRO) convokes the Liquidity Crisis Committee and Liquidity Analysis Committee, whose members and responsibilities are defined in the Contingency Plan. A trigger can be based either on the development of early warning indicators or on an extraordinary event threatening the Group's liquidity. Well-defined escalation steps related to the number of triggered early warning indicators, which are monitored on a daily basis, are in place.

The Group Liquidity Contingency Plan is reviewed at least once a year by the ALMCO, and its effectiveness is also tested at least once a year.

Stress testing

Stress tests and severe scenario analysis play an important role in assessing risks in the future, driving risk tolerance levels, facilitating risk mitigation strategies, supporting communications, assessing potential modelling limitations, and helping to drive liquidity and capital planning procedures.

The Group's stress testing framework outlines the guiding principles and foundational concepts of how stress testing shall be conducted, defines the procedures, and details the roles and responsibilities of the stakeholders involved.

The risks identified in the Risk Landscape process enter the capital planning process by means of direct stress impacts for financial risks and indirect stress impacts for idiosyncratic risks.

- Direct stress impacts, which are calibrated to the macroeconomic scenarios used as foundation of the capital plan, cover market-driven financial risk events, i.e. considering trading and non-trading market risk in the trading and banking book, as well as credit risk materialising in the Lombard lending, mortgages, and investment book.
- Indirect stress impacts are used to cover non-correlated or idiosyncratic risk events as identified in the Risk Landscape.

Further stress testing may be conducted regularly or ad hoc both on a singular business or risk level (to assess the exposure in certain areas of the business or in specific risk categories) as well as for single entities or Group-wide. It allows to estimate the potential impact on income, capital, or liquidity (or other aspects if deemed relevant) resulting from significant changes in market conditions, credit environment, liquidity demands, or other risk factors. All stress-testing activities are developed with input from a broad range of stakeholders, and results are integrated into management decision-making processes for capital and market risk limits and for credit risk and funding strategy. There are three types of stress testing:

- Standardised stress-testing procedures are applied to assess the viability of the business under less favourable conditions and are used as input for the formulation and implementation of preparative and contingency activities.
- Reverse stress-testing aims to identify scenarios that might be particularly harmful to the Group. Whereas regular stress testing analyses the potential outcome of (historical or hypothetical) scenarios, reverse stress testing reveals potential causes of severe harm to the institution. Such reverse stress testing is performed at least annually in the context of the review of the Risk Landscape.
- Topical stress testing is being applied for a variety of specific topics to gain assurance that preventive, detective, and responsive measures to defined scenarios are adequate.

The following financial risks are regularly stress-tested and are reported on a regular basis to the ExB and BoD:

- Credit risk: pledged portfolios (consisting of securities, cash, and precious metals) and derivative exposures (consisting of over-the-counter interest options/swaps, foreign exchange margins) are stress-tested twice a year to assess the potential negative market impact on the Lombard credit book. The negative impact on the mortgage book is evaluated by reducing the assigned property market value. A stress test is also carried out for professional counterparty risk.
- Market risk: on a daily basis, a set of granular and standardised scenarios are calculated and the results are measured against a set of limits. Further, once per week, historical stress tests provide insight into the risks in the trading book.
- Treasury risk: on a daily basis, liquidity stress tests serve to assess the liquidity position of the Group.

Stress testing of non-financial risks as well as strategic, business, and reputational risks is performed at least annually as part of the Group Risk Landscape process. The risks are assessed and reported within a structured process concentrating on the major risks relevant for the Group. The compilation of such risks follows a stress scenario assumption, e.g. focuses on events that may happen, but only rarely, and whose severity, upon happening, is exceptionally high. In addition, the estimated losses are being used in reverse stress testing of the risk capacity.

Risk reporting

As a key component of an effective risk management framework, risk reporting is used to understand, monitor, manage, and mitigate risks and escalate them to the senior management. It mainly aims to inform the respective management tiers up to the BoD and the ExB of the overall risk profile, particular risk exposures, and the levels of the Group's financial ratios and capital and risk indicators. It takes place in the form of regular reports on financial risk and key ratios prepared by the CRO and CFO throughout the year.

The frequency and depth of the reporting is defined, assessed, and aligned where appropriate by the recipients of the reports depending on the size and complexity of the respective areas. The reports generally serve to provide reassurance on the adherence to risk tolerance, trigger escalation in case of non-adherence, and to provide early warning on exposures approaching risk levels, which may in turn exceed the Group's RTF.

The GRC and the EBG/ExB are periodically (at least quarterly) informed by the CRO about the general risk situation (incl. follow-up on the residual risk assessment as set in the Group Risk Landscape) and adherence to risk tolerance statements and thresholds through the Group Risk Report. Once a year, the Group Risk Report is also discussed in the BoD.

Additionally, management informs the BoD immediately in case of exceptional events. The Group allocates a sufficient level of resources to risk monitoring against approved risk limits. Processes are established for reporting changes in risks to the relevant management bodies and risk committees. This enables the BoD and the ExB to review their risk and crisis management frameworks early to implement new regulatory requirements, expand risk and crisis capabilities, and improve efficiency.

The three lines of defence

The Group has adopted the 'Three Lines of Defence' model as a guiding organisational framework for managing risk in the functions operating across the Group. This encompasses the Internal Control System (ICS), which is, among other things, the sum of controls and processes that operate across the three lines of defence to ensure that risk is being incurred in a deliberate and disciplined manner.

The Group seeks to follow an approach of assigning clear accountability in identifying, assessing, managing, monitoring, and reporting risks. In doing so, the Group has implemented and continues to strengthen the Three Lines of Defence model across its global business operations.

Credit risk

Credit risk is the risk of financial losses due to a client or a counterparty being either unable, or only partially able, to meet an obligation owed to the Group or to an individual Group company.

The Group's focus is on lending money to its wealth management clients either on a collateralised basis in the form of Lombard loans or as mortgages in combination with core business.

Professional counterparty exposure
The Group engages in transactions with banks, brokers, and selected institutional clients on both a secured and unsecured basis. This involves individual risk limits and settlement limits being approved for each counterparty. The credit exposures arising from these transactions are monitored on a daily basis, and netting agreements and collateral agreements are used to mitigate exposures further.

As a result, the vast majority of the replacement values of the exposure arising from trading transactions are covered by collateral. The Group places excess liquidity with central banks. It also makes short-term money-market placements with banks and invests in high-quality, repo-eligible bonds and secured debt instruments issued by governments, public institutions, banks, and corporations.

The Group has a credit system for managing and monitoring credit risks in the due from banks book. Several controls are incorporated in the system to ensure timely risk management and granting of credit facilities according to delegated credit approval authorities. Credit approvals are processed using a four-eye principle. Approval authorities are continuously kept up to date taking into consideration a number of factors such as risk type, counterparty risk rating, and limit size. The credit risks associated with all the counterparties and issuers are subject to a wide range of rules and limits. These ensure that the Group's consolidated credit exposure, both on a single-counterparty and a counterparty-group basis,

- is not subject to concentration by exposure type,
- is not disproportionate to the size, shareholders' equity, and scale of business of the counterparty, and
- is clearly within the Group's risk capacity and the applicable regulatory limits.

The Group settles a substantial proportion of its trading and derivatives business indirectly through central counterparties (CCPs). The credit risks associated with CCPs are negligible, because the Group works through a variety of specialised service providers and therefore generally does not directly participate in the clearing systems concerned.

Given the focused nature of its activities, the Group is not exposed to any material correlation risk or wrong-way risk (i.e. the risk that arises when exposure to a counterparty is negatively correlated to its credit quality). Furthermore, the Group holds cash collateral for the majority of the counterparty risk arising from its open derivatives positions. The Group's securities lending business policies explicitly prohibit transactions involving correlation risk.

The Group has a general policy of avoiding group-rating triggers in its collateral agreements for derivatives transactions. As a result, were its rating to decline below a given level, the Group would not be required to provide additional collateral.

For professional counterparties, a regular stress test is in place. The current exposure is stressed and set against current limits and against stressed equity of the counterparty.

Lombard lending

The Group has a policy of lending to wealth management clients on a collateralised basis. The credit risk results from lending activities and derivatives transactions requiring a margin.

The Group uses credit risk models and frameworks to assess the riskiness of its portfolio in line with the respective lending policies. On that basis, conservative collateral values are determined as a percentage of the market value. These collateral values can be determined or adjusted for a specific collateral or for individual clients.

Every counterparty with a credit line is assigned an internal credit rating. The risk rating reflects the underlying credit risk and primarily depends on the collateral provided by the counterparty, collateral concentration and client-specific conditions. In the case of the rating classes R1 to R6 (neither past due nor impaired), the outstanding balances are serviced; the lending value of the collateral (at fair value) pledged for collateralised exposures equals or exceeds the balances, and repayment of the balance is not in doubt. Balances in rating class R7 are partially past due (e.g. interest past due), but the exposure is still covered by collateral. For balances in rating classes R7 to R10, loss allowances are established on a case-by-case basis.

The risk rating and size of the counterparty's credit limit also determines the level of approval authority, the degree of monitoring and the frequency of review.

The Group's objective is to achieve growth in Lombard lending commensurate with the evolution of its wealth management business. To that end, the Group has implemented a set of regularly reviewed limits for the ongoing management and systematic monitoring of various credit risk concentrations in the Lombard business in line with its risk strategy. This includes limits related to single asset collaterals, large client group concentrations, geographical (on country-of-risk level), certain product sub-categories or risk rating concentrations; each of these limits has the same significance and is adhered to equally. Any breach of the limits becoming apparent would be dealt with in line with the general risk governance policy described above. Furthermore, management triggers exist for these limits, which allows management to take the necessary actions at an early stage so that any potential breach can be avoided. None of the internal risk limits has been exceeded during the business years 2023 and 2022.

Additionally, an internal guideline for the maximum loan-to-deposit ratio, which is reviewed and validated periodically, is in place. The maximum ratio has not been exceeded during the business years 2023 and 2022.

Regular and ad hoc stress tests are performed. These are calibrated to reflect the prevailing market and political situation. The results are reviewed by the credit-monitoring units and reported to the relevant decision-making committees. All distressed and non-performing loans are identified at an early stage and managed proactively. Collateral shortfalls (e.g. margin calls) are processed on a daily basis and prioritised according to their severity.

The Group is using a credit system for managing and monitoring Lombard risks (including private debt loans). The system draws the relevant position data from the bookkeeping systems of Group companies that grant loans. The system enriches this data with credit-specific information and consolidates it with data on client and counterparty positions from the various booking centres. Several controls are incorporated in these systems. All Lombard risks are monitored daily, as are current limit usage and the quality of the collateral pledged. In addition, for clients with derivatives positions whose exposure requires intraday monitoring, real-time systems are also available.

Private debt loans (as sub-category of Lombard loans) are specifically managed and monitored in a respective governance and risk setup to account for the inherent higher risks attached to these type of loans.

Mortgages
The Group grants mortgages to wealth management clients in Switzerland and in a limited number of international locations. The properties pledged are assessed and valued individually as part of the credit risk management process. These valuations are carried out either based on a factor model or by qualified internal and external appraisers. Maximum mortgage amounts are determined based on the characteristics of each property and client. An additional financial sustainability assessment is also carried out before a mortgage is granted. In many cases, supplementary collateral in the form of securities is required in addition to the pledged property itself. Every mortgage is assigned a risk rating. The rating reflects the underlying credit risk, which primarily depends on the counterparty assessment, the property, and potentially supplementary collateral. The risk rating for the requested limit size also determines the approval level and review frequency. The Group tends to assign comparatively low mortgage values and adopt a relatively conservative approach to mortgage risk.

The Group conducts regular stress tests with different scenario sizes depending on the type, the location, and the size of the property, and ad hoc portfolio analysis to assess potential negative market impacts on the mortgage book.

The mortgage positions are monitored in a supervision system globally. Additionally, a workflow system for monitoring and managing credit risks for the Swiss mortgage book is in place. Several controls are incorporated in these systems to ensure timely registration and collateral valuation, the granting of credit facilities according to delegated credit approval authorities, and formalised monitoring procedures.

Market risk

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

Julius Baer assumes market risk exposure through activities of the Markets Division and the Treasury department as well as through the purchase of participations and financial investments.

The identification of market risks is ensured with a strict product approval process, including the assessment and validation of models, and their implementation in trading and risk systems to assure the capture of all risk components. A regular review of positions and models in trading and banking books assures an ongoing identification of new risks or the need for changing models or processes. The Group uses statistical measures, i.e. value-at-risk (VaR) and expected shortfall, to assess trading and non-trading market risks and to represent these risks in the Risk Landscape.

Further, the Group performs market risk portfolio analyses and stress testing on a regular basis as well as in relation to specific events.

The complexity of the methodologies ranges from simple sensitivity analyses to complex scenario stress testing.

For market risk assumed in the Markets Division, the Market Risk and Product Control unit oversees the application of the framework set by the BoD. Authorities and responsibilities for trading activities are cascaded down from the ExB to the Sub-Division Head of Markets to Business Line Heads and Trading Desk Heads.

For market risk managed within the Treasury department, the Market Risk and Product Control unit oversees the application of the framework set by the BoD and the ALMCO.

A control environment for market risk has been implemented and integrated into key business processes. This ensures that products are approved to be in line with the strategy and risk tolerance, limits are in place and adhered to, front-to-back reconciliation processes are in place, and the valuation of positions follows a fair value approach.

The Group uses a variety of metrics and models to continuously measure and control market risk exposures. Limits reflecting Julius Baer's risk tolerance are set using these models, including:

- VaR limits
- Scenario, stress scenario and sensitivity limits
- Nominal/market value limits
- Stop loss limits and/or profit and loss volatility limits

Internal models are developed and maintained for the pricing and risk management of financial products that cannot be valued directly or risk-managed on the basis of quoted market prices.

Regulatory back-testing is performed daily to document the performance of the internal VaR model.

Further, the Group performs stress testing on a regular basis as well as in relation to specific events.

Treasury risk

Treasury risk consists of asset and liability management (ALM) risk and treasury investment risk. ALM risk is inherent in the mismatch of assets and liabilities regarding their tenor structure, interest rate commitment and repricing behaviour, and currency denomination. Especially, market moves may adversely influence the economic value of equity, or the firm may be unable to convert assets into cash at a sufficient pace to match contractual obligations.

Treasury investment risk is the risk that treasury equity or fixed income assets may lose value in unfavourable market conditions.

Identification of Treasury risks is ensured via ongoing analysis of balance sheet and Treasury trading positions by Treasury Risk Control. A regular review of models ensures timely identification of new risks or the need for changing models or processes. Special transactions and new products are assessed regarding their impact on risk metrics, models, and infrastructure prior to approval.

The assessment of Treasury risk is performed with the following risk indicators:

ALM risks:

- Liquidity risk: liquidity stress testing, early warning indicators, liquidity coverage ratio
- Funding/financing risk: funding gaps, funding concentrations, net stable funding ratio, L/D ratio
- Interest rate risk in the banking book (IRRBB): economic value sensitivity, net interest income sensitivity (internal and external IRRBB scenarios)
- Foreign currency risk: FX scenario stress testing, FX mix of capital

Treasury investment risk:

- Credit spread risk: credit spread stress testing
- Equity risk: notional limits, purpose classification, holding period limits

The stress testing models and parameters are regularly reviewed and approved by the ALMCO and JB Model Validation.

Treasury risks are managed on Group level by Group Treasury as the 1st line of defence. Risk management activities include the composition of Treasury assets, the steering of Markets and Private Banking borrowing and lending activity through the setting of internal transfer prices, the hedging of positions with derivatives (incl. the maintenance of hedge accounting programs), and the execution of capital markets transactions.

Treasury risk management activity is guided and constrained by the ALMCO and Treasury risk policies and manuals.

Treasury activity is independently controlled by Treasury Risk Control as the 2nd line of defence, i.e. by challenging risk management processes and practices in Treasury/ALM and supervising their investment strategy.

Key indicators to assess Treasury risks are monitored on a daily or monthly basis by Treasury Risk Control against the Group's risk tolerance and the targets set by the ALMCO. Treasury Risk Control conducts deep dives on risk exposures and analyses the underlying drivers on the balance sheet, business activity, and Treasury trading.

Analyses of JB risk exposure and relevant market developments related to Treasury/ALM activity are regularly presented to the ALMCO by Treasury Risk Control to inform qualitative and quantitative discussions on prudent balance sheet management.

Non-financial risk

Non-financial risk is the threat of losses resulting from the inadequacy or failure of internal processes, people or systems, or as a consequence of external events. Non-financial risk includes compliance risks, which comprise financial loss or damage resulting from a breach of applicable laws, regulations, internal or external rules, market practice, and legal risks.

Strategic risk is defined as the risk of employing a strategy that fails to secure the adequate returns available from the capital employed in the long run. The Group is exposed to strategic risk in the pursuit of its profitable growth strategy. Business risk is the risk arising from a bank's long-term business strategy of pure wealth management. It deals with a bank not being able to keep up with changing competition dynamics and/or an unfavourable fiscal, political, or regulatory environment. Reputational risk describes the risk that the reputation the Group has with its stakeholders (including regulators, shareholders, clients, employees, and the general public) deteriorates and the trust in its franchise and brand value is negatively influenced.

The Group is subject to various non-financial risks by providing services to clients and counterparties, by receiving services from third parties, and by operating in a regulated industry.

The Group has defined the underlying risk management processes for every risk type along a Risk Management Cycle.

The continuous identification (step 1) of relevant risks is a key risk management activity. This relates to both emerging threats/risks as well as to increasing risk profiles. New and emerging risks may be identified by a single source of information or by assessing the relationship between various sources, such as key risk indicators (KRIs) and key performance indicators (KPIs), client complaints, audit issues, control failures, regular risk meetings, meetings with regulators, or specific internal or external events. Further, a concept for the identification, capturing, and tracking of self-identified risk issues (SIRIs) has been developed and operational incidents are systematically captured in a central Group-wide database (BaerGRC). The analysis of these incidents is another important source to identify deficiencies in the organisation and to take appropriate measures to mitigate them.

The assessment (step 2) of identified risks consists of the qualitative analysis and quantification of the inherent risk, the control risk, and finally the residual risk along defined risk management principles and methods. It also includes the development, testing, and validation of models to measure risks, as well as stress-testing procedures to assess and measure risks in predefined scenarios.

The day-to-day risk management (step 3) has to ensure an adequate response to identified risks and the set risk tolerance. It includes all activities from risk evaluation to the definition and implementation of risk mitigation measures that aim to prevent or reduce risks and damages, e.g. the setting of global standards and controls, education and training, automation of processes, and the implementation of limits and metrics.

Monitoring activities (step 4) include the performance of control activities or quality assurance procedures on implemented standards and controls to ensure that the risk profile and exposure is kept within the risk tolerance, e.g. via risk metrics (KRIs or KPIs) and limits.

The reporting (step 5) supports all hierarchy levels to have a transparent and accurate overview of the underlying risk profile and risk exposure. This also includes timely escalation in case of breaches of set risk tolerances. The frequency and depth of the reporting is defined, assessed, and aligned where appropriate by the recipients of the reports depending on the size and complexity of the respective areas.

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Primary financial statements

Consolidated income statement

	Note	**2023** CHF m	2022 CHF m
Interest income on financial instruments measured at amortised cost or FVOCI		**2,593.1**	1,248.3
Interest expense on financial instruments measured at amortised cost		**1,751.3**	425.4
Net interest income	1	**841.9**	822.9
Commission and fee income		**2,156.6**	2,185.7
Commission expense		**227.1**	223.6
Net commission and fee income	2	**1,929.5**	1,962.0
Net income from financial instruments measured at FVTPL		**1,057.8**	1,051.2
Net credit losses/(recoveries) on financial instruments		**606.3**	16.0
Other ordinary results	3	**16.7**	33.1
Operating income		**3,239.6**	3,853.3
Personnel expenses	4	**1,709.2**	1,685.6
General expenses	5	**771.8**	775.0
Depreciation of property and equipment	8	**102.6**	93.7
Amortisation and impairment of customer relationships	9	**12.8**	62.0
Amortisation and impairment of intangible assets	9	**129.4**	154.0
Operating expenses		**2,725.8**	2,770.2
Profit before taxes		**513.8**	1,083.0
Income taxes	6A	**60.3**	134.0
Net profit		**453.4**	949.1

Attributable to:			
Shareholders of Julius Baer Group Ltd.		**454.0**	949.6
Non-controlling interests		**-0.5**	-0.5
		453.4	949.1

	Note	**2023** CHF	2022 CHF
Share information			
Basic earnings per share (EPS)	14	**2.21**	4.56
Diluted earnings per share (EPS)	14	**2.21**	4.56

Consolidated statement of comprehensive income

	2023 CHF m	2022 CHF m
Net profit recognised in the income statement	**453.4**	949.1
Other comprehensive income (net of taxes):		
Items that may be reclassified to the income statement		
Net unrealised gains/(losses) on debt instruments measured at FVOCI	**194.4**	-590.9
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	**-0.4**	-1.2
Effective portion of changes in fair value of hedging instruments designated as cash flow hedges	**24.8**	-45.8
Cost of hedging related to cash flow hedges	**-1.7**	1.7
Translation differences	**-138.9**	-63.3
Realised (gains)/losses on translation differences reclassified to the income statement	**-1.0**	0.2
Items that will not be reclassified to the income statement		
Net unrealised gains/(losses) on equity instruments measured at FVOCI	**53.8**	-1.6
Gains/(losses) from own credit risk on financial liabilities designated at fair value	**-4.5**	0.8
Remeasurement of defined benefit obligation	**-27.2**	-4.5
Other comprehensive income	**99.4**	-704.7
Total comprehensive income	**552.8**	244.4
Attributable to:		
Shareholders of Julius Baer Group Ltd.	**553.4**	244.9
Non-controlling interests	**-0.5**	-0.5
	552.8	244.4

Consolidated balance sheet

	Note	**31.12.2023** CHF m	31.12.2022 CHF m
Assets			
Cash and balances at central banks		**9,680.2**	11,906.0
Due from banks		**3,848.1**	4,108.9
Receivables from securities financing transactions	18	**1,774.9**	1,300.0
Loans	20/21	**38,907.4**	44,584.2
Financial assets measured at FVTPL	7B/20	**12,180.5**	13,032.6
Derivative financial instruments	19	**2,297.9**	2,825.7
Financial assets designated at fair value	20	**188.9**	277.7
Financial assets measured at FVOCI	7C/20	**12,922.5**	13,492.8
Other financial assets measured at amortised cost	7D	**5,590.2**	3,802.3
Investments in associates	25B	**7.8**	28.3
Property and equipment	8	**648.7**	607.7
Goodwill and other intangible assets	9	**2,565.0**	2,536.2
Accrued income and prepaid expenses		**769.1**	535.6
Deferred tax assets	6C	**24.1**	45.4
Other assets	12	**5,380.9**	6,560.3
Total assets		**96,786.3**	105,643.7

	Note	**31.12.2023** *CHF m*	31.12.2022 *CHF m*
Liabilities and equity			
Due to banks		**2,323.8**	2,933.5
Payables from securities financing transactions	18	**5,873.1**	339.6
Due to customers		**63,235.8**	76,438.9
Financial liabilities measured at FVTPL	7B/20	**795.5**	601.8
Derivative financial instruments	19	**2,757.3**	2,994.5
Financial liabilities designated at fair value	20	**10,187.4**	11,571.4
Debt issued	10	**3,409.2**	2,697.5
Accrued expenses and deferred income		**1,103.3**	842.5
Current tax liabilities		**248.4**	277.8
Deferred tax liabilities	6D	**56.8**	65.6
Provisions	11	**34.5**	42.5
Other liabilities	12	**598.0**	548.5
Total liabilities		**90,623.1**	99,354.1
Share capital	13	**4.1**	4.3
Retained earnings		**7,106.1**	7,536.0
Other components of equity		**-882.4**	-900.2
Treasury shares		**-66.6**	-352.9
Equity attributable to shareholders of Julius Baer Group Ltd.		**6,161.3**	6,287.2
Non-controlling interests		**1.9**	2.5
Total equity		**6,163.2**	6,289.7
Total liabilities and equity		**96,786.3**	105,643.7

Consolidated statement of changes in equity

	Share capital CHF m	Retained earnings CHF m	OCI related to equity instruments at FVOCI CHF m	OCI related to debt instruments at FVOCI CHF m
At 1 January 2022	4.4	7,615.8	152.5	12.9
Net profit	-	949.6	-	-
Items that may be reclassified to the income statement	-	-	-	-592.1
Items that will not be reclassified to the income statement	-	-4.5	-1.6	-
Total other comprehensive income	-	-4.5	-1.6	-592.1
Total comprehensive income	-	945.1	-1.6	-592.1
Capital reduction	-0.1	-449.9	-	-
Changes in non-controlling interests	-	-0.1	-	-
Dividends	-	-554.1[1]	-	-
Dividend income on own shares	-	5.7	-	-
Share-based payments expensed for the year	-	88.4	-	-
Share-based payments vested	-	-82.5	-	-
Changes in derivatives on own shares	-	-25.1	-	-
Acquisitions of own shares	-	-	-	-
Disposals of own shares	-	-7.4	-	-
At 31 December 2022	4.3	7,536.0	150.9	-579.2

	Share capital CHF m	Retained earnings CHF m	OCI related to equity instruments at FVOCI CHF m	OCI related to debt instruments at FVOCI CHF m
At 1 January 2023	**4.3**	**7,536.0**	**150.9**	**-579.2**
Net profit	-	454.0	-	-
Items that may be reclassified to the income statement	-	-	-	194.0
Items that will not be reclassified to the income statement	-	-27.2	53.8	-
Total other comprehensive income	-	-27.2	53.8	194.0
Total comprehensive income	-	426.8	53.8	194.0
Net realised gains reclassified from OCI to retained earnings	-	108.8	-108.8	-
Capital reduction	-0.2	-399.9	-	-
Changes in non-controlling interests	-	-0.3	-	-
Dividends	-	-535.6[2]	-	-
Dividend income on own shares	-	0.6	-	-
Share-based payments expensed for the year	-	88.6	-	-
Share-based payments vested	-	-116.5	-	-
Changes in derivatives on own shares	-	8.8	-	-
Acquisitions of own shares	-	-	-	-
Disposals of own shares	-	-11.2	-	-
At 31 December 2023	**4.1**	**7,106.1**	**95.9**	**-385.1**

[1] Dividend payment per share CHF 2.60.
[2] Dividend payment per share CHF 2.60.
[3] Includes the effective portion of changes in fair value of hedging instruments designated as cash flow hedges as well as cost of hedging related to cash flow hedges.

