Julius Bär

HALF-YEAR REPORT 2023

Julius Baer Group

Contents

This Half-Year Report appears only in English.

Consolidated income statement

	Note	**H1 2023** *CHF m*	H1 2022 *CHF m*	H2 2022 *CHF m*
Interest income on financial instruments measured at amortised cost or FVOCI		**1,217.4**	442.2	806.1
Interest expense on financial instruments measured at amortised cost		**753.0**	100.5	324.9
Net interest income	1	**464.4**	341.7	481.2
Commission and fee income		**1,071.4**	1,162.8	1,022.9
Commission expense		**108.6**	117.9	105.7
Net commission and fee income	2	**962.7**	1,044.9	917.1
Net income from financial instruments measured at FVTPL		**596.5**	474.2	577.0
Net credit losses/(recoveries) on financial assets		**-1.8**	7.4	8.6
Other ordinary results		**3.8**	11.5	21.6
Operating income		**2,029.1**	1,865.0	1,988.3
Personnel expenses	3	**881.7**	842.0	843.5
General expenses	4	**398.0**	390.6	384.4
Depreciation of property and equipment		**49.7**	45.2	48.5
Amortisation and impairment of customer relationships		**8.0**	24.1	37.8
Amortisation and impairment of intangible assets		**58.4**	49.7	104.3
Operating expenses		**1,395.8**	1,351.7	1,418.6
Profit before taxes		**633.4**	513.3	569.7
Income taxes		**102.0**	63.0	71.0
Net profit		**531.4**	450.3	498.8
Attributable to:				
Shareholders of Julius Baer Group Ltd.		**531.8**	450.6	499.0
Non-controlling interests		**-0.4**	-0.3	-0.2
		531.4	450.3	498.8

	H1 2023 *CHF*	H1 2022 *CHF*	H2 2022 *CHF*
Share information			
Basic earnings per share (EPS)	**2.58**	2.15	2.41
Diluted earnings per share (EPS)	**2.58**	2.15	2.41
Weighted average number of shares outstanding	**205,880,235**	209,853,862	206,795,392

Consolidated statement of comprehensive income

	H1 2023 *CHF m*	H1 2022 *CHF m*	H2 2022 *CHF m*
Net profit recognised in the income statement	**531.4**	450.3	498.8
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	**54.0**	-437.3	-153.5
Net realised (gains)/losses on debt instruments measured at FVOCI reclassified to the income statement	**-0.1**	-1.2	-0.0
Effective portion of changes in fair value of hedging instruments designated as cash flow hedges	**5.6**	-36.0	-9.8
Cost of hedging related to cash flow hedges	**-1.3**	-2.2	3.8
Translation differences	**-25.7**	-1.0	-62.3
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	**53.7**	9.4	-11.1
Net realised (gains)/losses on equity instruments measured at FVOCI reclassified to retained earnings	**-108.8**	-	-
Gains/(losses) from own credit risk on financial liabilities designated at fair value	**-3.4**	4.5	-3.7
Remeasurement of defined benefit obligation	**-17.2**	-1.9	-2.6
Other comprehensive income	**-44.1**	-465.5	-239.2
Total comprehensive income	**487.3**	-15.2	259.6
Attributable to:			
Shareholders of Julius Baer Group Ltd.	**487.7**	-14.9	259.8
Non-controlling interests	**-0.4**	-0.3	-0.2
	487.3	-15.2	259.6

Consolidated balance sheet

	Note	**30.06.2023** *CHF m*	31.12.2022 *CHF m*	30.06.2022 *CHF m*
Assets				
Cash and balances at central banks		**11,823.9**	11,906.0	19,566.3
Due from banks		**4,622.6**	4,108.9	6,208.1
Receivables from securities financing transactions		**4,840.0**	1,300.0	16.3
Loans		**42,757.9**	44,584.2	47,296.0
Financial assets measured at FVTPL		**9,048.6**	13,032.6	11,135.6
Derivative financial instruments		**1,809.8**	2,825.7	3,363.9
Financial assets designated at fair value		**264.0**	277.7	283.9
Financial assets measured at FVOCI	5	**11,308.6**	13,492.8	13,918.2
Other financial assets measured at amortised cost	6	**5,269.1**	3,802.3	2,983.9
Investments in associates		**8.5**	28.3	28.7
Property and equipment		**647.7**	607.7	548.7
Goodwill and other intangible assets		**2,561.8**	2,536.2	2,611.4
Accrued income and prepaid expenses		**752.7**	535.6	444.1
Deferred tax assets		**32.8**	45.4	36.6
Other assets		**4,462.2**	6,560.3	7,393.5
Total assets		**100,210.2**	105,643.7	115,835.2

	Note	**30.06.2023** CHF m	31.12.2022 CHF m	30.06.2022 CHF m
Liabilities and equity				
Due to banks		**4,345.7**	2,933.5	5,970.3
Payables from securities financing transactions		**1,421.0**	339.6	1,070.2
Due to customers		**69,392.0**	76,438.9	83,411.0
Financial liabilities measured at FVTPL		**732.4**	601.8	626.3
Derivative financial instruments		**1,904.7**	2,994.5	3,376.8
Financial liabilities designated at fair value		**11,133.2**	11,571.4	10,959.5
Debt issued	