Other components of equity						
Cash flow hedges[3] CHF m	Own credit risk on financial liabilities designated at FV CHF m	Translation differences CHF m	Treasury shares CHF m	Equity attributable to shareholders of Julius Baer Group Ltd. CHF m	Non-controlling interests CHF m	**Total equity** CHF m
-8.7	-0.8	-356.0	-685.8	6,734.3	9.0	6,743.3
-	-	-	-	949.6	-0.5	949.1
-44.1	-	-63.2	-	-699.3	0.0	-699.3
-	0.8	-	-	-5.3	-	-5.3
-44.1	0.8	-63.2	-	-704.7	0.0	-704.7
-44.1	0.8	-63.2	-	244.9	-0.5	244.4
-	-	-	450.0	-	-	-
-	-	-	-	-0.1	-4.8	-4.9
-	-	-	-	-554.1	-1.1	-555.2
-	-	-	-	5.7	-	5.7
-	-	-	-	88.4	-	88.4
-	-	-	82.5	-	-	-
-	-	-	-54.3	-79.3	-	-79.3
-	-	-	-465.9	-465.9	-	-465.9
-	-	-	320.5	313.2	-	313.2
-52.8	-0.0	-419.2	-352.9	6,287.2	2.5	6,289.7
-52.8	**-0.0**	**-419.2**	**-352.9**	**6,287.2**	**2.5**	**6,289.7**
-	-	-	-	**454.0**	-0.5	**453.4**
23.2	-	-139.9	-	**77.3**	-	**77.3**
-	-4.5	-	-	**22.1**	-	**22.1**
23.2	-4.5	-139.9	-	**99.4**	-	**99.4**
23.2	-4.5	-139.9	-	**553.4**	-0.5	**552.8**
-	-	-	-	**-**	-	**-**
-	-	-	400.0	**-**	-	**-**
-	-	-	-	**-0.3**	-0.1	**-0.4**
-	-	-	-	**-535.6**	-	**-535.6**
-	-	-	-	**0.6**	-	**0.6**
-	-	-	-	**88.6**	-	**88.6**
-	-	-	116.5	**-**	-	**-**
-	-	-	-12.0	**-3.2**	-	**-3.2**
-	-	-	-389.6	**-389.6**	-	**-389.6**
-	-	-	171.4	**160.2**	-	**160.2**
-29.6	**-4.5**	**-559.1**	**-66.6**	**6,161.3**	**1.9**	**6,163.2**

Consolidated statement of cash flows

	2023 CHF m	2022 CHF m
Net profit	**453.4**	949.1
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	**102.6**	93.7
– Amortisation and impairment of intangible assets	**142.2**	215.9
– Change in loss allowance	**607.6**	16.0
– Deferred tax expense/(benefit)	**-10.1**	9.5
– Net loss/(gain) from investing activities	**-84.1**	-20.0
– Other non-cash income and expenses	**87.6**	88.2
Net increase/decrease in operating assets and liabilities:		
– Net due from/to banks	**4,849.5**	-992.6
– Net financial assets measured at FVTPL and derivative financial instruments	**1,359.6**	1,073.0
– Net loans/due to customers	**-8,123.0**	-945.1
– Issuance and repayment of financial liabilities designated at fair value	**-1,295.2**	-2,841.6
– Accrued income, prepaid expenses and other assets	**951.6**	745.9
– Accrued expenses, deferred income, other liabilities and provisions	**61.4**	-174.9
Adjustment for income tax expenses	**70.5**	124.4
Income taxes paid	**-102.7**	-135.0
Cash flow from operating activities	**-929.1**	-1,793.5
Purchase of property and equipment and intangible assets	**-239.6**	-196.7
Disposal of property and equipment and intangible assets	**0.4**	3.3
Net (investment in)/divestment of financial assets measured at FVOCI	**562.2**	-566.2
Net (investment in)/divestment of other financial assets measured at amortised cost	**-2,015.9**	-3,786.1
Disposal in subsidiaries, net of cash and cash equivalents disposed	**-**	42.5
Deferred payments of acquisition of subsidiaries	**-1.5**	-0.7
Cash flow from investing activities	**-1,694.4**	-4,503.8
Net movements in treasury shares and own equity derivative activity	**-232.0**	-226.3
Dividend payments	**-535.6**	-554.1
Changes in debt issued	**847.3**	147.5
Changes in non-controlling interests	**-0.4**	-0.3
Dividend payment to non-controlling interests	**-**	-1.1
Cash flow from financing activities	**79.3**	-634.3
Net (decrease)/increase in cash and cash equivalents	**-2,544.2**	-6,931.6

	2023 CHF m	2022 CHF m
Cash and cash equivalents at the beginning of the year	**18,912.4**	25,799.7
Cash flow from operating activities	**-929.1**	-1,793.5
Cash flow from investing activities	**-1,694.4**	-4,503.8
Cash flow from financing activities	**79.3**	-634.3
Effects of exchange rate changes on cash and cash equivalents	**-147.8**	44.2
Cash and cash equivalents at the end of the year	**16,220.3**	18,912.4

	31.12.2023 CHF m	31.12.2022 CHF m
Cash and cash equivalents are structured as follows:		
Cash and balances at central banks	**9,680.2**	11,906.0
Debt instruments measured at FVOCI (original maturity of less than three months)	**1,175.5**	1,781.6
Due from banks (original maturity of less than three months)	**3,771.3**	3,924.7
Receivables from securities financing transactions (original maturity of less than three months)	**1,593.3**	1,300.0
Total	**16,220.3**	18,912.4

	2023 CHF m	2022 CHF m
Additional cash flow information		
Interest received in cash	**3,106.7**	1,127.9
Interest paid in cash	**2,599.8**	517.1
Dividends on equities received in cash	**246.8**	224.2

	2023 CHF m	2022 CHF m
Leases		
Cash payments – leases	**47.8**	58.0
Cash payments – interest paid	**10.6**	4.9
Short-term lease payments	**2.2**	2.2
Total	**60.6**	65.1

Notes to the consolidated financial statements

Note 1 Net interest income

	2023 CHF m	2022 CHF m
Interest income on amounts due from banks	**337.1**	42.3
Interest income on loans	**1,756.8**	945.5
Interest income on debt instruments at FVOCI	**341.5**	180.5
Interest income on debt instruments at amortised cost	**157.3**	57.1
Negative interest received on financial liabilities	**0.4**	22.9
Interest income on financial instruments measured at amortised cost or FVOCI	**2,593.1**	1,248.3
Interest expense on amounts due to banks	**97.0**	25.7
Interest expense on amounts due to customers	**1,543.8**	274.1
Interest expense on debt issued	**99.7**	71.6
Negative interest paid on financial assets	**0.2**	49.2
Interest expense on lease liabilities	**10.6**	4.8
Interest expense on financial instruments measured at amortised cost	**1,751.3**	425.4
Total	**841.9**	822.9

Note 2 Net commission and fee income

The Group recognises fee and commission income from 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. 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.

	2023 CHF m	2022 CHF m
Advisory and management fees	**1,547.2**	1,550.4
Brokerage commissions and income from securities underwriting	**566.8**	574.6
Commission and fee income on other services	**42.6**	60.7
Total commission and fee income	**2,156.6**	2,185.7
Commission expense	**227.1**	223.6
Total	**1,929.5**	1,962.0

Note 3 Other ordinary results

	2023 *CHF m*	2022 *CHF m*
Dividend income on equity instruments at FVOCI	**3.2**	11.9
Result from disposal of debt instruments at FVOCI	**1.0**	2.1
Loss on investments in associates	**-19.8**	-
Real estate income	**6.0**	5.7
Other ordinary income	**27.8**	17.8
Other ordinary expenses	**1.6**	4.4
Total	**16.7**	33.1

Note 4 Personnel expenses

	2023 *CHF m*	2022 *CHF m*
Salaries and bonuses	**1,332.8**	1,295.7
Contributions to staff pension plans (defined benefits)	**72.6**	87.2[1]
Contributions to staff pension plans (defined contributions)	**42.0**	41.2
Other social security contributions	**112.3**	113.4
Share-based payments	**88.6**	88.4
Other personnel expenses	**60.8**	59.8
Total	**1,709.2**	1,685.6

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

Note 5 General expenses

	2023 *CHF m*	2022 *CHF m*
Occupancy expense	**33.2**	33.0
IT and other equipment expense	**106.0**	93.8
Information, communication and advertising expense	**199.5**	187.2
Service expense, fees and taxes	**362.0**	337.8
Provisions and losses	**61.9**	113.6
Other general expenses	**9.2**	9.6
Total	**771.8**	775.0

Note 6 Income taxes

Income tax expense comprises current and deferred taxes. 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.

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 Group reporting purposes and the corresponding local tax values.

6A Tax effects recognised in the income statement

The following table presents the reconciliation between the product of accounting profit multiplied by the applicable (statutory) tax rate and the effective tax expense of the Group:

	2023 *CHF m*	2022 *CHF m*
Income tax on profit before taxes (statutory tax expense)	**97.6**	205.8
Effect of tax rate differences in foreign jurisdictions	**0.0**	4.7
Effect of domestic tax rate differences	**4.6**	5.1
Income subject to a reduced tax rate	**-58.3**	-75.1
Effect of change in applicable tax rate on temporary differences	**-0.7**	0.1
Effect of utilisation of prior-year losses	**-2.9**	-16.8
Effect from unrecognised tax losses	**6.2**	5.2
Adjustments related to prior years	**-16.3**	-17.3
Non-deductible expenses	**28.8**	24.3
Other	**1.3**	-2.2
Actual income tax expense	**60.3**	134.0

The basis for the above table is the statutory income tax rate of 19% (2022: 19%), which corresponds to the average Group tax rate in Switzerland.

The Group applies management judgement in identifying uncertainties related to income tax treatments and the respective interpretations by local tax authorities. In addition, the management judgement also adequately considers court decisions and aligns its estimates accordingly. It operates in an international tax environment that has become more complex and challenging in recent years because of multinational (e.g., Base Erosion and Profit Shifting [BEPS] project by OECD/G20) and unilateral initiatives. Among other things, the Group applies transfer pricing arrangements among different Group entities due to its cross border operations to correctly align taxable profits with value creation.

Therefore, the Group subsidiaries' tax filings in different jurisdictions 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 Group 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 Group's knowledge. In addition, the Group books provisions where adequate to cover future potential tax. After considering the above, the Group is of the opinion that the tax expense and tax liabilities in the financial statements are adequate and based on reasonable judgements by tax professionals.

The OECD/G20 introduced a new minimum taxation regime under GloBE Model Rules (Global Anti-Base Erosion – Pillar 2), which applies to multinational groups that have consolidated revenues of EUR 750 million or more. The Group is in scope of this new regime. Various countries have changed their tax laws accordingly as of 1 January 2024. In Switzerland, the Qualified Domestic Minimum Top-up Tax (QDMTT) will be applicable as per 1 January 2024 (the implementation of the Income Inclusion Rule [IIR] and the Undertaxed Profits Rule [UTPR] is currently expected to take place on 1 January 2025 in Switzerland).

Since the Group will be in scope of this new legislation, it is in the process of assessing the full impact, concluding for the moment as follows:

Since the Pillar 2 legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes, as provided in the amendments to IAS 12 issued in May 2023. In addition, due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the substantively enacted legislation is not yet reasonably estimable, because any potential top-up tax depends basically on the various pre-tax results of the involved jurisdictions.

	2023 *CHF m*	2022 *CHF m*
Domestic income taxes	**-7.2**	62.4
Foreign income taxes	**67.5**	71.6
Total	**60.3**	134.0

Current income taxes	**70.5**	124.4
Deferred income taxes	**-10.1**	9.5
Total	**60.3**	134.0

6B Tax effects recognised outside the income statement

Current and deferred taxes are credited or charged outside the income statement (i.e. directly in equity or in other comprehensive income) if the taxes refer to items that are credited or charged outside the income statement.

			2023
	Before-tax amount *CHF m*	Tax (expense)/ benefit *CHF m*	Net-of-tax amount *CHF m*
Items that may be reclassified to the income statement			
Net unrealised gains/(losses) on debt instruments measured at FVOCI	**210.3**	**-15.8**	**194.4**
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	**-0.4**	**-0.0**	**-0.4**
Cash flow hedges	**24.8**	**-**	**24.8**
Cost of hedging related to cash flow hedges	**-1.7**	**-**	**-1.7**
Translation differences	**-138.9**	**-**	**-138.9**
Realised (gains)/losses on translation differences reclassified to the income statement	**-1.0**	**-**	**-1.0**
Items that will not be reclassified to the income statement			
Net unrealised gains/(losses) on equity instruments measured at FVOCI	**66.7**	**-12.9**	**53.8**
Own credit on financial liabilities designated at fair value	**-4.5**	**-**	**-4.5**
Remeasurement of defined benefit obligation	**-33.4**	**6.3**	**-27.2**
Other comprehensive income	**121.9**	**-22.5**	**99.4**

			2022
	Before-tax amount *CHF m*	Tax (expense)/ benefit *CHF m*	Net-of-tax amount *CHF m*
Items that may be reclassified to the income statement			
Net unrealised gains/(losses) on debt instruments measured at FVOCI	-633.3	42.4	-590.9
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	-1.3	0.1	-1.2
Cash flow hedges	-45.8	-	-45.8
Cost of hedging related to cash flow hedges	1.7	-	1.7
Translation differences	-63.3	-	-63.3
Realised (gains)/losses on translation differences reclassified to the income statement	0.2	-	0.2
Items that will not be reclassified to the income statement			
Net unrealised gains/(losses) on equity instruments measured at FVOCI	-2.1	0.5	-1.6
Own credit on financial liabilities designated at fair value	0.8	-	0.8
Remeasurement of defined benefit obligation	-6.0	1.5	-4.5
Other comprehensive income	-749.2	44.6	-704.7

6C Deferred tax assets

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Balance at the beginning of the year	**45.4**	28.3
Income statement – credit	**3.8**	10.2
Income statement – charge	**-17.7**	-12.0
Recognised directly in OCI	**-7.0**	19.3
Translation differences and other adjustments	**-0.5**	-0.4
Balance at the end of the year	**24.1**	45.4

The components of deferred tax assets are as follows:

Operating loss carryforwards	**0.2**	12.9
Employee compensation and benefits	**12.3**	13.2
Financial assets measured at FVOCI	**22.7**	34.3
Property and equipment	**2.9**	1.5
Other	**2.2**	3.8
Deferred tax assets before set-off[1]	**40.3**	65.7
Offset	**-16.2**	-20.3
Total	**24.1**	45.4

[1] For balance sheet purposes, the Group recognises either a deferred tax asset or a deferred tax liability for each consolidated company if that company 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.

As of 31 December 2023, the Group has cumulative unrecognised loss carryforwards of CHF 28.6 million (2022: CHF 33.3 million) that expire and CHF 75.6 million (2022: CHF 97.0 million) do not expire. Based on that, the Group has potential related deferred tax assets on losses carried forward in the total amount of CHF 25.5 million, which are allocated to the individual countries as follows: Brazil CHF 11.8 million, India CHF 9.6 million, Switzerland CHF 3.8 million, and Qatar CHF 0.4 million.

In addition, the Group has unrecognised temporary differences resulting in a potential tax benefit in the amount between CHF 0 million and CHF 99 million, which arose from the Swiss tax reform measures 2019/2020 and for which a respective agreement with the Swiss tax authorities from December 2019 is available. The position will reverse by 2029 at the latest.

In general, deferred tax assets arising from temporary differences and from loss carryforwards eligible for offsetting are only capitalised if it is likely that sufficient future taxable profits will be available against which those temporary differences or loss carryforwards can be offset; those related to operating loss carryforwards are assessed at each year-end with regard to their sustainability based on the actual three-year business forecast.

6D Deferred tax liabilities

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Balance at the beginning of the year	**65.6**	84.5
Income statement – charge	**4.0**	13.4
Income statement – credit	**-28.1**	-5.7
Acquisition/disposal of subsidiaries	**-**	-1.4
Recognised directly in OCI	**15.5**	-25.3
Translation differences and other adjustments	**-0.2**	0.0
Balance at the end of the year	**56.8**	65.6

The components of deferred tax liabilities[1] are as follows:

Provisions	**1.2**	5.8
Property and equipment	**30.9**	28.5
Financial assets measured at FVOCI	**23.0**	42.6
Intangible assets	**1.9**	3.1
Pension asset	**3.4**	3.2
Employee compensation and benefits	**-**	0.1
Other	**12.7**	2.5
Deferred tax liability before set-off[2]	**73.0**	85.9
Offset	**-16.2**	-20.3
Total	**56.8**	65.6

[1] The temporary differences associated with investments in subsidiaries do not lead to deferred tax liabilities since the Group is able to control the timing of the reversal of the temporary difference and since it is probable that the temporary differences will not reverse in the foreseeable future.
[2] For balance sheet purposes, the Group recognises either a deferred tax asset or a deferred tax liability for each consolidated company if that company is allowed to net its deferred tax assets and deferred tax liabilities in line with the local tax rules. Disaggregation of these net balances (in this case deferred tax liabilities) into the single components may result in negative amounts (in this case deferred tax assets), which are disclosed as offsetting amounts.

Note 7 Financial assets and financial liabilities

7A Classification of financial assets and financial liabilities

	FVTPL CHF m	Designated as at FVTPL CHF m	FVOCI – Debt instruments CHF m	FVOCI – Equity instruments CHF m	Amortised cost CHF m	31.12.2023 Total CHF m
Financial assets						
Cash and balances at central banks	-	-	-	-	9,680.2	**9,680.2**
Due from banks	-	-	-	-	3,848.1	**3,848.1**
Receivables from securities financing transactions	-	-	-	-	1,774.9	**1,774.9**
Lombard loans	-	-	-	-	30,665.5	**30,665.5**
Mortgages	-	-	-	-	8,241.9	**8,241.9**
Financial assets measured at FVTPL	12,180.5	-	-	-	-	**12,180.5**
Derivative financial instruments	2,297.9	-	-	-	-	**2,297.9**
Financial assets designated at fair value	-	188.9	-	-	-	**188.9**
Financial assets measured at FVOCI	-	-	12,758.2	164.3	-	**12,922.5**
Other financial assets measured at amortised cost	-	-	-	-	5,590.2	**5,590.2**
Accrued income/other financial assets	-	-	-	-	714.8	**714.8**
Total	**14,478.4**	**188.9**	**12,758.2**	**164.3**	**60,515.6**	**88,105.5**
Financial liabilities						
Due to banks	-	-	-	-	2,323.8	**2,323.8**
Payables from securities financing transactions	-	-	-	-	5,873.1	**5,873.1**
Due to customers	-	-	-	-	63,235.8	**63,235.8**
Financial liabilities measured at FVTPL	795.5	-	-	-	-	**795.5**
Derivative financial instruments	2,757.3	-	-	-	-	**2,757.3**
Financial liabilities designated at fair value	-	10,187.4	-	-	-	**10,187.4**
Debt issued	-	-	-	-	3,409.2	**3,409.2**
Accrued expense/other financial liabilities	-	-	-	-	605.0	**605.0**
Deferred payments related to acquisitions	3.6	-	-	-	-	**3.6**
Total	**3,556.5**	**10,187.4**	**-**	**-**	**75,446.8**	**89,190.7**

						31.12.2022
	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 and balances at central banks	-	-	-	-	11,906.0	11,906.0
Due from banks	-	-	-	-	4,108.9	4,108.9
Receivables from securities financing transactions	-	-	-	-	1,300.0	1,300.0
Lombard loans	-	-	-	-	36,517.2	36,517.2
Mortgages	-	-	-	-	8,066.9	8,066.9
Financial assets measured at FVTPL	13,032.6	-	-	-	-	13,032.6
Derivative financial instruments	2,825.7	-	-	-	-	2,825.7
Financial assets designated at fair value	-	277.7	-	-	-	277.7
Financial assets measured at FVOCI	-	-	13,152.1	340.6	-	13,492.8
Other financial assets measured at amortised cost	-	-	-	-	3,802	3,802.3
Accrued income/other financial assets	-	-	-	-	502.4	502.4
Total	15,858.3	277.7	13,152.1	340.6	66,203.8	95,832.5
Financial liabilities						
Due to banks	-	-	-	-	2,933.5	2,933.5
Payables from securities financing transactions	-	-	-	-	339.6	339.6
Due to customers	-	-	-	-	76,438.9	76,438.9
Financial liabilities measured at FVTPL	601.8	-	-	-	-	601.8
Derivative financial instruments	2,994.5	-	-	-	-	2,994.5
Financial liabilities designated at fair value	-	11,571.4	-	-	-	11,571.4
Debt issued	-	-	-	-	2,697.5	2,697.5
Accrued expense/other financial liabilities	-	-	-	-	338.0	338.0
Deferred payments related to acquisitions	4.1	-	-	-	-	4.1
Total	3,600.4	11,571.4	-	-	82,747.5	97,919.3

7B Financial assets and financial liabilities measured at FVTPL

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Financial assets measured at FVTPL		
Trading securities – debt FVTPL	**3,433.9**	4,283.5
of which quoted	***1,919.2***	*2,137.0*
of which unquoted	***1,514.8***	*2,146.5*
Trading securities – equity FVTPL	**8,226.0**	8,594.0
of which quoted	***6,701.6***	*6,987.2*
of which unquoted	***1,524.4***	*1,606.9*
Other financial assets mandatorily measured at FVTPL	**520.6**	155.1
Total	**12,180.5**	13,032.6

Financial liabilities measured at FVTPL		
Short positions – debt instruments FVTPL	**117.7**	113.7
of which quoted	***106.3***	*106.2*
of which unquoted	***11.3***	*7.5*
Short positions – equity instruments FVTPL	**677.9**	488.1
of which quoted	***512.3***	*429.4*
of which unquoted	***165.5***	*58.7*
Total	**795.5**	601.8

7C Financial assets measured at FVOCI

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Government and agency bonds	**5,897.8**	4,456.5
Financial institution bonds	**4,930.7**	6,055.6
Corporate bonds	**1,929.7**	2,640.1
Debt instruments at FVOCI	**12,758.2**	13,152.1
of which quoted	***7,539.6***	*8,296.0*
of which unquoted	***5,218.6***	*4,856.1*
Equity instruments at FVOCI	**164.3**	340.6
of which unquoted	***164.3***	*340.6*
Total	**12,922.5**	13,492.8

7D Other financial assets measured at amortised cost

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Government and agency bonds	**3,085.4**	2,098.1
Financial institution bonds	**1,962.5**	1,334.5
Corporate bonds	**542.4**	369.8
Total	**5,590.2**	3,802.3
of which quoted	***4,893.4***	*3,287.3*
of which unquoted	***696.8***	*515.0*

7E Financial assets pledged or ceded

	31.12.2023		31.12.2022	
	Carrying value *CHF m*	Effective commitment *CHF m*	Carrying value *CHF m*	Effective commitment *CHF m*
Cash and balances at central banks[1]	**31.2**	**31.2**	-	-
Securities	**1,623.3**	**1,623.3**	2,724.5	2,724.5
Other	**34.5**	**23.6**	30.1	22.3
Total	**1,689.0**	**1,678.1**	2,754.6	2,746.9

[1] The amount in the line item cash and balances at central banks includes the pledged cash at the Swiss National Bank related to the Swiss deposit guarantee institution.

The assets are mainly pledged for Lombard limits at central banks, stock exchange securities deposits, and collateral in over-the-counter (OTC) derivatives trading. Not included in these numbers are financial assets provided as collateral in securities transactions (refer to Note 18 for details).

Note 8 Property, equipment, and leases

Property and equipment includes bank premises, IT, communication systems, leasehold improvements, and other equipment. 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 over the shorter of the residual lease term or useful life, IT hardware over three years, and other items of property and equipment generally over five to ten years.

Current maintenance and servicing costs are recognised in general expenses.

	Bank premises CHF m	Leases CHF m	Other property and equipment CHF m	**Total property and equipment** CHF m
Historical cost				
Balance on 01.01.2022	434.4	368.8	190.3	993.5
Additions	5.3	150.8	36.5	192.6
Disposal of subsidiaries	-	4.0	1.1	5.1
Disposals/transfers[1]	-	19.1	28.6	47.8
Translation differences	-	-5.3	-1.8	-7.1
Balance on 31.12.2022	439.6	491.1	195.3	1,126.1
Additions	4.0	84.4	58.8	**147.3**
Disposals/transfers[1]	1.8	40.0	19.0	**60.9**
Translation differences	-	-7.9	-2.8	**-10.8**
Balance on 31.12.2023	**441.8**	**527.6**	**232.3**	**1,201.8**

	Bank premises CHF m	Leases CHF m	Other property and equipment CHF m	**Total property and equipment** CHF m
Accumulated depreciation and impairment losses				
Balance on 01.01.2022	156.1	176.9	146.0	478.9
Charge for the period	8.8	61.9	23.0	93.7
Disposal of subsidiaries	-	1.5	0.6	2.2
Disposals/transfers[1]	-	19.1	28.3	47.5
Translation differences	-	-2.9	-1.7	-4.7
Balance on 31.12.2022	164.9	215.1	138.3	518.3
Charge for the period	9.9	61.3	31.4	**102.6**
Disposals/transfers[1]	1.8	39.8	19.0	**60.6**
Translation differences	-	-4.9	-2.3	**-7.2**
Balance on 31.12.2023	**172.9**	**231.7**	**148.5**	**553.1**

	Bank premises CHF m	Leases CHF m	Other property and equipment CHF m	**Total property and equipment** CHF m
Carrying value				
Balance on 31.12.2022	274.7	276.0	57.0	607.8
Balance on 31.12.2023	**268.9**	**295.9**	**83.9**	**648.7**

[1] Includes also derecognition of fully depreciated assets.

A lessee recognises right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The vast majority of lease contracts where the Group is the lessee relates to office leases, with a limited number of leases of vehicle and other items. The Group does not apply lease accounting to software or other intangible assets.

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

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

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Amounts recognised in the income statement		
Depreciation charge	**61.3**	61.9
Interest expense on lease liabilities	**10.6**	4.8
Expense related to short-term/low-value leases	**2.2**	2.2
Total	**74.1**	68.9
Total cash outflows for leases (excluding short-term/low-value leases)	**58.4**	62.8
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**55.9**	63.3
One to five years	**177.3**	162.7
More than five years	**154.7**	170.3
Total undiscounted lease liabilities	**387.8**	396.3

Note 9 Goodwill and other intangible assets

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

The capitalised software is amortised using the straight-line method over its useful life not exceeding ten years.

	Goodwill CHF m	Customer relationships CHF m	Software CHF m	**Total intangible assets** CHF m
Historical cost				
Balance on 01.01.2022	2,079.2	1,437.4	1,266.6	4,783.2
Additions	-	-	155.0	155.0
Disposal of subsidiaries	40.9	23.7	0.2	64.8
Disposals/transfers[1]	-	-	21.0	21.0
Translation differences	1.1	-0.7	-1.2	-0.8
Balance on 31.12.2022	2,039.3	1,413.1	1,399.3	4,851.6
Additions	-	-	176.7	**176.7**
Disposals/transfers[1]	-	-	18.3	**18.3**
Translation differences	-6.3	-2.1	-2.8	**-11.2**
Balance on 31.12.2023	**2,033.0**	**1,411.0**	**1,554.9**	**4,998.9**
Accumulated amortisation and impairment losses				
Balance on 01.01.2022	278.2	1,328.4	515.9	2,122.5
Charge for the period	39.0	62.0[2]	115.0[3]	215.9
Disposal of subsidiaries	-	-	0.1	0.1
Disposals/transfers[1]	-	-	20.9	20.9
Translation differences	-0.0	-1.4	-0.5	-1.9
Balance on 31.12.2022	317.2	1,388.9	609.4	2,315.5
Charge for the period	-	12.8	129.4[4]	**142.2**
Disposals/transfers[1]	-	-	18.1	**18.1**
Translation differences	-0.1	-4.5	-1.2	**-5.7**
Balance on 31.12.2023	**317.1**	**1,397.2**	**719.5**	**2,433.8**
Carrying value				
Balance on 31.12.2022	1,722.1	24.2	789.8	2,536.2
Balance on 31.12.2023	**1,715.9**	**13.7**	**835.4**	**2,565.0**

[1] Includes also derecognition of fully amortised assets.
[2] Includes impairment of CHF 17.6 million related to Kairos.
[3] Includes impairment of CHF 12.6 million related to software not used anymore.
[4] Includes impairment of CHF 8.8 million related to software not used anymore.

	Balance on 01.01.2023 *CHF m*	Transfer *CHF m*	Impairment *CHF m*	Translation differences *CHF m*	**Balance on 31.12.2023** *CHF m*
Goodwill					
Julius Baer Wealth Management	1,626.5	95.6	-	-6.3	**1,715.9**
Julius Baer Family Office Brasil	95.6	-95.6	-	-	**-**
Total	1,722.1	-	-	-6.3	**1,715.9**

Goodwill – Impairment testing
To identify any indications of impairment of goodwill, the recoverable amount based on the value in use is determined for the respective cash-generating unit (CGU, i.e. for the smallest identifiable group of assets that generates cash inflows independently from other assets) and is subsequently compared with the carrying amount of that unit. Within the Group, 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 at the Group level (see also Note 26 regarding the determination of the segments). Therefore, the goodwill is allocated to and tested at the level of the Group.

Until 2022, the Group's subsidiary Kairos used to be a separate cash-generating unit. However, in 2022, the remaining goodwill on the investment in Kairos has been fully impaired. At the same time, the remaining client relationships in Kairos have also been fully impaired. The goodwill charge of CHF 39.0 million and the charge related to client relationships of CHF 17.6 million (CHF 16.3 million net of tax) were recognised in the respective line items in the 2022 income statement (in total CHF 56.6 million before tax). In 2023 there was no goodwill left to be tested for impairment.

In 2023, following some changes within the Group (sale of the former subsidiary NSC Asesores, impairment of Kairos goodwill recognised in 2022), the Group performed a review of its organisational set-up. Part of this review was a full integration of the former CGU Julius Baer Family Office Brasil (JBFO, the Group's Brazilian subsidiary) into the CGU Julius Baer Wealth Management (JBWM). This integration was triggered by the fact that JBFO and its business became much more closely aligned to the rest of the Group by harmonising, among others, its business offering and management structure. As a result, the CGU JBFO does not exist anymore and the remaining goodwill is tested for impairment together with the JBWM business in 2023.

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

- 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 Group 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 Group cannot exclude short-term market disruptions. The Group also takes into consideration its relative strength as a pure wealth management provider vis-à-vis its peers, which should result in a better-than-average business development in the respective market. Additionally, the estimates of the expected free cash flows take into account the projected investments that are necessary to maintain the level of economic benefits expected to arise from the underlying assets in their current condition.

The resulting free cash flows are discounted to present value, using a pre-tax discount rate of 10.6% (2022: 9.9%). The discount rate used in the calculation represents the Group'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 Group'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 Group 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 Group 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%.

Changes in key assumptions

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

Management has performed sensitivity analyses on the discount rate and growth rate 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 significantly exceeding the recoverable amounts for Julius Baer Wealth Management. 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 10 Debt issued

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Money market instruments	**311.2**	217.7
Bonds	**3,098.0**	2,479.8
Total	**3,409.2**	2,697.5

Changes in bonds

	2023 *CHF m*	2022 *CHF m*
Balance at the beginning of the period	**2,479.8**	2,407.7
Changes from financing cash flows:		
– Proceeds from issuance of new bonds	**753.8**	389.2
– Repayment of bonds	**-**	-222.7
Total changes from financing cash flows	**753.8**	166.5
Amortisation of premiums/discounts	**1.0**	2.3
Foreign exchange	**-164.5**	-28.9
Offsetting own bonds	**-4.9**	6.8
Hedge accounting	**32.8**	-74.5
Balance at the end of the period	**3,098.0**	2,479.8

Bonds

Issuer/Year of issue		Currency	Notional amount m	Stated interest rate/ effective interest rate %	31.12.2023 Carrying value[1] CHF m	31.12.2022 Carrying value[1] CHF m
Julius Baer Group Ltd.						
2017	Perpetual tier 1 subordinated bond	USD	300.0	4.750/4.910	**249.7**	272.0
2017	Domestic senior unsecured bond	CHF	200.0	0.375/0.324	**196.9**	193.1
2019	Perpetual tier 1 subordinated bond	CHF	350.0	2.375/2.487	**349.1**	349.1
2020	Perpetual tier 1 subordinated bond	USD	350.0	4.875/5.242	**266.5**	282.1
2021	Perpetual tier 1 subordinated bond	USD	320.0	3.625/3.743	**262.6**	292.3
2022	Perpetual tier 1 subordinated bond	USD	400.0	6.875/7.033	**334.9**	367.2
2023	Perpetual tier 1 subordinated bond	EUR	400.0	6.625/6.762	**367.8**	-
Bank Julius Baer & Co. Ltd.						
2021	Domestic senior unsecured bond	CHF	260.0	0.125/0.103	**245.1**	231.1
2021	Senior unsecured bond	EUR	500.0	0.000/0.092	**464.6**	493.1
2023	Senior unsecured bond	CHF	160.0	2.375/2.328	**160.3**	-
2023	Senior unsecured bond	CHF	200.0	2.500/2.461	**200.5**	-
Total					**3,098.0**	2,479.8

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

Perpetual tier 1 subordinated bonds
The maturities of the perpetual tier 1 subordinated bonds issued by Julius Baer Group Ltd. are essentially perpetual. These bonds are unsecured, subordinate to all borrowings (with the exception of the remainder of the tier 1 capital), fully paid up, capable of sustaining losses, and devoid of any voting rights. The bonds can first be redeemed, at the issuer's discretion, five to seven years after their issue date, and at yearly or half-yearly intervals thereafter, provided the regulator approves such redemption. In addition, the bonds may also be redeemed upon a regulatory event or tax event, as described in the prospectus. In the case of a viability event occurring, i.e. at a point in time where there is a threat of insolvency ('Point of non-viability' or 'PONV'), as described in Article 29 of the Capital Adequacy Ordinance (CAO) of the Swiss Financial Market Supervisory Authority (FINMA), all monies (including par value and any interest) due on the bonds will automatically cease to be payable and the bonds will be completely written off (i.e. their value will be written down to zero). Should a trigger event occur – i.e. should tier 1 common equity (under Basel III) fall below 5.125% (2019, 2021, 2022 and 2023 issues) or 7.000% (2017 and 2020 issues) – the value of the bonds will be written down to ensure that the write-down threshold ratio that originally triggered the event is restored to a level equal to or exceeding its trigger level. Here, too, in a worst-case scenario all monies due on the bonds will cease to be payable in their entirety. In the event of the monies payable on the bonds ceasing to be payable either in part or in full, no subsequent increase in

the value of the bonds is envisaged or permitted. From the issue date to the reset date, the bonds will pay interest at a fixed rate. Thereafter, the interest payable on the bonds will be refixed for the next five years at a rate equal to the sum of the benchmark rate and a margin. Interest on the bonds is payable, in arrears based on the respective day count convention, until the bonds have either been redeemed or fully written off. Interest payments on the bonds are prohibited in the event of this being ordered by the regulator (FINMA) or should there be insufficient retained earnings on the balance sheet of Julius Baer Group Ltd. to finance the payment of interest on tier 1 capital and to make any distributions already planned in respect of the previous financial year. Once suspended, any interest payments will permanently cease to be payable. Such interest payments are not cumulative, nor will they be paid at any future date. In the event of interest payments on the bonds being suspended, the Board of Directors of Julius Baer Group Ltd. will not be permitted to recommend any dividend payments to the Annual General Meeting until such time as interest payments on the bonds are resumed. Moreover, in the event of interest payments on the bonds being suspended, Julius Baer Group Ltd. will not repurchase any of its own shares, neither directly nor indirectly.

2017 issue
The perpetual tier 1 subordinated bond, which is denominated in USD, was issued by Julius Baer Group Ltd. on 12 September 2017. The bonds can first be redeemed, at the issuer’s discretion, on 12 September 2024 and on every semi-annual interest payment date thereafter. From the issue date to the first reset date (12 September 2024), the bonds will pay interest at a fixed rate of 4.750% per annum. Thereafter, the interest payable on the bonds will be refixed for the next five years at a rate equal to the sum of the benchmark rate (i.e. the five-year USD constant maturity treasury rate) and a margin of 2.844%. Interest on the bonds is payable semi-annually in arrears on 12 March and 12 September in each year.

2019 issue
The perpetual tier 1 subordinated bond, which is denominated in CHF, was issued by Julius Baer Group Ltd. on 25 June 2019. The bonds can be redeemed at the issuer’s discretion anytime in the three months prior to and including the first reset date (25 September 2025) and on every annual interest payment date thereafter. From the issue date to the first reset date (25 September 2025), the bonds will pay an annual interest at a fixed rate of 2.375% on 25 September of each year (first long coupon on 25 September 2020). Thereafter, the interest payable on the bonds will be refixed for the next five years equal to the sum of the benchmark rate (i.e. the five-year CHF mid-market swap rate) and a margin of 2.861%. Interest on the bonds is payable annually on 25 September of each year.

2020 issue
The perpetual tier 1 subordinated bond, which is denominated in USD, was issued by Julius Baer Group Ltd. on 29 September 2020. The bonds can be redeemed at the issuer’s discretion anytime in the six months prior to and including the first reset date (8 October 2026) and on every semi-annual interest payment date thereafter. From the issue date to the first reset date (8 October 2026), the bonds will pay interest at a fixed rate of 4.875% per annum. Thereafter, the interest payable on the bonds will be refixed for the next five years at a rate equal to the sum of the benchmark rate (i.e. the yield for US Treasury securities at ‘constant maturity’ for a designated maturity of five years) and a margin of 4.616%. Interest on the bonds is payable semi-annually in arrears on 8 April and 8 October in each year.

2021 issue
The perpetual tier 1 subordinated bond, which is denominated in USD, was issued by Julius Baer Group Ltd. on 23 September 2021. The bonds can be redeemed at the issuer’s discretion anytime in the six months prior to and including the first reset date (23 September 2028) and on every semi-annual interest payment date thereafter. From the issue date to the first reset date, the bonds will pay interest at a fixed rate of 3.625% per annum. Thereafter, the interest payable on the bonds will be reset for the next five years at a rate equal to the sum of the benchmark rate (i.e. the yield for US Treasury securities at ‘constant maturity’ for a designated maturity of five years) and a margin of 2.539%. Interest on the bonds is payable semi-annually in arrears on 23 March and 23 September each year.

2022 issue
The perpetual tier 1 subordinated bond, which is denominated in USD, was issued by Julius Baer Group Ltd. on 9 June 2022. The bonds can be redeemed at the issuer's discretion anytime in the six months prior to and including the first reset date (9 December 2027) and on every semi-annual interest payment date thereafter. From the issue date to the first reset date, the bonds will pay interest at a fixed rate of 6.875% per annum. Thereafter, the interest payable on the bonds will be reset for the next five years at a rate equal to the sum of the benchmark rate (i.e. the yield for US Treasury securities at 'constant maturity' for a designated maturity of five years) and a margin of 3.940%. Interest on the bonds is payable semi-annually in arrears on 9 December and 9 June each year.

2023 issue
The perpetual tier 1 subordinated bond, which is denominated in EUR, was issued by Julius Baer Group Ltd. on 15 February 2023. The bonds can be redeemed at the issuer's discretion anytime in the six months prior to and including the first reset date (15 February 2030) and on every semi-annual interest payment date thereafter. From the issue date to the first reset date, the bonds will pay interest at a fixed rate of 6.625% per annum. Thereafter, the interest payable on the bonds will be reset for the next five years at a rate equal to the sum of the benchmark rate (i.e. the then-prevailing annual five-year EUR Mid-Swap Rate) and a margin of 3.847%. Interest on the bonds is payable semi-annually in arrears on 15 February and 15 August each year.

Senior unsecured issues
2017 issue
The senior unsecured bond, which is denominated in CHF, was issued by Julius Baer Group Ltd. on 6 December 2017. The bonds have a final maturity on 6 December 2024 and pay interest at a fixed rate of 0.375% per annum paid annually on 6 December each year.

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

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

2023 issues
The senior unsecured bond, which is denominated in CHF, was issued by Bank Julius Baer & Co. Ltd. on 6 September 2023. The bonds have a final maturity on 6 September 2027 and pay interest at a fixed rate of 2.375% per annum payable annually in arrears on 6 September.

The senior unsecured bond, which is denominated in CHF, was issued by Bank Julius Baer & Co. Ltd. on 6 September 2023. The bonds have a final maturity on 6 September 2030 and pay interest at a fixed rate of 2.500% per annum payable annually in arrears on 6 September.

Note 11 Provisions

	Legal risks CHF m	Other CHF m	**2023 Total** CHF m	2022 Total CHF m
Balance at the beginning of the period	40.9	1.6	**42.5**	96.8
Utilised	-55.6	-0.5	**-56.1**	-149.4
Provisions made	55.5	1.4	**56.9**	101.0
Provisions reversed	-4.0	-	**-4.0**	-3.7
Translation differences	-4.8	-0.0	**-4.8**	-2.2
Balance at the end of the period	**32.1**	**2.5**	**34.5**	42.5
Maturity of provisions				
Up to one year	**11.1**	**1.4**	**12.5**	30.0
Over one year	**21.0**	**1.1**	**22.1**	12.5

Introduction

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

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

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

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

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

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

Open proceedings
In 2010 and 2011, litigation was initiated against Bank Julius Baer & Co. Ltd. (the 'Bank') and numerous other financial institutions by the liquidators of the Fairfield funds (the 'Fairfield Liquidators'), which funds had served as feeder funds for the Madoff fraudulent investment schemes. In the direct claims against the Bank, the Fairfield Liquidators are seeking to recover a total amount of approximately USD 64 million in the courts of New York (including approximately USD 17 million that relates to redemption payments made to clients of ING Bank (Suisse) SA, which merged with the Bank in 2010, and approximately USD 25 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions). The proceedings in the courts of the British Virgin Islands, where an amount of approximately USD 8.5 million had been claimed from the Bank, were finally dismissed in favour of the Bank with a ruling of the Privy Council, the highest court of appeals for the British Virgin Islands. In addition to the direct claims against the Bank, the Fairfield Liquidators have made combined claims in the amount of approximately USD 1.8 billion against more than 80 defendants, with only a fraction of this amount being sought from the Bank (and ultimately its clients concerned). The combined claims aggregate the damages asserted against all defendants, such that a reliable allocation of the claimed amounts between the Bank and the other defendants cannot be made at this time. Finally, in further proceedings, the trustee of Madoff's broker-dealer company (the 'Trustee') seeks to recover approximately USD 110 million in the courts of New York (including approximately USD 46 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with the Bank in 2013, such claims in principle being subject to acquisition-related representation and warranties provisions), largely in relation to the same redemption payments that 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 in November 2016 based on extraterritoriality principles. The Trustee appealed this decision, and, in February 2019, the Court of Appeal reversed the decision by the Bankruptcy Court. The Supreme Court denied reviewing such decision, therefore the proceedings continued with the Bankruptcy Court. The Bankruptcy Court has denied the Bank's motion to dismiss and the Bank has filed an answer to the Trustee's amended complaint. The next step in the proceeding is the fact discovery phase, which, per the case schedule, will continue for the next two years. In the proceedings initiated by the Liquidators, the Bankruptcy Court in New York decided in December 2018 on certain aspects, which were appealed by the Liquidators. The Bankruptcy Court additionally decided on certain other aspects in the Bank's favour in late 2020. That decision was also appealed by the Liquidators. Both appeals were consolidated. In August 2022, the U.S. District Court for the Southern District of New York ruled on the pending appeals and confirmed the Bankruptcy Court's decision. The Liquidators have appealed the decision

to the Court of Appeals, where the appeal is currently pending. Further, in October 2021, the Bank filed a motion to dismiss for lack of personal jurisdiction. In response, the Liquidators requested jurisdictional discovery, which has been completed. Following jurisdictional discovery, Fairfield filed its opposition to the Bank's motion to dismiss for lack of personal jurisdiction. A ruling on the Bank's motion is expected in early 2024.

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

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, including Bank Julius Baer & Co. Ltd., combined with a respective precautionary seizure request in the double amount. In December 2023, the competent court of first instance decided to partially uphold the claim, such decision having been appealed by both parties. Julius Baer continues to defend its interests.

In May 2021, Bank Julius Baer & Co. Ltd. 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 claiming the sum of approximately USD 112 million from the Bank, alleging the Bank was in breach of its fiduciary duty of care by accepting and processing payment instructions for the transfer of funds during the period 25 October 2013 to September 2016. On 4 May 2022, the amended writ and statement of claim in the amount of USD 112.5 million was served on the Bank. The Bank is contesting the claim while taking appropriate measures to defend its interests.

Note 12 Other assets and liabilities

Other assets

	31.12.2023 CHF m	31.12.2022 CHF m
Precious metals (physical)	**3,699.6**	3,405.8
Tax receivables	**1,574.3**	3,030.0
Accounts receivable	**14.5**	22.4
Deposits	**15.3**	23.7
Pension asset	**14.5**	12.1
Other	**62.8**	66.4
Total	**5,380.9**	6,560.3

Other liabilities

	31.12.2023 CHF m	31.12.2022 CHF m
Lease liability	**319.1**	289.3
Pension liability	**6.0**	6.3
Other tax payable	**89.2**	58.4
Accounts payable	**28.0**	34.2
Deferred payments related to acquisitions	**3.6**	4.1
Other	**152.1**	156.2
Total	**598.0**	548.5

Note 13 Share capital

	Registered shares (CHF 0.02 par)	
	Number	CHF m
Balance on 01.01.2022	221,224,448	4.4
Decrease	7,423,208	0.1
Balance on 31.12.2022	213,801,240	4.3
Decrease	7,799,460	0.2
Balance on 31.12.2023	**206,001,780**	**4.1**
of which entitled to dividends	***206,001,780***	***4.1***

Note 14 Earnings per share and shares outstanding

Basic consolidated earnings per share is calculated by dividing the net profit for the reporting period attributable to shareholders of Julius Baer Group Ltd. by the weighted average number of shares outstanding during the reporting period. Diluted consolidated earnings per share is calculated using the same method as for basic consolidated earnings per share, with the determinants adjusted to reflect the potential dilution that could occur if outstanding options, warrants, convertible debt securities, or other contracts to issue shares were converted or exercised into shares.

	2023	2022
Basic earnings per share		
Net profit attributable to shareholders of Julius Baer Group Ltd. (CHF m)	**454.0**	949.6
Weighted average number of shares outstanding	**205,625,030**	208,312,058
Basic earnings per share (CHF)	**2.21**	4.56

Diluted earnings per share		
Net profit attributable to shareholders of Julius Baer Group Ltd. (CHF m)	**454.0**	949.6
Less (profi)/loss on equity derivative contracts (CHF m)	**-**	-0.3
Net profit attributable to shareholders of Julius Baer Group Ltd. for diluted earnings per share (CHF m)	**454.0**	949.3
Weighted average number of shares outstanding	**205,625,030**	208,312,058
Dilution effect	**10,644**	1,905
Weighted average number of shares outstanding for diluted earnings per share	**205,635,674**	208,313,963
Diluted earnings per share (CHF)	**2.21**	4.56

	31.12.2023	31.12.2022
Shares outstanding		
Total shares issued at the beginning of the year	**213,801,240**	221,224,448
Cancellation	**7,799,460**	7,423,208
Share buy-back programme	**-**	5,724,572
Treasury shares	**1,186,177**	1,471,794
Total	**204,815,603**	206,604,874

Note 15 Related party transactions

	31.12.2023 CHF m	31.12.2022 CHF m
Key management personnel compensation[1]		
Salaries and other short-term employee benefits	**17.0**	24.2
Post-employment benefits	**1.0**	1.1
Share-based payments	**16.1**	16.2
Total	**34.1**	41.4
Receivables from		
key management personnel	**25.2**	23.8
own pension funds	**1.1**	-
Total	**26.3**	23.8
Liabilities to		
key management personnel	**15.4**	17.2
own pension funds	**8.9**	21.6
Total	**24.3**	38.8
Credit guarantees to		
key management personnel	**0.1**	0.1
Total	**0.1**	0.1
Income from services provided to		
key management personnel	**0.6**	0.5
Total	**0.6**	0.5

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

For shareholdings of the Board of Directors and the Executive Board, see chapter *V. Financial Statements Julius Baer Group Ltd. 2023.*

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

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 16 Pension plans

Group pension plans
The Group 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 Group or retiring and in the event of death or invalidity. These benefits are the result of the conversion rate applied to 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 contributions that were made during the employment period, including the accrued interest on these amounts. However, these plans do not fulfil all the criteria of a defined contribution pension plan according to IAS 19 and are therefore treated as defined benefit pension plans for the purpose of the Group's financial statements.

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

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

The Group 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.

	2023 CHF m	2022 CHF m
1. Development of pension obligations and assets		
Present value of defined benefit obligation at the beginning of the year	**-2,987.8**	-3,527.7
Current service cost	**-69.0**	-78.0
Employees' contributions	**-50.3**	-48.0
Interest expense on defined benefit obligation	**-65.9**	-41.4
Past service cost, curtailments, settlements, plan amendments	**-1.5**	13.5
Benefits paid (including benefits paid directly by employer)	**84.7**	75.4
Transfer payments in/out	**0.6**	2.0
Experience gains/(losses) on defined benefit obligation	**-96.2**	-19.0
Actuarial gains/(losses) arising from change in demographic assumptions	**-18.4**	22.2
Actuarial gains/(losses) arising from change in financial assumptions	**-200.4**	602.8
Translation differences	**3.4**	10.3
Present value of defined benefit obligation at the end of the year	**-3,400.8**	-2,987.8
of which due to active members	***-2,377.3***	*-2,046.9*
of which due to deferred members	***-28.4***	*-30.5*
of which due to pensioners	***-995.1***	*-910.4*
Fair value of plan assets at the beginning of the year	**3,313.9**	3,621.0
Interest income on plan assets	**74.8**	47.2
Employees' contributions	**50.3**	48.0
Employer's contributions	**106.9**	101.5
Curtailments, settlements, plan amendments	**-2.6**	-21.3
Benefits paid by fund	**-83.3**	-74.6
Transfer payments in/out	**-0.6**	-2.0
Administration cost (excluding asset management cost)	**-1.1**	-1.1
Return on plan assets (excluding interest income)	**95.1**	-395.4
Translation differences	**-3.1**	-9.3
Fair value of plan assets at the end of the year	**3,550.3**	3,313.9

	2023 CHF m	2022 CHF m
2. Development of effect of asset ceiling		
Effect of asset ceiling at the beginning of the year	**-320.2**	-97.6
Interest income/(expenses) on effect of asset ceiling	**-7.2**	-6.0
Change in effect of asset ceiling excluding interest expense/(income)	**186.4**	-216.6
Effect of asset ceiling at the end of the year	**-141.0**	-320.2

3. Balance sheet	**31.12.2023** CHF m	31.12.2022 CHF m
Fair value of plan assets	**3,550.3**	3,313.9
Present value of funded defined benefit obligation	**-3,394.7**	-2,981.8
Surplus/(deficit)	**155.5**	332.1
Effect of asset ceiling	**-141.0**	-320.2
Present value of unfunded defined benefit obligation	**-6.1**	-6.1
Net defined benefit asset/(liability)	**8.4**	5.8

4. Income statement	**2023** CHF m	2022 CHF m
Current service cost	**-69.0**	-78.0
Interest expense on defined benefit obligation	**-65.9**	-41.4
Past service cost, curtailments, settlements, plan amendments	**-4.1**	-7.9
Interest income on plan assets	**74.8**	47.2
Interest income/(expense) on effect of asset ceiling	**-7.2**	-6.0
Administration cost (excluding asset management cost)	**-1.1**	-1.1
Defined benefit cost recognised in the income statement	**-72.6**	-87.2
of which service cost	***-74.2***	*-87.0*
of which net interest on the net defined benefit (liability)/asset	***1.7***	*-0.2*

5. Movements in defined benefit asset/(liability)	**2023** CHF m	2022 CHF m
Net defined benefit asset/(liability) at the beginning of the year	**5.8**	-4.3
Translation differences	**0.3**	1.1
Defined benefit cost recognised in the income statement	**-72.6**	-87.2
Benefits paid by employer	**1.4**	0.8
Employer's contributions	**106.9**	101.5
Remeasurements of the net defined benefit asset/(liability)	**-33.4**	-6.0
Net defined benefit asset/(liability) at the end of the year	**8.4**	5.8

Remeasurements of the net defined benefit asset/(liability)	**2023** CHF m	2022 CHF m
Actuarial gains/(losses) of defined benefit obligation	**-314.9**	606.0
Return on plan assets (excluding interest income)	**95.1**	-395.4
Effect of asset ceiling	**186.4**	-216.6
Total recognised in other comprehensive income	**-33.4**	-6.0

6. Composition of plan assets	2023 CHF m	2022 CHF m
Cash	**176.8**	168.9
Debt instruments	**895.9**	801.0
Equity instruments	**1,406.7**	1,247.7
Real estate	**682.9**	668.2
Alternative investments	**336.9**	387.7
Other	**51.0**	40.3
Total	**3,550.3**	3,313.9

7. Aggregation of plan assets – quoted market prices in active markets	2023 in %	2022 in %
Cash	**5.0**	5.1
Debt instruments	**22.7**	21.0
Equity instruments	**39.6**	37.7
Real estate	**6.6**	7.4
Alternative investments	**0.5**	-
Other	**0.6**	2.7
Total	**74.9**	73.8

8. Sensitivities	2023 CHF m	2022 CHF m
Decrease of discount rate -0.25%		
Effect on defined benefit obligation	**-85.4**	-60.7
Effect on service cost	**-3.2**	-1.8
Increase of discount rate +0.25%		
Effect on defined benefit obligation	**78.9**	57.5
Effect on service cost	**3.0**	1.7
Decrease of salary increase -0.25%		
Effect on defined benefit obligation	**13.5**	7.7
Effect on service cost	**1.3**	0.8
Increase of salary increase +0.25%		
Effect on defined benefit obligation	**-13.8**	-7.9
Effect on service cost	**-1.4**	-0.8
Life expectancy		
Increase in longevity by one additional year	**-67.6**	-50.0

Actuarial calculation of pension assets and obligations

The latest actuarial calculation was carried out as at 31 December 2023. The actuarial assumptions are based on local economic conditions and are as follows for Switzerland, which accounts for about 98% (2022: 98%) of all defined benefit obligations and plan assets:

	2023	2022
Discount rate	**1.50%**	2.25%
Average future salary increases	**1.75%**	1.75%
Future pension increases	**0.00%**	0.00%
Duration (years)	**14**	12

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 2024 financial year related to defined benefit plans are estimated at CHF 104.6 million.

Outstanding liabilities to pension plans

The Group had outstanding liabilities to various pension plans in the amount of CHF 8.9 million (2022: CHF 21.6 million).

Defined contribution plans

The Group maintains a number of defined contribution pension plans, primarily outside Switzerland. In the case of defined contribution pension plans, the pension expenses are charged to the income statement in the corresponding financial year. The expenses for contributions to these pension plans amounted to CHF 42.0 million for the 2023 financial year (2022: CHF 41.2 million).

Note 17 Share-based payments and other compensation plans

The Group 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 and is not remeasured for subsequent changes in the fair value of the underlying equity instruments. 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.

The programmes described below reflect the plan landscape as at 31 December 2023. All plans are reviewed annually to reflect any regulatory changes and/or market conditions. The Group's overall compensation landscape is described in chapter *II. Remuneration Report* of this Annual Report.

Deferred variable compensation plans

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 Group. A PSP grant is made once a year as part of the annual variable compensation awarded to the individual concerned, and participation is determined on an annual basis. The employee is granted a number of shares equal in value to the deferred element. These awards vest in equal tranches over at least three years. At the end of the plan period, subject to continued employment, the employee then receives an additional premium award representing a further one-third of the number of awards granted to him or her at the beginning of the plan period.

Equity Performance Plan

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

Eligibility for the EPP, similar to that of the DBP (as described below), is determined annually 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 Group by virtue of their function within the organisation are considered for the EPP based on their specific role (some exclusions may apply). An EPP grant is made once a year and is determined in reference to the annual variable compensation awarded to the individual concerned.

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

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

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

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

The KPI targets are set based on the strategic three-year budget/plan that is approved by the Board of Directors on an annual basis. Extremely high (and 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 Group may also offer incentives outside the annual compensation cycle by granting an equity-based LTI. The LTI awards may include but are not limited to, such items as compensatory payments to new hires for lost or forfeited compensation, reward programmes, or retention awards to key employees during extraordinary or critical circumstances. The LTI may also be used as a replacement of the PSP or for the delivery of blocked shares where required for regulatory reasons.

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

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

The objective of this plan is to strengthen the employee's identification with the Group, 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 Group.

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

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

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

Eligibility for the DBP is based on various factors, including nomination by the CEO, overall role within 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 Group by virtue of their function within the organisation are considered for the DBP based on their specific role.

These annually granted deferred cash awards vest in equal tranches over at least four years subject to continued employment.

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

	31.12.2023		31.12.2022	
	Number of units Economic Profit	Number of units Total Shareholder Return	Number of units Economic Profit	Number of units Total Shareholder Return
Equity Performance Plan				
Unvested units outstanding at the beginning of the year	**959,169**	**959,169**	1,129,136	1,129,136
Granted during the year	**295,977**	**295,977**	320,434	320,434
Exercised during the year	**-337,673**	**-337,673**	-486,946	-486,946
Forfeited during the year	**-10,398**	**-10,398**	-3,455	-3,455
Unvested units outstanding at the end of the year	**907,075**	**907,075**	959,169	959,169

	31.12.2023	31.12.2022
Premium Share Plan		
Unvested shares outstanding at the beginning of the year	**1,674,469**	1,442,133
Granted during the year	**809,297**	923,471
Vested during the year	**-663,966**	-637,820
Forfeited during the year	**-45,978**	-53,315
Unvested shares outstanding at the end of the year	**1,773,822**	1,674,469
Weighted average fair value per share granted (CHF)	**61.44**	59.37
Fair value of outstanding shares at the end of the year (CHF m)	**83.6**	90.2

	31.12.2023	31.12.2022
Long-Term Incentive Plan		
Unvested shares outstanding at the beginning of the year	**554,572**	802,360
Granted during the year	**227,796**	228,489
Vested during the year	**-302,964**	-465,064
Forfeited during the year	**-78,782**	-11,213
Unvested shares outstanding at the end of the year	**400,622**	554,572
Weighted average fair value per share granted (CHF)	**57.48**	52.21
Fair value of outstanding shares at the end of the year (CHF m)	**18.9**	29.9

	31.12.2023	31.12.2022
Staff Participation Plan		
Unvested shares outstanding at the beginning of the year	**159,902**	151,948
Granted during the year	**50,022**	59,936
Vested during the year	**-64,780**	-47,589
Forfeited during the year	**-3,576**	-4,393
Unvested shares outstanding at the end of the year	**141,568**	159,902
Weighted average fair value per share granted (CHF)	**60.94**	47.60
Fair value of outstanding shares at the end of the year (CHF m)	**6.7**	8.6

Compensation expense recognised for the various share plans:

	2023 CHF m	2022 CHF m
Share-based payments		
Equity Performance Plan	**28.2**	31.2
Premium Share Plan	**46.5**	42.8
Long-Term Incentive Plan	**11.3**	11.9
Staff Participation Plan	**2.6**	2.4
Total	**88.6**	88.4

Note 18 Securities financing transactions

Securities lending and borrowing transactions /repurchase and reverse repurchase transactions

	31.12.2023 CHF m	31.12.2022 CHF m
Receivables		
Receivables from cash provided in reverse repurchase transactions	**1,774.9**	1,300.0
of which with central banks	***900.0***	*1,300.0*
of which with banks	***874.9***	-
Payables		
Obligations to return cash received in securities lending transactions	**981.2**	66.7
of which with banks	***981.2***	*66.7*
Obligations to return cash received in repurchase transactions	**4,891.8**	272.9
of which with banks	***4,891.8***	*272.9*
Total	**5,873.1**	339.6
Securities collateral		
Own securities lent as well as securities provided as collateral for borrowed securities under securities borrowing and repurchase transactions	**8,175.3**	1,529.0
of which the right to pledge or sell has been granted without restriction	***8,175.3***	*1,529.0*
of which recognised in financial assets measured at FVTPL	***1,702.3***	*1,335.1*
of which recognised in financial assets measured at FVOCI	***3,905.3***	*2.9*
of which recognised in other financial assets measured at amortised cost	***2,567.8***	*191.0*
Securities borrowed as well as securities received as collateral for loaned securities under securities lending and reverse repurchase transactions	**10,139.4**	6,589.5
of which repledged or resold securities	***7,214.2***	*5,423.1*

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

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

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.

Note 19 Derivative financial instruments

Derivatives held for trading or other purposes

	Contract/ Notional amount CHF m	Positive replacement value CHF m	Negative replacement value CHF m
Foreign exchange derivatives			
Forward contracts	74,501.9	786.5	1,450.4
Futures	36.5	0.0	0.0
Cross-currency swaps	505.8	1.1	10.5
Options (OTC)	19,958.4	259.3	153.6
Total foreign exchange derivatives on 31.12.2023	**95,002.6**	**1,046.8**	**1,614.5**
Total foreign exchange derivatives on 31.12.2022	114,123.8	1,320.9	1,652.2
Interest rate derivatives			
Swaps	23,910.5	226.7	169.5
Futures	352.8	1.7	8.8
Options (OTC)	906.1	9.8	8.4
Options (traded)	0.1	1.6	-
Total interest rate derivatives on 31.12.2023	**25,169.4**	**239.7**	**186.6**
Total interest rate derivatives on 31.12.2022	26,303.5	350.5	286.8
Precious metals derivatives			
Forward contracts	4,411.2	78.4	94.9
Futures	194.3	1.0	0.3
Options (OTC)	8,718.8	141.0	72.4
Options (traded)	1,952.8	-	71.7
Total precious metals derivatives on 31.12.2023	**15,277.1**	**220.4**	**239.3**
Total precious metals derivatives on 31.12.2022	10,155.3	184.1	220.1
Equity/indices derivatives			
Total return swaps	992.4	0.0	60.1
Futures	1,060.0	18.5	4.8
Options (OTC)	10,915.1	238.1	161.2
Options (traded)	20,500.0	499.5	350.5
Total equity/indices derivatives on 31.12.2023	**33,467.6**	**756.1**	**576.6**
Total equity/indices derivatives on 31.12.2022	29,911.7	923.3	652.0
Other derivatives			
Futures	111.0	2.3	0.7
Total other derivatives on 31.12.2023	**111.0**	**2.3**	**0.7**
Total other derivatives on 31.12.2022	2,152.9	31.6	48.7

Derivatives held for trading or other purposes (continued)

	Contract/ Notional amount *CHF m*	Positive replacement value *CHF m*	Negative replacement value *CHF m*
Credit derivatives			
Credit default swaps	102.2	3.9	0.4
Total return swaps	1,158.3	11.1	48.3
Total credit derivatives on 31.12.2023	**1,260.4**	**15.0**	**48.7**
Total credit derivatives on 31.12.2022	66.7	1.4	1.1
Total derivatives held for trading or other purposes on 31.12.2023	**170,288.1**	**2,280.4**	**2,666.4**
Total derivatives held for trading or other purposes on 31.12.2022	182,713.9	2,811.8	2,861.0

Derivatives held for hedge accounting

Derivatives designated as fair value hedges			
Interest rate swaps	2,422.5	3.7	56.5
Derivatives designated as cash flow hedges			
Interest rate swaps	545.4	-	34.5
Derivatives designated as net investment hedges			
Foreign exchange forward contracts	570.2	13.8	-
Total derivatives held for hedge accounting on 31.12.2023	**3,538.0**	**17.5**	**91.0**
Total derivatives held for hedge accounting on 31.12.2022	2,834.0	13.8	133.5
Total derivative financial instruments on 31.12.2023	**173,826.1**	**2,297.9**	**2,757.3**
Total derivative financial instruments on 31.12.2022	185,547.8	2,825.7	2,994.5

Note 20 Fair values

20A Fair values and carrying values

Financial assets

	31.12.2023 Carrying value CHF m	31.12.2023 Fair value CHF m	31.12.2022 Carrying value CHF m	31.12.2022 Fair value CHF m
Financial assets measured at amortised cost				
Cash and balances at central banks	**9,680.2**	**9,680.2**	11,906.0	11,906.0
Due from banks	**3,848.1**	**3,850.7**	4,108.9	4,108.3
Receivables from securities financing transactions	**1,774.9**	**1,774.9**	1,300.0	1,300.0
Loans	**38,907.4**	**39,280.7**	44,584.2	44,832.7
Debt instruments	**5,590.2**	**5,590.2**	3,802.3	3,682.5
Accrued income/other financial assets	**714.8**	**714.8**	502.4	502.4
Total	**60,515.6**	**60,891.5**	66,203.8	66,331.9
Financial assets measured at FVTPL				
Financial assets measured at FVTPL	**12,180.5**	**12,180.5**	13,032.6	13,032.6
Derivative financial instruments	**2,297.9**	**2,297.9**	2,825.7	2,825.7
Financial assets designated at fair value	**188.9**	**188.9**	277.7	277.7
Total	**14,667.3**	**14,667.3**	16,136.0	16,136.0
Financial assets measured at FVOCI				
Financial assets measured at FVOCI	**12,922.5**	**12,922.5**	13,492.8	13,492.8
Total	**12,922.5**	**12,922.5**	13,492.8	13,492.8
Total financial assets	**88,105.5**	**88,481.3**	95,832.5	95,960.7

Financial liabilities

	31.12.2023 Carrying value CHF m	31.12.2023 Fair value CHF m	31.12.2022 Carrying value CHF m	31.12.2022 Fair value CHF m
Financial liabilities measured at amortised costs				
Due to banks	**2,323.8**	**2,352.3**	2,933.5	2,934.3
Payables from securities financing transactions	**5,873.1**	**5,873.1**	339.6	339.6
Due to customers	**63,235.8**	**63,449.0**	76,438.9	76,524.1
Debt issued	**3,409.2**	**3,210.0**	2,697.5	2,541.6
Accrued expense/other financial liabilities	**605.0**	**605.0**	338.0	338.0
Total	**75,446.8**	**75,489.4**	82,747.5	82,677.5
Financial liabilities measured at FVTPL				
Financial liabilities measured at FVTPL	**795.5**	**795.5**	601.8	601.8
Derivative financial instruments	**2,757.3**	**2,757.3**	2,994.5	2,994.5
Financial liabilities designated at fair value	**10,187.4**	**10,187.4**	11,571.4	11,571.4
Deferred payments related to acquisitions	**3.6**	**3.6**	4.1	4.1
Total	**13,743.9**	**13,743.9**	15,171.7	15,171.7
Total financial liabilities	**89,190.7**	**89,233.3**	97,919.3	97,849.3

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

Changes in the fair value of financial liabilities designated at fair value are primarily attributable to changes in the market risk factors of the embedded derivatives. The impact of the credit rating of the Bank on the fair value changes of these liabilities amounted to CHF -4.5 million (2022: CHF -0.0 million) which have been recognised in other comprehensive income (OCI).

20B Fair value determination

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

Financial instruments measured at amortised cost

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 balances at central banks, and, depending on the maturity, due from banks, loans, due to banks, due to customers, and debt issued. For short-term financial instruments that do not have a market price published by a recognised stock exchange or notable market (referred to hereinafter as a market price), the carrying value generally approximates the fair value.

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

Financial assets and liabilities measured at FVTPL, financial assets measured at FVOCI, derivative financial instruments, and financial liabilities designated at fair value

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

Level 1

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

Level 2

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

Level 3

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

Financial assets measured at FVTPL and *financial assets measured at FVOCI:* The Group holds shares in companies in related business areas, which are measured at FVTPL. Additionally, the Group holds shares in service providers such as SIX Swiss Exchange 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 equity instruments is either based on the reported or published net asset value of the investees, or recent similar transactions in the instruments. The net asset values, as well as the transaction prices, are adjusted by management for any necessary impacts from events that may have an influence on the valuation (adjusted net asset method, and market approach, respectively). Changes in the net asset value of the equity instruments result in corresponding changes in the fair values. However, reasonably realistic changes to these values have no material impact on the consolidated financial statements of the Group.

In 2023, dividends related to the investments measured at FVOCI in the amount of CHF 3.2 million (2022: CHF 11.9 million) have been recognised in the income statement.

Financial instruments designated at fair value: The Group 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 funds, short-term debt funds, or held in cash. Although the clients contractually bear all the related risks and rewards from the underlying investments, these financial instruments are not derecognised from the Group's balance sheet due to the strict derecognition criteria required by International Financial Reporting Standards (IFRS). Therefore, the private equity investments as well as the money market instruments are recorded as financial assets designated at fair value. Any changes in the fair value or any other income from the private equity investments or the money market instruments are recorded in the income statement. However, as the clients are entitled to all rewards related to the investments, these amounts net out in the respective line item in the income statement. Hence, any change in the valuation inputs has no impact on the Group's income statement or shareholders' equity.

To measure the fair values of the private equity investments, the Group generally relies on the valuations 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.

Deferred payments related to acquisitions: Payments related to the deferred purchase price portion of acquisitions may be dependent on certain conditions to be achieved and also contingent on future growth rates of the businesses. Since these fair value inputs are not observable, the outstanding balances are reported in level 3.

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

	Quoted market price Level 1 CHF m	Valuation technique market-observable inputs Level 2 CHF m	Valuation technique non-market-observable inputs Level 3 CHF m	31.12.2023 Total CHF m
Financial assets and liabilities measured at fair value				
Trading – debt instruments at FVTPL	2,163.6	1,196.9	73.5	3,433.9
Trading – equity instruments at FVTPL	6,700.8	1,464.5	60.7	8,226.0
Other securities mandatorily measured at FVTPL	126.6	345.6	48.4	520.6
Total financial assets measured at FVTPL	**8,991.0**	**3,006.9**	**182.6**	**12,180.5**
Foreign exchange derivatives	0.0	1,060.6	-	1,060.7
Interest rate derivatives	1.7	241.7	-	243.4
Precious metal derivatives	1.0	219.4	-	220.4
Equity/indices derivatives	18.5	735.8	1.8	756.1
Credit derivatives	-	15.0	-	15.0
Other derivatives	2.3	-	-	2.3
Total derivative financial instruments	**23.5**	**2,272.5**	**1.8**	**2,297.9**
Financial assets designated at fair value	**2.6**	**55.3**	**131.0**	**188.9**
Debt instruments at FVOCI	9,555.9	3,202.3	-	12,758.2
Equity instruments at FVOCI	-	0.6	163.7	164.3
Total financial assets measured at FVOCI	**9,555.9**	**3,202.9**	**163.7**	**12,922.5**
Total assets	**18,573.1**	**8,537.6**	**479.1**	**27,589.9**
Short positions – debt instruments at FVTPL	112.5	5.1	-	117.7
Short positions – equity instruments at FVTPL	512.1	165.4	0.4	677.9
Total financial liabilities measured at FVTPL	**624.6**	**170.5**	**0.4**	**795.5**
Foreign exchange derivatives	0.0	1,614.5	-	1,614.5
Interest rate derivatives	8.8	268.8	-	277.6
Precious metal derivatives	0.3	239.0	-	239.3
Equity/indices derivatives	4.8	569.5	2.3	576.6
Credit derivatives	-	6.2	42.5	48.7
Other derivatives	0.7	-	-	0.7
Total derivative financial instruments	**14.7**	**2,697.9**	**44.8**	**2,757.3**
Financial liabilities designated at fair value	**-**	**9,964.0**	**223.4**	**10,187.4**
Deferred payments related to acquisitions	**-**	**-**	**3.6**	**3.6**
Total liabilities	**639.3**	**12,832.5**	**272.1**	**13,743.9**

	Quoted market price Level 1 CHF m	Valuation technique market-observable inputs Level 2 CHF m	Valuation technique non-market-observable inputs Level 3 CHF m	31.12.2022 Total CHF m
Financial assets and liabilities measured at fair value				
Trading – debt instruments at FVTPL	2,334.7	1,653.2	295.5	4,283.5
Trading – equity instruments at FVTPL	7,020.3	1,470.9	102.8	8,594.0
Other securities mandatorily measured at FVTPL	0.0	122.3	32.8	155.1
Total financial assets measured at FVTPL	9,355.1	3,246.4	431.1	13,032.6
Foreign exchange derivatives	0.1	1,330.7	-	1,330.7
Interest rate derivatives	0.5	354.0	-	354.5
Precious metal derivatives	0.5	183.6	-	184.1
Equity/indices derivatives	10.4	912.9	-	923.3
Credit derivatives	-	1.4	-	1.4
Other derivatives	7.7	18.6	5.2	31.6
Total derivative financial instruments	19.2	2,801.3	5.2	2,825.7
Financial assets designated at fair value	14.5	102.6	160.5	277.7
Debt instruments at FVOCI	9,326.0	3,826.1	-	13,152.1
Equity instruments at FVOCI	-	0.9	339.7	340.6
Total financial assets measured at FVOCI	9,326.0	3,827.1	339.7	13,492.8
Total assets	18,714.8	9,977.4	936.5	29,628.7
Short positions – debt instruments at FVTPL	108.6	5.1	-	113.7
Short positions – equity instruments at FVTPL	428.6	57.8	1.7	488.1
Total financial liabilities measured at FVTPL	537.2	62.9	1.7	601.8
Foreign exchange derivatives	6.6	1,645.9	-	1,652.5
Interest rate derivatives	4.8	415.2	-	420.0
Precious metal derivatives	1.0	219.1	-	220.1
Equity/indices derivatives	27.4	624.6	-	652.0
Credit derivatives	-	1.1	-	1.1
Other derivatives	1.6	2.8	44.2	48.7
Total derivative financial instruments	41.5	2,908.8	44.2	2,994.5
Financial liabilities designated at fair value	-	11,253.5	317.9	11,571.4
Deferred payments related to acquisitions	-	-	4.1	4.1
Total liabilities	578.7	14,225.2	367.8	15,171.7

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

	Quoted market price Level 1 CHF m	Valuation technique market-observable inputs Level 2 CHF m	Valuation technique non-market-observable inputs Level 3 CHF m	**31.12.2023** **Total** CHF m
Financial assets and liabilities disclosed at fair value				
Cash and balances at central banks	9,680.2	-	-	9,680.2
Due from banks	-	3,850.7	-	3,850.7
Receivables from securities financing transactions	-	1,774.9	-	1,774.9
Loans	-	39,280.7	-	39,280.7
Other financial assets measured at amortised cost	5,590.2	-	-	5,590.2
Accrued income/other financial assets	-	714.8	-	714.8
Total assets	**15,270.4**	**45,621.1**	**-**	**60,891.5**
Due to banks	-	2,352.3	-	2,352.3
Payables from securities financing transactions	-	5,873.1	-	5,873.1
Due to customers	-	63,449.0	-	63,449.0
Debt issued	3,210.0	-	-	3,210.0
Accrued expense/other financial liabilities	-	605.0	-	605.0
Total liabilities	**3,210.0**	**72,279.4**	**-**	**75,489.4**

	Quoted market price Level 1 CHF m	Valuation technique market-observable inputs Level 2 CHF m	Valuation technique non-market-observable inputs Level 3 CHF m	31.12.2022 Total CHF m
Financial assets and liabilities disclosed at fair value				
Cash and balances at central banks	11,906.0	-	-	11,906.0
Due from banks	-	4,108.3	-	4,108.3
Receivables from securities financing transactions	-	1,300.0	-	1,300.0
Loans	-	44,832.7	-	44,832.7
Other financial assets measured at amortised cost	3,682.5	-	-	3,682.5
Accrued income/other financial assets	-	502.4	-	502.4
Total assets	15,588.5	50,743.4	-	66,331.9
Due to banks	-	2,934.3	-	2,934.3
Payables from securities financing transactions	-	339.6	-	339.6
Due to customers	-	76,524.1	-	76,524.1
Debt issued	2,541.6	-	-	2,541.6
Accrued expense/other financial liabilities	-	338.0	-	338.0
Total liabilities	2,541.6	80,136.0	-	82,677.5

20C Transfers between fair value level 1 and level 2

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Transfers from level 1 to level 2		
Financial assets measured at FVTPL	**1.8**	28.1
Financial liabilities	**-**	0.0
Transfers from level 2 to level 1		
Financial assets measured at FVTPL	**1.0**	6.6
Financial assets measured at FVOCI	**-**	62.0
Financial liabilities	**-**	0.7

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

Note 21 Credit risk

21A Expected credit losses

Expected credit loss model
An entity is required to recognise expected credit losses (ECL) at initial recognition of any financial instrument measured at amortised cost or FVOCI (debt instruments only) and to update the amount of ECL recognised at each reporting date to reflect changes in the credit risk of the respective instruments. Refer to chapter III. Risk Management (credit risk section) for more background information on the risk management process.

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

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

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

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

Due to the remote credit risk, the Group does not recognise ECL for balances at central banks.

ECL stage allocation
Each credit exposure is classified in one of the three ECL stages. At initial recognition, the Group classifies all financial instrument in stage 1 because it does not acquire or originate credit-impaired instruments. If a significant risk increase has occurred to the financial instrument, the instrument moves from stage 1 to stage 2 ECL.

The Group generally classifies loans and balances in the category due from banks at the time of origination 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 (measured at either FVOCI or amortised cost), which are generally classified as R1–R4. Certain private debt loans are an exception to this rule, as they may be initially classified as R5.

The Group determined that moves within the rating classes R1–R4 do not qualify as indicators of a significant increase in credit risk, whereas a move from an initial R4 (or lower) rating to R5 or R6, or a move from an initial R5 rating to R6, generally triggers such a credit risk increase. Hence, under this approach, moves from R4 to a higher risk class (or from R5, in the case of the exceptions mentioned above) generally trigger a move from stage 1 to stage 2 ECL.

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 type of financial instrument (Lombard loans including private debt loans, mortgages, due from banks, debt instruments). For example, if payments related to the instrument are 30 days past due, the counterparty is generally moved to stage 2 and lifetime ECL are applied.

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 Group's internal list of exposures that are in a loss position. Such positions show a significant increase in credit risk and 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 provided 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
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;
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast future economic conditions; and
- the time value of money.

Generally, ECL calculations are based on the four components probability of default (PD), exposure at default (EAD), loss given default (LGD), and the discount rate (IR). These four components are used in the following basic formula: ECL = PD * EAD * LGD * IR.

Based on the above requirements, the Group has modelled its impairment loss estimation methodologies to quantify the impact of the expected credit losses on its financial statements for stage 1 ECL and stage 2 ECL. The five models (for the Lombard loans business and separately for the subcategory of private debt, the mortgages business, the due from banks business and the debt instruments in the treasury business, respectively) are generally based on the specific instrument's probability of default (PD), its loss given default (LGD) and the exposure at default (EAD) including any unused credit commitments, where applicable. These models have been tailored to the Group's collateralised Lombard loans (and within Lombard loans separately for the subcategory of private debt) and mortgages, and the high-quality debt instruments in the treasury portfolio as outlined below.

For the credit-impaired financial instruments in stage 3, the loss allowances are determined individually according to the specific facts and circumstances and are no longer based on the model approach.

Wherever the Group uses scenarios in the ECL calculation process, three different settings are applied to take possible future market situations into account: a baseline, an upside and a downside scenario. Expected probabilities are allocated to the respective scenario; the weightings used for the current year's ECL calculation are 70% for the baseline scenario, 25% for the downside scenario and 5% for the upside scenario. However, the calculation of the ECL is mostly driven by the downside scenario, whereas the baseline and upside scenarios have only very limited impact on the measurement of the ECL due to the Group's credit policy (fully collateralised loan portfolios and investment grade debt instruments). Therefore, an increase in the weighting of the downside scenario would consequently increase the ECL in stages 1 and 2.

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

In addition, for each portfolio, supplementary product-specific factors are used as outlined in the following paragraphs. These scenario factors are based on the assessment of the Group's 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 Group's ECL committee, which comprises officers from the risk, credit risk, treasury, and finance departments.

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

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

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

Loss given default: An average LGD per rating class is applied. This factor is derived from publicly available data sources.

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

Probability of default: The PD factors are derived from the Group-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: The EAD equals the higher of a) the current exposure (based on data from the internal credit supervision system comprising the following credit exposures: cash exposure, derivative exposure, credit guarantees and reservations) and b) the lower of the lending value or approved limit. The Group 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 currently drawn under the limit, an ECL is calculated.

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

For the limited number of private debt loans within the Lombard loans, the Group uses a separate ECL model which has been developed in order to account for the inherently higher credit risk in the private debt business and is therefore different from the model applied to conventional Lombard loans as outlined above. This separate model is similar to the models used for balances in the category due from banks and for the debt instruments in the treasury portfolios. Consequently, for each private debt loan, publicly available data sources are used for the respective input factors PD and LGD, and separately for each stage (stage 1 or stage 2). The assigned issuer ratings and the related PDs are shifted up and down by one notch of the assigned issuer rating; the three resulting scenarios are weighted based on the generally applied probabilities.

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

Probability of default: 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 Group to pay interest/amortisation;
- counterparty self-used vs. rented-out real estate; and
- stage 1 or stage 2.

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

Exposure at default: The EAD equals the carrying value (exposure).

Loss given default: 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 (baseline, upside and downside), 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 Group experience) are determined, which then add up to the mortgage-specific negative scenario. These criteria are selected because the resulting different characteristics of the real estate market generally respond differently to market fluctuations and hence the achievable collateral liquidation value. The total simulated market value is then compared with the exposure to determine the LGD.

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

Probability of default: Publicly available PDs per rating class are applied to debt securities and money market instruments, separately for stage 1 (one-year PD or shorter) and stage 2 (respective PD according to expected life). These ratings and the related PDs are shifted by two notches up and down, using publicly available data sources for the respective PDs. The three scenarios are then weighted based on the generally applied probabilities. PDs for an expected life shorter than one year are derived from the available 12 month PDs by linear reduction.

Exposure at default: The EAD equals the amortised cost value plus discounted outstanding interest payments.

Loss given default: An average LGD per rating class is applied. These factors are derived from publicly available data sources.

Recognition of loss allowances and write-offs
The credit losses recognised in the income statement (net credit losses/(recoveries) on financial instruments) is the amount required to adjust the loss allowance 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 financial instruments measured at amortised cost is included in the carrying amount of the instrument. 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 instrument in the balance sheet. This ensures that the carrying amount of these debt instruments is always measured at the fair value.

The gross carrying amount of a financial instruments 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 Group credit department decides that there is no reasonable expectation of recovery. For collateralised loans, it is only after a foreclosure sale of the pledged assets that a write-off takes place for any remaining uncovered balance.

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

Exposure to credit risk by credit quality

	Moody's rating	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	31.12.2023 Total CHF m
Due from banks, at amortised cost					
R1–R4: Low to medium risk		3,756.2	-	-	**3,756.2**
R5–R6: Increased risk		92.0	-	-	**92.0**
R7–R10: Impaired		-	-	-	**-**
Total		3,848.2	-	-	**3,848.2**
Loss allowance		-0.1	-	-	**-0.1**
Carrying amount		**3,848.1**	**-**	**-**	**3,848.1**
Lombard loans, at amortised cost[1]					
R1–R4: Low to medium risk		29,048.7	19.9	-	**29,068.6**
R5–R6: Increased risk		1,492.9	114.6	-	**1,607.5**
R7–R10: Impaired		-	-	710.7	**710.7**
Total		30,541.6	134.5	710.7	**31,386.8**
Loss allowance		-18.8[2]	-1.2	-701.3[3]	**-721.3**
Carrying amount		**30,522.8**	**133.3**	**9.4**	**30,665.5**
Mortgages, at amortised cost[1]					
R1–R4: Low to medium risk		7,630.5	304.3	-	**7,934.8**
R5–R6: Increased risk		-	231.2	-	**231.2**
R7–R10: Impaired		-	-	91.0	**91.0**
Total		7,630.5	535.5	91.0	**8,256.9**
Loss allowance		-5.0	-0.8	-9.2	**-15.0**
Carrying amount		**7,625.5**	**534.7**	**81.8**	**8,241.9**
Debt instruments, at FVOCI					
R1–R4: Low to medium risk	Aaa – Baa3	12,526.7	-	-	**12,526.7**
R5–R6: Increased risk	Ba1 – B3	-	-	-	**-**
R7–R10: Impaired	Caa1 – C	-	-	-	**-**
Unrated		231.5	-	-	**231.5**
Carrying amount		**12,758.2**	**-**	**-**	**12,758.2**
Loss allowance		-1.0	-	-	**-1.0**
Debt instruments, at amortised cost					
R1–R4: Low to medium risk	Aaa – Baa3	5,590.6	-	-	**5,590.6**
R5–R6: Increased risk	Ba1 – B3	-	-	-	**-**
R7–R10: Impaired	Caa1 – C	-	-	-	**-**
Unrated		-	-	-	**-**
Total		5,590.6	-	-	**5,590.6**
Loss allowance		-0.4	-	-	**-0.4**
Carrying amount		**5,590.2**	**-**	**-**	**5,590.2**

[1] Loss allowance on overdue interest payments on certain mortgages (CHF 5.4 million), as well as their corresponding exposures (CHF 5.6 million) are reported as Lombard loans.
[2] The increase relates primarily to the application of a specific ECL model for private debt loans.
[3] The increase relates primarily to credit losses on the private debt portfolio.

	Moody's rating	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	31.12.2022 Total CHF m
Due from banks, at amortised cost					
R1–R4: Low to medium risk		3,886.1	-	-	3,886.1
R5–R6: Increased risk		221.4	1.4	-	222.8
R7–R10: Impaired		-	-	-	-
Total		4,107.5	1.4	-	4,108.9
Loss allowance		-0.1	-0.0	-	-0.1
Carrying amount		4,107.4	1.4	-	4,108.9
Lombard loans, at amortised cost[1]					
R1–R4: Low to medium risk		34,460.6	31.2	-	34,491.8
R5–R6: Increased risk		1,884.4	143.1	-	2,027.5
R7–R10: Impaired		-	-	97.4	97.4
Total		36,345.0	174.3	97.4	36,616.7
Loss allowance		-11.3	-0.9	-87.3	-99.5
Carrying amount		36,333.6	173.5	10.1	36,517.2
Mortgages, at amortised cost[1]					
R1–R4: Low to medium risk		7,409.7	346.3	-	7,756.0
R5–R6: Increased risk		-	242.6	-	242.6
R7–R10: Impaired		-	-	82.3	82.3
Total		7,409.7	588.9	82.3	8,080.9
Loss allowance		-6.3	-1.3	-6.3	-13.9
Carrying amount		7,403.4	587.6	76.0	8,066.9
Debt instruments, at FVOCI					
R1–R4: Low to medium risk	Aaa – Baa3	13,152.1	-	-	13,152.1
R5–R6: Increased risk	Ba1 – B3	-	-	-	-
R7–R10: Impaired	Caa1 – C	-	-	-	-
Unrated		-	-	-	-
Carrying amount		13,152.1	-	-	13,152.1
Loss allowance		-1.5	-	-	-1.5
Debt instruments, at amortised cost					
R1–R4: Low to medium risk	Aaa – Baa3	3,702.7	-	-	3,702.7
R5–R6: Increased risk	Ba1 – B3	-	-	-	-
R7–R10: Impaired	Caa1 – C	-	-	-	-
Unrated		100.0	-	-	100.0
Total		3,802.7	-	-	3,802.7
Loss allowance		-0.4	-	-	-0.4
Carrying amount		3,802.3	-	-	3,802.3

[1] Loss allowance on overdue interest payments on certain mortgages (CHF 6.0 million) as well as their corresponding exposures (CHF 6.0 million) were reported as Lombard loans.

The macroeconomic scenarios used in the ECL calculation models have been reviewed in light of the major changes in geopolitical realities and macroeconomic data and expectations. As a result of this review, the growth assumption (based on the gross domestic products) used in the baseline scenario has been slightly increased for the year-end reporting 2023; this after the Group had lowered it considerably for the year-end reporting 2022. At the same time, the Group decreased the weighting of the downside scenario and increased the weighting of the baseline scenario by the corresponding amount. The other input factors applied in the ECL calculation models did not have to be adjusted, as they generally proved to be reliable and robust. In 2023, the Group introduced a specific model in relation to the private debt loans based more on external data instead of internal factors. The models used for the ECL calculation in relation to the other credit activities were not modified.

The ECL calculations did not reveal any material losses to be recognised for year-end reporting 2023, except for private debt loans in stage 1 (application of a specific ECL model) and stage 3 (impairment).

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

Expected credit losses

The following tables present the development of the Group's ECL by stage; they are based on the Group's internal credit systems.

	12-month ECL (Stage 1) *CHF m*	Lifetime ECL not credit-impaired (Stage 2) *CHF m*	Lifetime ECL credit-impaired (Stage 3) *CHF m*	**Total** *CHF m*
Due from banks, at amortised cost				
Balance at 1 January 2023	0.1	0.0	-	**0.1**
Transfer to/(from) 12-month ECL	0.0	-0.0	-	**-**
Net remeasurement of loss allowance	0.0	-	-	**0.0**
New/increase financial assets	0.1	-	-	**0.1**
Financial assets that have been derecognised	-0.1	-0.0	-	**-0.1**
Changes in models/risk parameters	-0.0	-	-	**-0.0**
Balance at 31 December 2023	**0.1**	**-**	**-**	**0.1**
Lombard loans, at amortised cost				
Balance at 1 January 2023	11.3	0.9	87.3	**99.5**
Transfer to/(from) 12-month ECL	0.4	-0.4	-	**-**
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	**-**
Transfer to/(from) lifetime ECL credit-impaired	-0.1	-0.0	0.1	**-**
Net remeasurement of loss allowance	1.1	1.0	599.5[1]	**601.6**
New/increase financial assets	5.7	0.0	27.0[2]	**32.8**
Financial assets that have been derecognised	-6.9	-0.2	-2.0	**-9.1**
Write-offs	-	-	-0.3	**-0.3**
Recoveries of amounts previously written off	-	-	1.0	**1.0**
Changes in models/risk parameters	7.2[3]	-0.1	-	**7.1**
Foreign exchange and other movements	-	-	-11.4	**-11.4**
Balance at 31 December 2023	**18.8**	**1.2**	**701.3**	**721.3**

1 The increase relates primarily to credit losses on the private debt portfolio.
2 Including outstanding accumulated interest.
3 The increase relates primarily to the application of a specific ECL model for private debt loans.

	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
Mortgages, at amortised cost				
Balance at 1 January 2023	6.3	1.3	6.3	**13.9**
Transfer to/(from) 12-month ECL	0.3	-0.3	-	**-**
Transfer to/(from) lifetime ECL not credit-impaired	-0.1	0.1	-	**-**
Transfer to/(from) lifetime ECL credit-impaired	-	-0.1	0.1	**-**
Net remeasurement of loss allowance	-0.2	0.1	0.2	**0.1**
New/increase financial assets	2.5	0.2	3.3	**6.0**
Financial assets that have been derecognised	-2.6	-0.4	-0.1	**-3.0**
Write-offs	-	-	-0.5	**-0.5**
Changes in models/risk parameters	-1.2	-0.2	-	**-1.4**
Foreign exchange and other movements	-	-	-0.0	**-0.0**
Balance at 31 December 2023	**5.0**	**0.8**	**9.2**	**15.0**
Debt instruments, at FVOCI				
Balance at 1 January 2023	1.5	-	-	**1.5**
Net remeasurement of loss allowance	-0.2	-	-	**-0.2**
New financial assets purchased	0.1	-	-	**0.1**
Financial assets that have been derecognised	-0.3	-	-	**-0.3**
Changes in models/risk parameters	-0.0	-	-	**-0.0**
Foreign exchange and other movements	-0.1	-	-	**-0.1**
Balance at 31 December 2023	**1.0**	**-**	**-**	**1.0**
Debt instruments, at amortised cost				
Balance at 1 January 2023	0.4	-	-	**0.4**
Net remeasurement of loss allowance	-0.0	-	-	**-0.0**
New financial assets purchased	0.2	-	-	**0.2**
Financial assets that have been derecognised	-0.1	-	-	**-0.1**
Changes in models/risk parameters	-0.0	-	-	**-0.0**
Foreign exchange and other movements	-0.0	-	-	**-0.0**
Balance at 31 December 2023	**0.4**	**-**	**-**	**0.4**

	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	Total CHF m
Due from banks, at amortised cost				
Balance at 1 January 2022	0.0	-	-	0.0
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	-
Net remeasurement of loss allowance	0.0	0.0	-	0.0
New/increase financial assets	0.0	0.0	-	0.0
Financial assets that have been derecognised	-0.0	-	-	-0.0
Changes in models/risk parameters	0.0	0.0	-	0.0
Balance at 31 December 2022	0.1	0.0	-	0.1
Lombard loans, at amortised cost				
Balance at 1 January 2022	3.9	0.1	83.6	87.6
Transfer to/(from) 12-month ECL	0.0	-0.0	-	-
Transfer to/(from) lifetime ECL not credit-impaired	-0.0	0.0	-	-
Transfer to/(from) lifetime ECL credit-impaired	-0.0	-0.0	0.0	-
Net remeasurement of loss allowance	1.0	0.3	0.7	2.0
New/increase financial assets	7.3	0.4	7.2[1]	15.0
Financial assets that have been derecognised	-2.0	-0.0	-0.3	-2.3
Write-offs	-	-	-1.0	-1.0
Changes in models/risk parameters	1.1	0.0	0.0	1.2
Foreign exchange and other movements	-	-	-2.9	-2.9
Balance at 31 December 2022	11.3	0.9	87.3	99.5

[1] Including outstanding accumulated interest

	12-month ECL (Stage 1) CHF m	Lifetime ECL not credit-impaired (Stage 2) CHF m	Lifetime ECL credit-impaired (Stage 3) CHF m	Total CHF m
Mortgages, at amortised cost				
Balance at 1 January 2022	1.3	0.3	1.0	2.5
Transfer to/(from) 12-month ECL	0.0	-0.0	-	-
Transfer to/(from) lifetime ECL not credit-impaired	-0.1	0.1	-	-
Net remeasurement of loss allowance	0.9	0.2	0.3	1.4
New/increase financial assets	1.9	0.2	1.8	3.9
Financial assets that have been derecognised	-0.2	-0.0	-	-0.3
Changes in models/risk parameters	2.4	0.6	-	3.1
Foreign exchange and other movements	-	-	3.3	3.3
Balance at 31 December 2022	6.3	1.3	6.3	13.9
Debt instruments, at FVOCI				
Balance at 1 January 2022	1.3	-	-	1.3
Net remeasurement of loss allowance	-0.0	-	-	-0.0
New financial assets purchased	0.2	-	-	0.2
Financial assets that have been derecognised	-0.1	-	-	-0.1
Changes in models/risk parameters	0.2	-	-	0.2
Foreign exchange and other movements	-0.0	-	-	-0.0
Balance at 31 December 2022	1.5	-	-	1.5
Debt instruments, at amortised cost				
Balance at 1 January 2022	-	-	-	-
New financial assets purchased	0.4	-	-	0.4
Balance at 31 December 2022	0.4	-	-	0.4

21B Credit risk exposure

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

Maximum exposure to credit risk

	31.12.2023 Gross maximum exposure *CHF m*	31.12.2022 Gross maximum exposure *CHF m*
Due from banks	**3,848.1**	4,108.9
Receivables from securities financing transactions	**874.9**	-
Loans	**38,907.4**	44,584.2
Financial assets measured at FVTPL	**3,433.9**	4,283.5
Derivative financial instruments	**2,297.9**	2,825.7
Financial assets designated at fair value	**188.9**	277.7
Financial assets measured at FVOCI	**12,758.2**	13,152.1
Other financial assets measured at amortised cost	**5,590.2**	3,802.3
Accrued income/other financial assets	**714.8**	502.4
Total[1]	**68,614.5**	73,536.7
Off-balance sheet		
Irrevocable commitments[2]	**708.6**	810.0
Total maximum exposure to credit risk	**69,323.1**	74,346.7

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

Refer to chapter *III. Risk Management* (credit risk section) for discussions on concentration of credit risk.

21C 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, based on the carrying amount, i.e. net of any respective loss allowances.

	31.12.2023	31.12.2022
	CHF m	*CHF m*
Loan-to-value ratio (LTV)		
Lombard loans (not credit-impaired)		
Less than 50%	18,537.5	19,197.7
51–70%	7,819.6	10,121.4
71–90%	3,695.7	6,050.8
91–100%	537.0	1,111.4
More than 100%	66.3	25.8
Total	**30,656.1**	36,507.1
Mortgages (not credit-impaired)		
Less than 50%	4,547.6	4,350.6
51–70%	3,030.7	3,136.4
71–90%	581.0	503.0
91–100%	0.9	0.9
More than 100%	-	-
Total	**8,160.2**	7,990.9
Credit-impaired Lombard loans[1]		
Less than 50%	0.0	-
51–70%	-	-
71–100%	-	-
More than 100%	9.4	10.1
Total	**9.4**	10.1
Credit-impaired mortgages[1]		
Less than 50%	15.7	17.9
51–70%	20.7	32.9
71–100%	8.0	-
More than 100%	37.4	25.2
Total	**81.8**	76.0

[1] In 2023, loss allowance on overdue interest payments on certain mortgages (CHF 5.4 million), as well as their corresponding exposures (CHF 5.6 million) are reported as Lombard loans. In 2022, loss allowance on overdue interest payments on certain mortgages (CHF 6.0 million) as well as their corresponding exposures (CHF 6.0 million) were reported as Lombard loans.

Note 21D Financial instruments – Offsetting

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

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

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

Securities transactions: Since the Group does not apply netting on its balance sheet, the cash collateral provided in securities borrowing and reverse repurchase transactions in the amount of CHF 1,774.9 million (2022: CHF 1,300.0 million) and the cash collateral received in securities lending and repurchase transactions in the amount of CHF 5,873.1 million (2022: CHF 339.6 million), as disclosed in Note 18, are not offset with the respective counterparty positions in the balance sheet.

Derivative financial instruments: The derivative financial instruments consist of OTC as well as exchange-traded derivatives. The majority of OTC derivatives in the total amount of CHF 2,271.7 million (positive replacement values) and CHF 2,672.1 million (negative replacement values) are subject to an enforceable netting agreement. Transactions with other banks are generally collateralised with other financial instruments (derivatives) that are recognised on the Group'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 22 Risk measures

22A Market risk measures

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

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

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

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

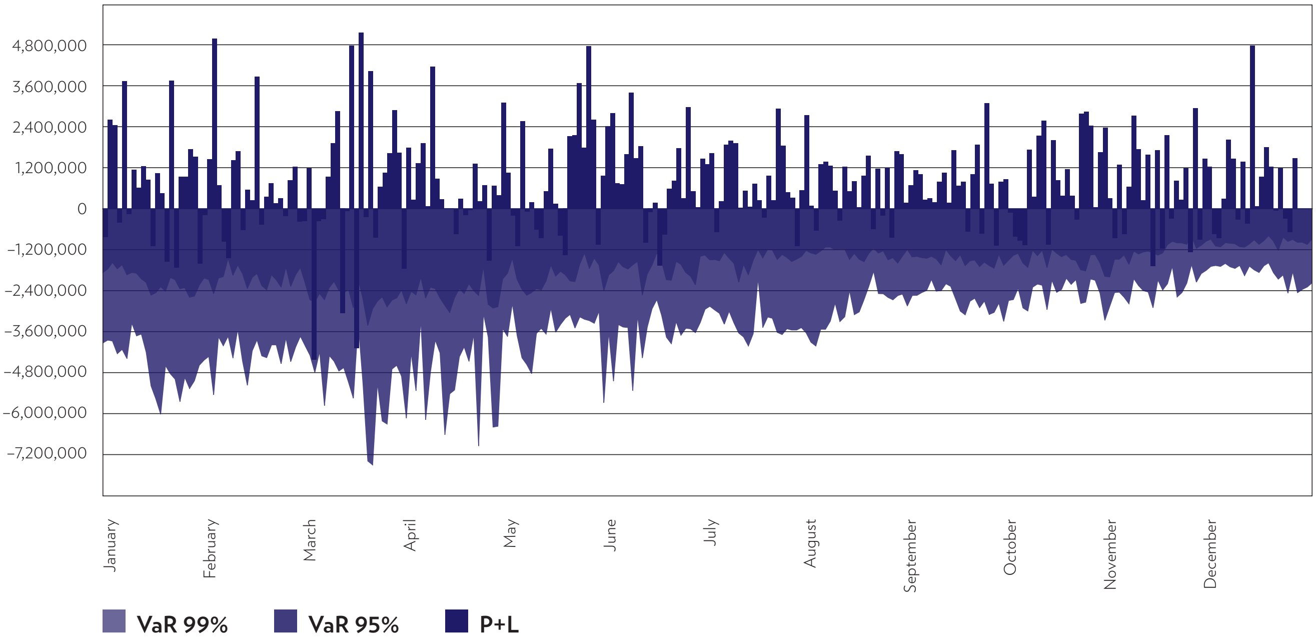
Market risk – VaR positions by risk type

				2023
	At 31 December *CHF m*	Average *CHF m*	Maximum *CHF m*	Minimum *CHF m*
Equities	**-0.2**	**-0.5**	**-1.6**	**0.1**
Interest rates	**-1.2**	**-1.8**	**-2.4**	**-1.1**
Foreign exchange/precious metals	**-0.4**	**-0.3**	**-1.4**	**0.0**
Effects of correlation	**0.8**			
Total	**-0.9**	**-1.7**	**-3.4**	**-0.8**

				2022
	At 31 December *CHF m*	Average *CHF m*	Maximum *CHF m*	Minimum *CHF m*
Equities	-1.4	-1.2	-2.7	-0.3
Interest rates	-2.0	-1.4	-3.0	-0.6
Foreign exchange/precious metals	-0.2	-0.4	-2.0	0.0
Effects of correlation	1.8			
Total	-1.9	-1.9	-3.9	-0.7

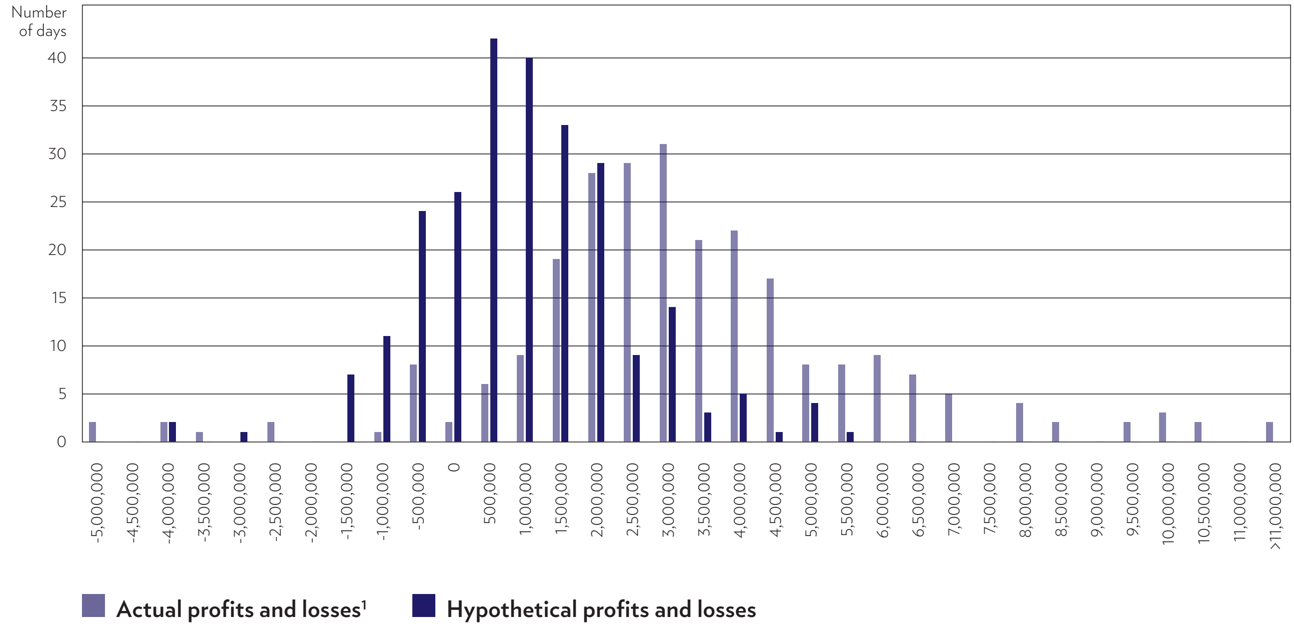
The adequacy of the VaR calculation, which is based on historical market movements, is monitored through regular back-testing. This involves the comparison of the VaR values calculated each day with the hypothetical gains or losses that would have occurred if the end-of-day positions had been left unchanged on the next trading day. The following chart shows the daily calculations of VaR in 2023 (at confidence intervals of 95% and 99% and for a one-day holding period) compared with these hypothetical gains or losses. A back-testing exception occurs when the change in overall position value resulting from the back-testing simulation is negative and its absolute value is greater than the VaR (at a confidence interval of 99%) for the relevant day's closing positions.

Back-testing of Julius Baer Group trading book positions in 2023 (CHF)



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

Distribution of daily revenues from trading activities of Julius Baer Group for 2023 (CHF)



[1] Pure trading revenues excluding commissions and fees

At the beginning of 2023, the preceding 12-month period contained four back-testing exceptions that fell out of the observation period during 2023. For the 12-month period starting on 1 January 2023 and ending on 31 December 2023, we have registered additional back-testing exceptions:

- On 20 March 2023, a back testing loss was recorded in markets and treasury. The main losses come from increased USD and EUR rates and a decrease of JPY in the Treasury unit. In the Markets unit the losses come from credit spread widening and from the market sell off as a result of the Credit Suisse collapse.

As of 31 December 2023, the overall number of back-testing exceptions stands therefore at one. As such, the VaR capital multiplier applied by the Group was at 3.2.

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 FINMA.

VaR method and regulatory capital

For its VaR calculation, the Group uses historical simulation with a 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 Group fulfil the relevant regulatory requirements and have been approved by FINMA for use in determining the capital requirement for market risks in the trading book.

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

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

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

In 2022, FINMA requested adjustments to the VaR model calibration to account for the time decay effect, certain model deficiencies and the gap between current risk-weighted assets (RWA) and anticipated RWA after the 'Fundamental Review of the Trading Book (FRTB)' go-live (which is also driven by the transition from the current internal model to the standard approach under FRTB), currently expected for 1 January 2025. The incremental RWA and resulting capital implications was phased in over five quarters (until the second quarter 2023).

For additional information regarding the calculation of the Group's minimum regulatory capital requirements under Basel III Pillar 3, refer to the separate Basel III Pillar 3 Report published in the Regulatory Disclosures section of the www.juliusbaer.com website (this will be available at the end of April 2024).

22B Interest rate 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 on the economic value of equity. This includes modelled liabilities, of which the most significant items are client demand deposits and equity. The table below, broken down according to maturity bands and currencies, shows the results of such a scenario as at 31 December 2023.

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. Since 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 a similar magnitude but with the opposite sign.

Interest-rate-sensitive positions

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	**Total** *CHF m*
Interest sensitivity by time bands and 100 bp parallel increase						
CHF						
2023	**3.1**	**1.3**	**33.1**	**26.5**	**-7.1**	**56.9**
2022	4.8	3.2	29.5	27.6	-30.7	34.4
USD						
2023	**2.5**	**-0.3**	**-1.2**	**-61.7**	**0.0**	**-60.7**
2022	6.7	-3.3	1.3	-107.1	-22.6	-125.0
EUR						
2023	**-0.6**	**-4.9**	**0.5**	**18.4**	**15.6**	**29.0**
2022	3.9	-6.7	-2.3	34.2	-11.5	17.5
Other						
2023	**2.1**	**-2.5**	**-1.4**	**26.1**	**-0.1**	**24.3**
2022	2.1	-2.5	-2.4	18.2	0.0	15.3

In addition, the effect on interest earnings resulting from a parallel shift of 1% in the yield curve is measured. In this 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 Group took no mitigating action, the modelled effect on interest earnings would have been CHF +130.6 million at the end of 2023 (2022: CHF -125.3 million).

Note 23 Hedge accounting

23A Fair value hedges

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

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

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

Fair value hedges of interest rate risk
The Group 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 bonds issued by the Group that are denominated in USD, CHF, or SGD, as well as a very limited number of individual mortgages and debt instruments measured at FVOCI. The fixed legs of these swaps are in correspondence to the respective (fixed-rate) bonds and mortgages. As such, the interest rate risk of each financial instrument is substantially reduced to the interest rate risk of the floating-rate leg of the respective swap.

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

	Hedges of bond issues (single hedges) *CHF m*	Hedges of mortgages (single hedges) *CHF m*	Hedges of mortgages (portfolio hedges) *CHF m*	**31.12.2023** Hedges of bonds (single hedges) *CHF m*
Hedged items				
Amortised cost value	**876.4**	**19.7**	**291.6**	**1,235.4**
Accumulated amount of fair value hedge adjustment on the hedged item, included in the carrying amount of the hedged item	**45.6**	**-1.3**	**23.5**	**7.1**
Carrying amount hedged items	**921.9**	**18.4**	**315.2**	**1,242.5**
Hedging instruments – interest rate swaps				
Notional amount (overall average fixed interest rate: 0.53%)	**875.5**			
– of which remaining maturity < 1 year (average fixed interest rate: 1.22%)	***326.2***			
– of which remaining maturity 1–5 years (average fixed interest rate: 0.12%)	***549.3***			
Notional amount (overall average fixed interest rate: -0.31%)		**18.0**		
– of which remaining maturity > 5 years (average fixed interest rate: -0.31%)		***18.0***		
Notional amount (overall average fixed interest rate: 1.27%)			**270.0**	
– of which remaining maturity < 1 year (average fixed interest rate: 0.27%)			***50.0***	
– of which remaining maturity 1–5 years (average fixed interest rate: 1.36%)			***100.0***	
– of which remaining maturity > 5 years (average fixed interest rate: 1.61%)			***120.0***	
Notional amount (overall average fixed interest rate: 3.71%)				**1,259.0**
– of which remaining maturity 1–5 years (average fixed interest rate: 3.71%)				***1,259.0***
Positive replacement value	**-**	**1.6**	**0.3**[1]	**1.8**
– related notional amount	**-**	***18.0***	***50.0***	***425.8***
Negative replacement value	**45.0**	**-**	**5.0**[1]	**6.5**
– related notional amount	***875.5***	**-**	***220.0***	***833.2***
Hedge effectiveness testing and related ineffectiveness				
Change in fair value of hedged item used for calculation of hedge ineffectiveness	**45.6**	**-1.3**	**1.5**	**7.1**
Change in fair value of interest rate swaps used for calculation of hedge ineffectiveness	**-45.0**	**1.6**	**-1.6**[1]	**-4.8**
Amount of hedge ineffectiveness recognised in the income statement	**0.6**	**0.3**	**-0.1**	**2.3**
Termination of hedge relationship				
Accumulated amount of fair value hedge adjustments remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses	-	-	22.0	-

[1] The change in fair value of the interest rate swaps used for the calculation of the hedge effectiveness of 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 bond issues (single hedges) CHF m	Hedges of mortgages (single hedges) CHF m	Hedges of mortgages (portfolio hedges) CHF m	31.12.2022 Hedges of bonds (single hedges) CHF m
Hedged items				
Amortised cost value	917.2	19.9	189.4	41.3
Accumulated amount of fair value hedge adjustment on the hedged item, included in the carrying amount of the hedged item	78.3	-2.7	17.5	-0.3
Carrying amount hedged items	995.6	17.2	206.9	41.0
Hedging instruments – interest rate swaps				
Notional amount (overall average fixed interest rate: 0.53%)	916.8			
– of which remaining maturity 1–5 years (average fixed interest rate: 0.12%)	*656.8*			
– of which remaining maturity > 5 years (average fixed interest rate: 0.33%)	*260.0*			
Notional amount (overall average fixed interest rate: -0.31%)		18.0		
– of which remaining maturity > 5 years (average fixed interest rate: -0.31%)		*18.0*		
Notional amount (overall average fixed interest rate: 1.27%)			240.0	
– of which remaining maturity < 1 year (average fixed interest rate: 0.27%)			*190.0*	
– of which remaining maturity 1–5 years (average fixed interest rate: 1.36%)			*50.0*	
Notional amount (overall average fixed interest rate: 3.71%)				41.6
– of which remaining maturity 1–5 years (average fixed interest rate: 3.71%)				*41.6*
Positive replacement value	-	3.0	0.9[1]	0.1
– related notional amount	-	*18.0*	*140.0*	*41.6*
Negative replacement value	78.1	-	0.0[1]	-
– related notional amount	*916.8*	-	*100.0*	-
Hedge effectiveness testing and related ineffectiveness				
Change in fair value of hedged item used for calculation of hedge ineffectiveness	78.3	-2.7	-0.4	-0.3
Change in fair value of interest rate swaps used for calculation of hedge ineffectiveness	-78.1	3.0	0.3[1]	0.1
Amount of hedge ineffectiveness recognised in the income statement	0.3	0.3	-0.1	-0.2
Termination of hedge relationship				
Accumulated amount of fair value hedge adjustments remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses	-	-	17.8	-

[1] The change in fair value of the interest rate swaps used for the calculation of the hedge effectiveness of 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.

23B Cash flow hedges

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

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

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

The effectiveness of the hedges is measured on the monthly change of the intrinsic value of the option against the FX spot moves of the hedged item. The monthly change of the intrinsic value of the options is recognised in OCI as hedge result as long as the hedge is effective. The time value of the option is allocated to net commission and fee income in the income statement over the lifetime of the option. A possible ineffective portion of the hedge is also recognised in the income statement in net income from financial instruments measured at FVTPL. These hedges expired in late 2023.

Cash flow hedges of interest rate risk
In addition, the Group uses longer-term interest rate swaps (maturities of 1–5 years) to hedge the variability of future interest rate payments on selected Lombard loans with short maturities (and rollover assumption). These loans share the same currency and type of risk.

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

	31.12.2023		31.12.2022	
	Interest rate hedges *CHF m*	FX hedges *CHF m*	Interest rate hedges *CHF m*	FX hedges *CHF m*
Hedging instrument – Derivatives				
Positive replacement value of derivatives	**-**	**-**	-	2.4
Negative replacement values of derivatives	**34.5**	**-**	55.2	0.3
Nominal value of derivatives	**545.4**	**-**	599.5	305.3
Amounts recognised in OCI				
OCI on cash flow hedges	**-29.6**	**-**	-54.9	2.1
Amounts recognised in the income statement				
Hedge ineffectiveness recognised in net income from financial instruments measured at FVTPL	**-**	**-**	0.2	-
Amortisation of time value of the derivatives into income statement	**5.8**	**-**	4.1	-

23C Net investment hedges

Net investment hedge (NIH) accounting
The risk being hedged in a net investment hedge is the currency risk associated with the translation (into the consolidated financial statements) of the net assets of subsidiaries reporting in a different currency. The item to hedge is a net investment in a foreign operation.

For an NIH, the carrying amount of the hedged item is unchanged. The effect of hedge accounting is to defer the effective portion of the change in value of the hedging instrument (i.e. the change in the foreign exchange rate of the derivative) in OCI. Any ineffective portion remains in the income statement as ineffectiveness.

Net investment hedges of foreign currency risk related to foreign operations
The Group applies NIH accounting on part of the foreign currency risks related to its foreign operations. A NIH is a specific type of a foreign currency cash flow hedge used to eliminate the foreign currency exposures arising from translating the Group's net investment in a foreign operation (with a different functional currency than the CHF) into the Group currency CHF. Upon consolidation of the net investment in a foreign operation into the Group financial statements, the foreign currency gain or loss is recognised in OCI under the respective accounting treatment.

The Group uses rolling FX forwards as hedging instrument applying the forward rate method, which means the full marked-to-market on the hedge is booked to OCI, provided the hedge is effective.

The amount of net investment hedges designated to hedge the foreign currency investment should, for each hedging period, be less than or equal to the hedged item at the end date of the hedged period. This critical term matching is proven on a prospective period for each month-end. Hedges are allocated to specific foreign currency net investments at inception of the hedge. Ineffectiveness is recognised only to the extent that the periodic change in the fair value of the derivative instrument exceeds the periodic change in the FX translation ('overhedge'). Given that only a fraction of foreign currency investments are hedged, hedge effectiveness should be obtained at all times.

The following table relates to FX forwards used for net investment hedges in foreign operations and the related amounts recognised in OCI:

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Hedging instruments – FX forwards		
Positive replacement values of FX forwards	**13.8**	7.4
Negative replacement values of FX forwards	**-**	-
Nominal value of FX forwards	**570.2**	712.7
Amounts recognised in OCI		
OCI on foreign currency operations hedged with net investment hedges	**-184.3**	-85.4
OCI on net investment hedges	**31.3**	2.2

Note 24 Liquidity analysis

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

Remaining contractual maturities of financial liabilities

	On demand *CHF m*	Due within 3 months *CHF m*	Due within 3 to 12 months *CHF m*	Due within 12 months to 5 years *CHF m*	Due after 5 years *CHF m*	Total *CHF m*
Financial liabilities recognised on the balance sheet						
Due to banks	2,311.2	60.7	-	-	-	**2,371.9**
Payables from securities financing transactions	981.2	4,891.8	-	-	-	**5,873.1**
Due to customers	37,056.0	23,704.5	2,807.7	1.0	-	**63,569.2**
Financial liabilities measured at FVTPL	795.5	-	-	-	-	**795.5**
Derivative financial instruments	2,666.4	-[1]	5.2[1]	81.6[1]	4.2[1]	**2,757.3**
Financial liabilities designated at fair value	2,521.6	3,131.1	2,934.1	1,570.8	219.4	**10,377.0**
Debt issued	-	310.3	1,014.8	1,895.7	615.5	**3,836.3**
Accrued expense/other financial liabilities	-	605.0	-	-	-	**605.0**
Deferred payments related to acquisitions	-	-	0.3	3.3	-	**3.6**
Total liabilities 31.12.2023	**46,332.0**	**32,703.3**	**6,762.1**	**3,552.4**	**839.1**	**90,188.9**
Due to banks	2,911.6	22.8	0.0	0.0	-	2,934.4
Payables from securities financing transactions	66.7	272.9	-	-	-	339.6
Due to customers	53,204.3	21,172.9	2,238.8	0.9	-	76,616.9
Financial liabilities measured at FVTPL	601.8	-	-	-	-	601.8
Derivative financial instruments	2,861.2	0.0[1]	-[1]	104.0[1]	29.2[1]	2,994.5
Financial liabilities designated at fair value	2,522.8	4,663.7	2,944.8	1,482.3	120.6	11,734.2
Debt issued	-	207.2	85.0	1,813.5	901.6	3,007.3
Accrued expense/other financial liabilities	-	338.0	-	-	-	338.0
Deferred payments related to acquisitions	-	-	1.1	3.0	-	4.1
Total liabilities 31.12.2022	62,168.6	26,677.4	5,269.8	3,403.6	1,051.4	98,570.7
Financial liabilities not recognised on the balance sheet (irrevocable commitments)[2]						
Total 31.12.2023	**243.5**	**400.9**	**12.7**	**48.7**	**2.8**	**708.6**
Total 31.12.2022	259.7	468.9	30.5	49.5	1.4	810.0

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

Note 25 Interests in subsidiaries and other entities

25A Companies consolidated

Listed company that is consolidated

	Place of listing	Head Office	Currency	Share capital m	Capitalisation as at 31.12.2023 m
Julius Baer Group Ltd.	SIX Swiss Exchange	Zurich	CHF	4.1	9,713
Swiss securities number: 10 248 496, Ticker symbol: BAER					

Unlisted operational companies that are consolidated as at 31 December 2023

	Head Office	Currency	Share capital m	Equity interest %
Bank Julius Baer & Co. Ltd.	Zurich	CHF	575.000	100
Branches in Basle, Berne, Crans-Montana, Geneva, Guernsey,				
Hong Kong, Lausanne, Lucerne, Lugano, Singapore, Sion,				
St. Gallen, St. Moritz, Verbier, Zurich				
Representative Offices in Bogotá, Istanbul, Johannesburg,				
Mexico City, Santiago de Chile, Shanghai, Tel Aviv				
including				
Bank Julius Baer Nominees (Singapore) Pte. Ltd.	*Singapore*	*SGD*	*0.000*	*100*
Bank Julius Bär Deutschland AG	Frankfurt	EUR	15.000	100
Branches in Berlin, Düsseldorf, Hamburg, Hanover,				
Mannheim, Munich, Stuttgart				
Offices in Kiel, Würzburg				
Bank Julius Baer Europe S.A.	Luxembourg	EUR	95.734	100
Branches in Dublin, Madrid				
Office in Barcelona				
Bank Julius Baer (Monaco) S.A.M.	Monaco	EUR	160.000	100
JB Funding (Hong Kong) Limited	Hong Kong	USD	0.000	100
JB Participations Ltd.	Zurich	CHF	15.000	100

	Head Office	Currency	Share capital *m*	Equity interest *%*
Julius Baer (Bahrain) B.S.C. (c)	Manama	BHD	1.000	100
Julius Baer (Chile) SpA	Santiago de Chile	CLP	498.928	100
Julius Baer Brasil Gestão de Patrimônio e Consultoria de Valores Mobiliários Ltda.	São Paulo	BRL	722.016	100
Offices in Belo Horizonte, Rio de Janeiro				
Julius Baer Family Office & Trust AG	Zurich	CHF	0.100	100
Julius Baer Fiduciaria S.p.A.	Milan	EUR	0.100	100
Julius Baer Financial Services (Channel Islands) Limited	Jersey	GBP	0.025	100
Julius Baer Financial Services (Israel) Ltd.	Tel Aviv	ILS	11.000	100
Julius Baer Gestión, SGIIC, S.A.U.	Madrid	EUR	2.100	100
Julius Baer International Advisory (Uruguay) S.A.	Montevideo	UYU	124.912	100
Julius Baer Investment Ltd.	Zurich	CHF	0.100	100
including				
Julius Baer Trust Company (Singapore) Limited	*Singapore*	*SGD*	*2.812*	*100*
Julius Baer International Limited	London	GBP	80.200	100
Branches in Belfast, Edinburgh, Leeds, Manchester				
Julius Baer (Middle East) Ltd.	Dubai	USD	22.000	100
Julius Baer Nomura Wealth Management Ltd.	Zurich	CHF	5.700	60
Branch in Tokyo				
Julius Baer (QFC) LLC	Doha	QAR	25.500	100
Julius Baer (Singapore) GBP Pte. Ltd.	Singapore	GBP	6.300	100
Julius Baer (Singapore) Pte. Ltd.	Singapore	USD	10.000	100
Julius Baer (South Africa) Proprietary Limited	Johannesburg	ZAR	22.357	100
Julius Baer Trust Company (Channel Islands) Limited	Guernsey	CHF	0.350	100

	Head Office	Currency	Share capital m	Equity interest %
Julius Baer Wealth Advisors (India) Private Limited	Mumbai	INR	11,148.635	100
Offices in Bengaluru, Chennai, Hyderabad, Kolkata, New Delhi, Pune				
including				
Julius Baer Capital (India) Private Limited	*Mumbai*	*INR*	*3,145.441*	*100*
Office in New Delhi				
Julius Baer Wealth Management (Monaco) S.A.M.	Monaco	EUR	0.465	100
Kairos Investment Management S.p.A.	Milan	EUR	2.479	100[1]
including				
Kairos Investment Management B.V.	*Amsterdam*	*EUR*	*1.000*	*100*
Kairos Partners SGR S.p.A.	*Milan*	*EUR*	*5.084*	*100*
Representative Offices in Rome, Turin				
KM&P Holding Ltd.	Zurich	CHF	0.117	90
including				
Kuoni Mueller & Partner Ltd.	*Zurich*	*CHF*	*0.530*	*100*
Three Rock Capital Management Limited	Dublin	EUR	5.073	100
LOTECO Foundation	Zurich	CHF	0.100	100

[1] From an accounting perspective, Julius Baer Group Ltd. owns 100% of Kairos. In November 2023, the Group has announced to sell 100% of Kairos. The closing of the transaction is expected in H1 2024.

Major changes in the companies consolidated (2023):

- All former subsidiaries of Kuoni Mueller & Partner Ltd., Zurich and Maklando Ltd., Zurich were merged into Kuoni Mueller & Partner Ltd., Zurich (formerly Kuoni Mueller und Partner Holding Ltd). The merger had no impact on the Group's consolidated financial statements.
- K.REM Ltd., Zurich merged into KM&P Holding Ltd., Zurich
- Julius Baer Brasil Consultoria de Valores Mobiliários Ltda. merged into Julius Baer Family Office Brasil Gestão de Patrimônio Ltda., the new entity was renamed Julius Baer Brasil Gestão de Patrimônio e Consultoria de Valores Mobiliários Ltda. The merger had no impact on the Group's consolidated financial statements.

25B Investments in associates

	Head Office	Currency	Share capital *m*	Equity interest *%*
Associates				
SCB-Julius Baer Securities Co., Ltd.	Bangkok	THB	2.650	40

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Balance at the beginning of the year	**28.3**	28.9
Loss on investments in associates	**-19.8**	-
Translation differences	**-0.7**	-0.6
Balance at the end of the year	**7.8**	28.3

25C Unconsolidated structured entities

The Group is involved in the set-up and operation of a limited number of structured entities such as segregated portfolio companies, private equity feeder funds, and umbrella funds, as well as similar vehicles in the legal form of limited partnerships (LPs) that are invested in segregated portfolios or feeder funds. All the LPs serve as investment vehicles for the Group's clients. The Group generally acts as investment manager and custodian bank and generally also holds the management shares of the LPs. These shares are equipped with voting rights, but do not provide any participating rights in the underlying investments. The Group 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 Group does not have control over the underlying investments, but only consolidates the LPs.

25D Acquisitions and disposals

The following transactions were executed (unchanged since 2022):

Wergen & Partner Vermögensverwaltungs Ltd. (2022)
On 3 January 2022, the Group announced that it would dispose of Wergen & Partner Vermögensverwaltungs Ltd. to the current management in the first quarter of 2022. In February 2022, the management buyout was closed. The transaction price was composed of a base amount and a profit adjustment; related goodwill and customer relationships were allocated to the disposed entity. No material gain or loss resulted from the transaction.

NSC Asesores, S.C., Asesor en Inversiones Independiente (2022)
On 25 February 2022, the Group announced the disposal of 50.1% of its 70% participation in Mexico-based NSC Asesores, S.C., Asesor en Inversiones Independiente ('NSC Asesores') to Stratos Wealth Partners Ltd, a US-based registered investment advisor. The Group retains a 19.9% interest in NSC Asesores, which is recognised as a financial asset measured at FVTPL.

The transaction was closed at the announcement date. The difference between the proceeds from the disposal and the book value of the 50.1% shares disposed of (including goodwill of CHF 34.2 million and customer relationships of CHF 11.7 million), as well as the remeasurement of the retained shares to fair value, is recognised in the Group's income statement, resulting in an immaterial gain reported in Other ordinary income.

Fransad Gestion SA (2022)
On 2 June 2022, the Group announced that it had sold Geneva-based Fransad Gestion SA to the management team of the independent wealth manager. The transaction was closed on 1 June 2022. The difference between the proceeds from the disposal and the book value, including allocated goodwill and customer relationships, is recognised in the Group's income statement. No material gain or loss resulted from the transaction.

Note 26 Reporting by segment

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

The Group's external segment reporting is based on the management approach, i.e. 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 (ExB) has been identified as the chief operating decision maker since it is responsible for the implementation of the overall strategy and the operational management of the whole Group. As of the end of 2023, the ExB is composed of the Chief Executive Officer, Chief Financial Officer, Heads of Regions (Switzerland, Europe, Middle East & Africa/Asia Pacific/Americas), Heads of Investments & Wealth Management Solutions, Chief Investment Officer, Chief Operating Officer & Head Intermediaries, Chief Risk Officer, and Head Markets. The extended ExB as announced in October 2023 took over as of the beginning of 2024. However, the new set-up does not result in a different chief operating decision maker.

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

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

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

Entity-wide disclosures

	31.12.2023 Non-current assets *CHF m*	31.12.2022 *CHF m*	**2023** Operating income *CHF m*	2022 *CHF m*
Switzerland	**2,396**	2,374	**1,583**	2,177
Europe (excl. Switzerland)	**249**	230	**800**	809
Americas	**115**	121	**63**	71
Asia and other countries	**462**	448	**976**	1,027
Less consolidation items	**-**	-	**182**	231
Total	**3,221**	3,172	**3,240**	3,853

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

Note 27 Off-balance sheet items

	31.12.2023 *CHF m*	31.12.2022 *CHF m*	Change *CHF m*
Contingent liabilities	**821.4**	1,132.4	-311.0
Irrevocable commitments	**708.6**	810.0	-101.4
Total	**1,530.0**	1,942.4	-412.4

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

Note 28 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 2023 financial year.

Note 29 Summary of selected accounting policies

Basis of accounting

Julius Baer Group Ltd. is a Swiss corporation that is committed to the wealth management business. The consolidated financial statements as at 31 December 2023 comprise those of Julius Baer Group Ltd. and all its subsidiaries (the Group). The Board of Directors approved these financial statements on 31 January 2024. In addition, they are submitted for approval to the Annual General Meeting on 11 April 2024.

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

Use of estimates in preparing the consolidated financial statements

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

Estimates and assumptions are used mainly in the following areas of the consolidated financial statements and are in part discussed in the corresponding notes: determination of the fair values of financial instruments, assessment of the business model when classifying financial instruments, uncertainties in measuring provisions and contingent liabilities, loss allowances (measurement of expected credit losses), pension assets and liabilities (measurement of defined benefit obligation), income taxes (judgement 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.

Summary of most important accounting policies

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

Foreign currency translation
The Group companies prepare their financial statements in their respective functional currency. The balance sheets of Group companies that are denominated in foreign currencies are translated into Swiss francs at the closing exchange rates on the balance sheet date. Average exchange rates for the reporting period are used for the income statements. Exchange differences arising from consolidation using closing and average exchange rates for the reporting period are recognised in other comprehensive income. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal.

In the individual financial statements of the Group 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	
	31.12.2023	31.12.2022	**2023**	2022
USD/CHF	**0.8416**	0.9252	**0.8962**	0.9539
EUR/CHF	**0.9297**	0.9875	**0.9701**	1.0020
GBP/CHF	**1.0728**	1.1129	**1.1178**	1.1729

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 the trade date. All other financial instruments are recorded on the 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; either by collecting contractual cash flows, by buying and selling the financial asset, or by a combination of the two models.

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

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

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

Fair value through other comprehensive income (FVOCI): The Group 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 Group's debt instruments in this portfolio are therefore measured at FVOCI if the contractual cash flow characteristics criterion is fulfilled as well.

Fair value through profit or loss (FVTPL): The Group 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 recognising the gains or losses on them, on different bases. The Group applies this fair value option to certain financial assets related to its issued structured notes.

Equity instruments: Equity instruments are generally accounted for at FVTPL. 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 Group applies the OCI option to its investments in service providers that are necessary to run the Group'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 Group 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 FVTPL (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 without reclassification to the income statement. The remaining amount of total gain or loss is included in the income statement. The Group applies the fair value option to its issued structured notes.

Changes in accounting policies

As of 1 January 2023, the Group applied the following material new or amended standards.

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

The amendments did not have a material impact on the Group's consolidated financial statements.

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

The amendments did not have a material impact on the Group's consolidated financial statements.

International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12 Income Taxes)
The amendments introduce a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the Pillar Two model rules (published by the Organisation for Economic Co-operation and Development). This will help to ensure consistency in the financial statements while easing the implementation of the rules. In addition, the amendments require targeted disclosures to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

The amendments did not have a material impact on the Group's consolidated financial statements.

New standards and interpretations not yet adopted

There are currently no new standards – or revisions or published new interpretations of existing standards – that will have a material impact on the Group' consolidated financial statements.

Additional information

Note 30 Assets under management

Assets under management include all bankable assets managed by or deposited with the Group for investment purposes. Assets included are portfolios of wealth management clients for which the Group provides discretionary or advisory asset management services. Assets deposited with the Group held for transactional, safekeeping, custody or administrative purposes, and for which the Group does not offer advice on how the assets should be invested, are excluded from assets under management. 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.

Assets with discretionary mandate are defined as assets for which the investment decisions are made by the Group, and include assets deposited with the Group as well as assets deposited with a third-party institution. Other assets under management are defined as assets for which the investment decision is made by the client itself. Assets in collective investment schemes managed by the Group include investment products and solutions developed by the Group and for which the Group provides services on an ongoing basis.

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 Group.

Net new money consists of in- or outflows attributable to new clients, departed clients and existing clients. It is calculated by the direct method, which is based on individual client transactions. New or repaid loans to clients and related interest expenses result in net new money flows. Interest and dividend income from assets under management, market performance and currency impacts as well as fees and commissions are not included in the net new money result. Effects resulting from any acquisition or divestment of a Group subsidiary or business are stated separately. Generally, reclassifications between assets under management and assets under custody result in corresponding net new money in- or outflows.

Assets under management that are managed by or deposited with associates of the Group are not considered assets managed by or deposited with the Group and are therefore not included in the respective numbers.

Assets under management are disclosed according to the Guidelines of FINMA governing financial statement reporting.

Assets under custody are defined as assets held for transactional, safekeeping, custody or administrative purposes and for which additional services, for example analysis and reporting or securities lending and borrowing, are provided.

Client assets comprise the aggregate of assets under management and assets under custody.

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.

Assets under management

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Assets with discretionary mandate	**75,620**	70,276
Other assets under management[1]	**331,941**	351,430
Assets in collective investment schemes managed by the Group[1,2]	**19,808**	2,414
Total assets under management (including double counting)[1]	**427,369**	424,120
of which double counting[1]	***16,720***	*15,962*

	2023 *CHF m*	2022 *CHF m*
Balance at the beginning of the period	**424,120**	481,741
Net new money	**12,457**	8,681
Market performance and currency impacts	**1,817**	-56,204
Acquisitions/(divestments)[3]	**-2,693**	-7,483
Other effects[4]	**-8,332**	-2,615
Balance at the end of the period	**427,369**	424,120

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Client assets	**511,259**	490,896

1 In 2023, the Group conducted a review of its policy and guidelines concerning assets under management in light of regulatory requirements and market practice. The review focused on i) the categorisation of investment products as assets in collective investment schemes managed by the Group and ii) the criteria for the recognition of double counting of assets under management. As a result of the review, certain investment products managed by the Group were categorised primarily as assets in collective investment schemes (previously categorised as other assets under management). In addition, one class of funds was double counted for the first time and one category of service offering was reclassified as assets under custody. Figures from prior periods have not been adjusted.

2 In 2022, assets in collective investment schemes were related to Kairos Investment Management S.p.A., Milan and to Three Rock Capital Management Limited, Dublin.

3 In both 2023 and 2022, assets under management were impacted by the Group's decision to discontinue its offering to clients from selected countries, in particular Russia. The decline in 2022 was primarily due to the completed sales of Wergen & Partner Vermögensverwaltungs AG and of Fransad Gestion SA, as well as the partial sale and deconsolidation of NSC Asesores, S.C., Asesor en Inversiones Independiente.

4 In 2023, one category of service offering was reclassified as assets under custody, and one class of funds was double counted for the first time and reclassified as assets under management. In both 2023, to a lesser extent, and 2022, reclassifications into assets under custody resulted from externally imposed restrictions impacting the service offering to clients, including Russia-affected clients.

Breakdown of assets under management

	31.12.2023 %	31.12.2022 %
By type of investment		
Investment funds	**30**	28
Equities	**29**	31
Bonds (including convertible bonds)	**16**	15
Client deposits	**14**	16
Structured products	**5**	4
Money market instruments	**5**	5
Precious metals	**1**	1
Total	**100**	100
By currency		
USD	**50**	48
EUR	**19**	19
CHF	**10**	9
Other	**21**	24
Total	**100**	100

Note 31 Differences between IFRS and Swiss GAAP

The Group is subject to supervision by 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 Obligations, 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 between IFRS and Swiss GAAP (true and fair view) are relevant to the Group:

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, and tested for impairment.

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

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

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

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

Note 32 Capital management

32A Capital management, including regulatory capital

In managing its capital, the Group considers a variety of requirements and expectations. Sufficient capital must be in place to support current and projected business activities, according to both the Group's own internal assessment and the requirements of its regulators, in particular its lead regulator (FINMA). Capital is also managed in order to achieve sound capital ratios and to ensure a strong external credit rating.

Ensuring compliance with minimum regulatory capital requirements and targeted capital ratios is central to capital adequacy management. In this ongoing process, the Group manages its capital on the basis of target capital ratios for common equity tier 1 (CET1) capital and total capital. In the target-setting process, the Group takes into account the regulatory minimum capital requirements and regulatory expectations that the Group will hold additional capital above the minimum required for each capital category, the Group's internal assessment of aggregate risk exposure requiring equity capital provision, the views of rating agencies, and comparison with peer institutions based on the Group's business mix and market presence.

In 2023 (and 2022), the scope of consolidation used for the calculation of capital adequacy is identical to that applied for accounting purposes. Note 25A provides an overview of the Group's consolidated companies.

The Group's calculations of its risk-weighted assets published in the Annual Report are identical to those carried out for regulatory reporting purposes.

The Basel III international standard approach requires CET1 capital equivalent to be at least 4.5% of risk-weighted assets, plus a CET1 capital buffer of 2.5%, plus 1.5% of additional tier 1 (AT1) capital (or better-quality capital), plus 2% of supplementary tier 2 capital (or better-quality capital). In aggregate, this amounts to an overall capital requirement of at least 10.5% of risk-weighted assets. FINMA minimum capital requirements for the Group are 7.8% for CET1, 1.8% for AT1, and 2.4% for tier 2, which puts its overall minimum capital requirement at 12% of risk-weighted assets. At present, the Group is also required to hold an additional anticyclical CET1 capital buffer. This adds a further 0.5% to its minimum capital requirement of 12% of risk-weighted assets. The capital held by the Group at 31 December 2023 and at 31 December 2022 was sufficient to meet the relevant Bank for International Settlements (BIS) and FINMA requirements as well as internal capital thresholds and buffers set by the ExB and BoD.

Capital ratios

	31.12.2023 *Basel III* *CHF m*	31.12.2022 *Basel III* *CHF m*
Risk-weighted positions		
Credit risk	**11,710.7**	12,985.7
Non-counterparty-related risk	**648.7**	607.7
Market risk	**1,670.5**	1,876.5
Operational risk	**6,282.5**	6,230.8
Total	**20,312.4**	21,700.8
Eligible capital		
CET1 capital	**2,961.8**	3,046.3
Tier 1 capital	**4,792.4**	4,608.9
of which hybrid tier 1 capital instruments[1]	***1,830.6***	*1,562.6*
Tier 2 capital	**85.4**	110.1
Total capital	**4,877.9**	4,719.0
CET1 capital ratio	**14.6%**	14.0%
Tier 1 capital ratio	**23.6%**	21.2%
Total capital ratio	**24.0%**	21.7%

[1] The hybrid tier 1 instruments are tier 1 bonds issued by Julius Baer Group Ltd. (see Note 10 Debt issued).

Further details regarding tier 1 capital instruments can be found in the Capital Instruments section of www.juliusbaer.com. Also refer to Note 10.

The principal adjustment to the Group's total equity under IFRS for the purpose of determining total eligible capital is the deduction of intangible assets. These and other capital components are shown in the following table. In addition to the table below, a separately prepared Basel III Pillar 3 Report shows the full reconciliation between all components of the Group's eligible regulatory capital and its reported IFRS balance sheet as at 31 December 2023. This report, which is published in the Financial Reporting section of www.juliusbaer.com, has been prepared in accordance with the FINMA regulations governing the disclosure of the composition of eligible regulatory capital and will be publicly available at the end of April 2024.

Capital components

	31.12.2023 *Basel III* *CHF m*	31.12.2022 *Basel III* *CHF m*
Gross CET1 capital	**6,163.2**	6,289.7
of which non-controlling interests	***1.9***	*2.5*
Goodwill and other intangible assets	**-2,563.1**	-2,533.0
Other deductions	**-638.2**	-710.4
CET1 capital	**2,961.8**	3,046.3
Tier 1 capital instruments	**1,830.6**	1,562.6
of which tier 1 bonds (Basel III-compliant capital instruments)	***1,830.6***	*1,562.6*
Additional tier 1 capital	**1,830.6**	1,562.6
Tier 1 capital	**4,792.4**	4,608.9
Tier 2 capital	**85.4**	110.1
of which other tier 2 capital	***85.4***	*110.1*
Total capital	**4,877.9**	4,719.0

Required capital (see table below) for credit risks arising from amounts due from banks, securities financing transactions, loans, financial assets measured at FVOCI, other financial assets measured at amortised cost, and derivative financial instruments accounts for 58% (2022: 60%) of the total required capital. Capital required for non-counterparty risk (2023: 3%; 2022: 3%) is of minor significance. The capital required to cover market risk accounts for 8% (2022: 9%) and operational risk accounts for 31% (2022: 29%) of total required capital.

Minimum capital requirement

	31.12.2023 *Basel III* *CHF m*	31.12.2022 *Basel III* *CHF m*
Credit risk	**936.9**	1,038.9
Non-counterparty-related risk	**51.9**	48.6
Market risk	**133.6**	150.1
Operational risk	**502.6**	498.5
Total	**1,625.0**	1,736.1

32B Leverage ratio

In addition to the existing requirement for banks to hold eligible capital proportionate to their risk-weighted assets, the leverage ratio is a non-risk-based metric. The leverage ratio is defined as the ratio between eligible (tier 1) core capital and total exposure. Total exposure encompasses all balance sheet and off-balance sheet positions, and the leverage ratio circular defines how these are to be calculated. The minimum leverage ratio requirement is 3% for 2023 (and 2022).

Basel III regulations also require the publication of the leverage ratio. The relevant qualitative and quantitative information is contained in a separate disclosure report (Basel III Pillar 3 Report). The report will be published on the www.juliusbaer.com website and will be available at the end of April 2024.

Abbreviations

AT1 bonds	additional tier 1 bonds
BoD	Board of Directors
CCP	central counterparty
CET1	common equity tier 1
CFH	cash flow hedge
CGU	cash-generating unit
EAD	exposure at default
ECL	expected credit loss(es)
EPS	earnings per share
ExB	Executive Board
FINMA	Swiss Financial Market Supervisory Authority
FVH	fair value hedge
FVOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
FX	foreign currency
GDP	gross domestic product
IAS	International Accounting Standards (part of IFRS)
ICS	internal control system
IFRS	International Financial Reporting Standards
ISDA	International Swaps and Derivatives Association
KPI	key performance indicator
LGD	loss given default
NIH	net investment hedge
OCI	other comprehensive income
OTC	over-the-counter
PD	probability of default
RoA	return on assets
R1–R10	risk classes in the Group's internal rating system
SARON	Swiss Average Rate Overnight
SWIFT	Society for Worldwide Interbank Financial Telecommunication
VaR	value-at-risk

Report of the Statutory Auditor

Statutory Auditor's Report

To the General Meeting of Julius Baer Group Ltd., Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Julius Baer Group Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements including the information on Risk Management (pages 101 to 209) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of 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 (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

GOODWILL IMPAIRMENT TESTING

LITIGATION AND REGULATORY PROCEEDINGS

VALUATION OF FINANCIAL INSTRUMENTS

IMPAIRMENT OF LOANS

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

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GOODWILL IMPAIRMENT TESTING

Key Audit Matter

As at 31 December 2023, the Group recognizes goodwill of CHF 1,715.9m arising from a number of acquisitions.

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

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

Uncertainty is typically highest for those CGUs where headroom between value-in-use and carrying value is limited and where the value-in-use is most sensitive to estimates of future cash flows and other key assumptions.

Our response

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

We tested key assumptions forming the Group's value-in-use calculations, including the cash flow projections and discount rates. We assessed the reasonableness of cash flow projections, discount rates and growth rates by comparison with the Group's own historical data and performance, and externally available industry, economic and financial data respectively.

With the assistance of our own valuation specialists, we critically assessed the assumptions and methodologies used to determine the value-in-use for the CGU where significant goodwill was found to be sensitive to changes in those assumptions.

On an overall basis, we also evaluated the aggregate values-in-use determined by the Group to its market capitalization.

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

For further information on goodwill impairment testing refer to note 9 to the consolidated financial statements on pages 137 to 139.

LITIGATION AND REGULATORY PROCEEDINGS

Key Audit Matter

As at 31 December 2023, the Group recognizes provisions for legal risks of CHF 32.1m arising from litigation and regulatory proceedings (together 'legal and regulatory matters').

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

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

Our response

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

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

In order to assess the facts and circumstances, we obtained and assessed the relevant regulatory and litigation documents and interviewed the Group's internal and external legal counsels. We also critically assessed

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the assumptions made and key judgments applied and considered possible alternative outcomes.

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

For further information on litigation and regulatory proceedings refer to note 11 to the consolidated financial statements on pages 143 to 145.

VALUATION OF FINANCIAL INSTRUMENTS

Key Audit Matter

As at 31 December 2023, the Group reports financial assets of CHF 27,589.9m and financial liabilities of CHF 13,740.3m measured at fair value representing 28.5% and 14.2% of total assets and total liabilities and equity respectively.

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

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

Our response

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

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

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

For further information on valuation of financial instruments refer to notes 20A and 20B to the consolidated financial statements on pages 160 to 166.

IMPAIRMENT OF LOANS

Key Audit Matter

As at 31 December 2023, the Group reports loans of CHF 38,907.4m representing 40.2% of total assets and records a loan loss allowance of CHF 736.3m. Lombard loans represent 78.8% of the loan portfolio (CHF 30,665.5m) including a loss allowance of CHF 721.3m, while mortgage loans represent 21.2% of the loan portfolio (CHF 8,241.9m) including a loss allowance of CHF 15.0m. CHF 701.3m of the loss allowance for lombard loans relates to Stage 3 ECL, primarily due to credit losses on the private debt portfolio.

Loans are measured at amortized cost considering any impairment losses. The impairment of loans is estimated through the application of judgment and use of assumptions. This particularly applies to the specific allowances measured on an individual basis for credit losses established for impaired loan amounts.

The loan portfolios which give rise to the greatest uncertainty are typically those with concentration risks in collaterals that are potentially more sensitive to global economic trends.

Our response

Our procedures included the assessment of key controls over the approval, recording and monitoring of loans and an evaluation of the methodologies, inputs and assumptions used by the Group to assess the adequacy of impairment allowances for individually assessed loans.

For a sample of loans with specific allowances for credit losses we evaluated the Group's individual impairment assessment and specifically challenged the Group's assumptions used, including the value of realizable collateral and the estimated recoverability. Based on a retrospective review, we further critically assessed whether the Group revised its estimates and assumptions for specific allowances established in prior year.

We also tested a sample of individually significant exposures which had not been identified as potentially impaired by the Group and assessed whether appropriate consideration was given to the collectability of future cash flows and the valuation of the underlying collaterals.

For further information on impairment of loans, refer to note 21A to the consolidated financial statements on pages 168 to 177.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the sections marked "audited" in the Remuneration Report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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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, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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, 31 January 2024

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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Income statement

	2023 CHF m	2022 CHF m
Interest income	**137.0**	80.2
Interest expense	**79.0**	51.7
Result from interest	**58.0**	28.6
Income from participations	**621.8**	644.0
Revaluation of participations	**46.1**	0.8
Depreciation of participations	**77.6**	167.5
Result from participations	**590.3**	477.3
Other ordinary income	**87.3**	131.8
Other ordinary expense	**118.0**	39.8
Operating income	**617.5**	597.9
Personnel expenses	**27.2**	28.8
General expenses	**26.3**	29.5
Operating expenses	**53.5**	58.3
Gross profit	**564.1**	539.6
Taxes	**2.6**	-2.7
Net profit	**561.5**	542.3

Balance sheet

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Assets		
Due from banks	**1,208.0**	1,597.6
Other assets	**67.7**	42.7
Accrued income and prepaid expenses	**659.8**	648.7
Total current assets	**1,935.5**	2,289.0
Other financial investments	**2,440.6**	2,208.1
Participations	**4,098.3**	4,164.7
Total non-current assets	**6,538.9**	6,372.8
Total assets	**8,474.4**	8,661.7
of which due from Group companies	***3,624.4***	*3,779.1*

	31.12.2023 *CHF m*	31.12.2022 *CHF m*
Liabilities and equity		
Interest-bearing liabilities	**1,194.3**	1,551.5
Other liabilities	**5.4**	7.4
Accrued expenses and deferred income	**63.5**	45.0
Total short-term liabilities	**1,263.3**	1,603.9
Interest-bearing liabilities	**1,330.0**	1,330.0
Debt issued	**2,074.9**	1,817.6
Other liabilities	**7.7**	13.3
Total long-term liabilities	**3,412.5**	3,160.9
Total liabilities	**4,675.8**	4,764.8
Share capital	**4.1**	4.3
Statutory capital reserve (tax-exempt capital contribution reserve)[1]	**0.0**	25.7
Statutory retained earnings reserve	**65.6**	88.1
of which reserve for treasury shares	***64.7***	*87.2*
Voluntary retained earnings reserve	**3,138.9**	3,490.5
Treasury shares designated for redemption	**-**	-275.8
of which treasury shares against capital contribution reserve[2]	**-**	*-25.7*
of which treasury shares against voluntary retained earnings reserve	**-**	*-250.1*
Profit carried forward	**28.5**	21.8
Net profit	**561.5**	542.3
Total equity	**3,798.6**	3,897.0
Total liabilities and equity	**8,474.4**	8,661.7
of which due to Group companies	***2,524.3***	*2,881.5*

[1] The actual amount of tax-exempt capital contribution reserve is determined by deducting the respective negative reserve as of footnote 2.
[2] Amount of tax-exempt capital contribution reserve is not recognised anymore by the Swiss Federal Tax Administration.

Notes

Basis of accounting

The stand-alone financial statements of Julius Baer Group Ltd. are prepared in accordance with the guidelines of the Swiss Code of Obligations.

Participations

Refer to chapter *IV. Consolidated Financial Statements*, Note 25A, for a complete list of the participations.

The participations are measured based on the principle of individual evaluation. For recently acquired participations, the transaction price is used as a measurement basis. For material or strategic participations, a multiple method based on prices to assets under management or revenues is applied. For smaller participations, the net asset value according to IFRS is used.

Income from participations is recorded based on an economic standpoint, i.e. at the same time as the corresponding income is recorded at the subsidiary.

Debt issued

Refer to chapter *IV. Consolidated Financial Statements,* Note 10, for a complete list of the debt issued.

Debt issued is recorded at nominal value. Any agios are recognised in other liabilities and amortised up to the maturity date or the first possible redemption date, respectively.

Share capital

Effective 29 June 2023, the capital reduction as resolved by the Annual General Meeting of Julius Baer Group Ltd. on 13 April 2023 was executed by cancellation of 7,799,460 Julius Baer registered shares, bought back until 28 February 2023 under the share buy-back programme launched in 2022.

Statutory capital reserve

The statutory capital reserve represents the additional proceeds (premium) received from the issue of shares by Julius Baer Group Ltd. The redemption of this statutory capital reserve is exempt from taxation, similar to the share capital.

Treasury shares

In the statutory financial statements of Julius Baer Group Ltd., treasury shares held by Julius Baer Group Ltd. itself are deducted directly from equity. For treasury shares held by other Group companies, a reserve for treasury shares is stated in equity.

While Julius Baer Group Ltd. held no treasury shares as at 31 December 2023 (31.12.2022: 5,724,572), different Group entities held 1,186,177 treasury shares as at 31 December 2023 (31.12.2022: 1,471,794).

Authorised capital

There is no authorised capital.

Contingent liabilities

	31.12.2023 CHF m	31.12.2022 CHF m
Contingent liabilities		
Surety and guarantee obligations and assets pledged in favour of third parties	**1,482.9**	1,828.0

Fees paid to auditor

	2023 CHF m	2022 CHF m
Fees paid to auditor		
Audit services	**1.5**	1.7
Other services	**0.2**	0.2
Total	**1.7**	1.9

Share-based payments

	2023 Number Equity securities	2023 Value Equity securities CHF m	2022 Number Equity securities	2022 Value Equity securities CHF m
Equity plans				
Total granted during the year	**31,060**	**2.0**	46,474	2.2
of which members of executive bodies	***24,529***	***1.6***	*36,257*	*1.7*
of which employees	***6,531***	***0.4***	*10,217*	*0.6*

	2023 Number Units	2023 Value Units CHF m	2022 Number Units	2022 Value Units CHF m
Plans based on units				
Total granted during the year	**71,290**	**3.2**	69,167	3.3
of which members of executive bodies	***57,204***	***2.6***	*55,148*	*2.6*
of which employees	***14,086***	***0.6***	*14,019*	*0.7*

Employees - Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, did not exceed 50.

Significant shareholders/participants

Based on notifications received by Julius Baer Group Ltd., each of the following shareholders/participants held 3% or more of the voting rights in Julius Baer Group Ltd. as at 31 December 2023[1]:

Shareholder/participant[3]	Disclosure of purchase positions[2]	Disclosure of sale positions[2]
MFS Investment Management[4]	9.98%	
T. Rowe Price Associates Inc.[5]	4.98%	
BlackRock, Inc.[6]	5.06%	0.004%
UBS Fund Management (Switzerland) AG[7]	4.99%	

1 The percentage holding of voting rights as well as the other terms as used herein have to be defined and read in the context of the relevant and applicable stock exchange rules. Please note that some of the above figures are based on reports made before the following event: capital reduction on 1 July 2021 following the share buy-back programme reduced the number of registered shares of Julius Baer Group Ltd. by 2,585,000 to 221,224,448 (as from 1 July 2021); capital reduction on 24 June 2022 following the share buy-back programme reduced the number of registered shares of Julius Baer Group Ltd. by 7,423,208 to 213,801,240 (as from 24 June 2022); capital reduction on 29 June 2023 following the share buy-back programme reduced the number of registered shares of Julius Baer Group Ltd. by 7'799'460 to 206'001'780 (as from 29 June 2023).
2 Purchase positions disclosed pursuant to art. 14 para. 1 a FINMA Financial Market Infrastructure Ordinance (FMIO-FINMA) and sales positions pursuant to art. 14 para. 1 b FMIO-FINMA.
3 Please note that a change in the holding of voting rights within reportable thresholds does not trigger a notification duty. Further details on individual shareholdings can be found on www.juliusbaer.com/shareholders or on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange at the address www.ser-ag.com in the section Fundamentals > Notices Market Participants > Significant Shareholders, Issuer Julius Bär Gruppe AG.
4 MFS Investment Management, Boston/USA, and its subsidiaries (reported on 30 December 2013).
5 T. Rowe Price Associates Inc., Baltimore/USA (reported on 20 January 2023).
6 BlackRock, Inc., New York/USA (reported on 23 June 2021).
7 UBS Fund Management (Switzerland) AG, Basel/Switzerland (reported on 14 December 2023).

Significant events after the balance sheet date

There are no events to report that had an influence on the balance sheet or income statement for the 2023 financial year.

Shareholdings of the Board of Directors and Executive Board

Shareholdings of the members of the Board of Directors[1]		Number of shares
Romeo Lacher – Chairman	**2023**	**51,561**
	2022	38,614
Gilbert Achermann	**2023**	**10,090**
	2022	7,500
Heinrich Baumann (left the Board at AGM 2023)	**2023**	**n.a.**
	2022	12,502
Richard M. Campbell-Breeden	**2023**	**21,477**
	2022	18,887
Ivo Furrer (left the Board at AGM 2023)	**2023**	**n.a.**
	2022	7,500
David Nicol	**2023**	**7,177**
	2022	3,187
Kathryn Shih	**2023**	**8,688**
	2022	6,098
Tomas Varela Muiña	**2023**	**4,190**
	2022	800
Eunice Zehnder-Lai	**2023**	**10,314**
	2022	7,724
Olga Zoutendijk	**2023**	**10,314**
	2022	7,724
Juerg Hunziker (joined the Board at AGM 2023)	**2023**	**500**
	2022	n.a.
Total	**2023**	**124,311**
Total	2022	110,536

[1] Including shareholdings of related parties.

None of the Board members held any option positions on Julius Baer Group Ltd. shares as at year-end 2023 and 2022.

Share ownership requirements for the members of the Board of Directors were introduced with effect from 2014.

The Chairman of the Board of Directors is required to build up and maintain 25,000 vested shares of Julius Baer Group Ltd., the other members of the Board 7,500 each.

The targeted number of Julius Baer Group Ltd. shares has to be built up over a period of three years following election (and reached at year-end of the respective year) and maintained until the Board member leaves the Board of Directors.

Board members who were elected and/or re-elected in 2020 or earlier (i.e. all Board members except for David Nicol, Tomas Varela Muiña, and Juerg Hunziker) were required to reach the targeted number of shares by year-end 2023. David Nicol is required to reach such number by year-end 2024, Tomas Varela Muiña by year-end 2025, and Juerg Hunziker by year-end 2026.

Shareholdings of the members of the Executive Board[1]		Number of shares/awards
Philipp Rickenbacher, Chief Executive Officer	**2023**	**177,006**
	2022	175,280
Evangelia Kostakis, Chief Financial Officer	**2023**	**24,332**
	2022	11,520
Oliver Bartholet, Chief Risk Officer	**2023**	**66,177**
	2022	56,433
Nic Dreckmann, Chief Operating Officer & Head Intermediaries	**2023**	**100,026**
	2022	110,565
Yves Bonzon, Co-Head IWMS and Chief Investment Officer	**2023**	**85,969**
	2022	90,986
Jimmy Lee Kong Eng, Head Asia Pacific	**2023**	**124,007**
	2022	165,918
Yves Robert-Charrue, Head Switzerland and EMEA	**2023**	**95,322**
	2022	152,852
Beatriz Sanchez, Head Americas	**2023**	**81,559**
	2022	90,113
Nicolas de Skowronski, Co-Head IWMS and Head Wealth Management Solutions	**2023**	**57,875**
	2022	53,705
Luigi Vignola, Head Markets	**2023**	**49,657**
	2022	52,505
Total	**2023**	**861,930**
Total	2022	959,877

[1] Including shareholdings of related parties (the 2022 and 2023 figures are disclosed according to the revised Share ownership requirements; for details see Chapter II. Remuneration Report of this Annual Report).

None of the members of the Executive Board held any option positions on Julius Baer Group Ltd. shares as at year-end 2023 and 2022.

Share ownership requirements (SOR) for the members of the Executive Board were introduced in 2014 and revised in 2021.

According to the revised SOR, the CEO is required to build up and maintain 100,000 (all other Executive Board members 50,000 each) shares of Julius Baer Group Ltd. (build-up over five full calendar years from the promotion to the new role or inception of the SOR). The SOR may be covered by awards subject to vesting conditions, with only a portion (75%) of the outstanding awards that are subject to performance-based conditions counted towards the SOR.

The SOR apply for the duration of the Executive Board member's tenure in the applicable role.

The extended ExB as announced in October 2023 took over as per the beginning of 2024.

Proposal of the Board of Directors to the Annual General Meeting on 11 April 2024

The Board of Directors proposes to the Annual General Meeting that the disposable profit for the 2023 financial year be distributed as follows:

	CHF
Net profit for the year	561,458,967
Profit carried forward	28,545,729
Profit at the disposal of the Annual General Meeting	**590,004,696**
Total dividend proposed (CHF 2.60 per share at CHF 0.02 par value)	535,604,628[1]
Allocation to voluntary retained earnings reserve	50,000,000
Profit carried forward	**4,400,068**

[1] Total dividends on the 206,001,780 shares entitled to dividends is charged to retained earnings.

Julius Baer Group Ltd. held no treasury shares at 31 December 2023. No dividend will be paid on treasury shares held by Julius Baer Group Ltd. Therefore, the total distribution amount and the respective charges to retained earnings may change, taking into account any treasury shares that might be repurchased up to the dividend record date. This would have no impact on the dividend per share.

Dividends

	Gross *CHF*	35% withholding tax *CHF*	Net *CHF*
On approval of this proposal, the dividends amount to:			
Dividend per share	2.60	0.91	1.69

The dividends will be paid from 17 April 2024.

On behalf of the Board of Directors

The Chairman

Romeo Lacher

Report of the Statutory Auditor

Statutory Auditor's Report

To the General Meeting of Julius Baer Group Ltd., Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Julius Baer Group Ltd. (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 217 to 226) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

VALUATION OF PARTICIPATIONS

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

VALUATION OF PARTICIPATIONS

Key Audit Matter

As at 31 December 2023, the Company reports participations of CHF 4,098.3m. Participations consist of a portfolio of subsidiaries in the banking and financial services industry.

Participations are valued at a maximum of the acquisition costs less necessary value adjustments, taking into account the general principle of individual valuation. Participations are subject to annual impairment testing.

Although these participations are not considered to represent a higher risk of a material misstatement, their valuation is of significance due to their materiality in the context of the financial statements as a whole.

Our response

Our procedures included the assessment of the investment valuation process. We evaluated the applied valuation methodologies considering relevant accounting standards and industry practice and validated the techniques used to determine the value in use of the participations.

For the most significant participations where valuation methodologies were used, we recalculated the valuations and agreed the data inputs with available market information. For less significant participations where we had indications of possible impairment, we assessed their recoverability by comparing the carrying amount to their net asset value.

For further information on participation refer to the notes to the financial statements on page 220.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the sections marked “audited” in the Remuneration Report and our auditor’s reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors’ Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company’s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.KPMG AG

Mirko Liberto
Licensed Audit Expert
Auditor in Charge

Corina Wipfler
Licensed Audit Expert

Zurich, 31 January 2024

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ClimatePartner.com/53232-2303-1002

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Realisation: Management Digital Data AG, www.mdd.ch

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The Julius Baer Group is present in over 60 locations worldwide, including Zurich (Head Office), Bangkok, Dubai, Dublin, Frankfurt, Geneva, Hong Kong, London, Luxembourg, Madrid, Mexico City, Milan, Monaco, Mumbai, Santiago de Chile, São Paulo, Shanghai, Singapore, Tel Aviv, and Tokyo.

18.03.2024 Publ. No. PU00064EN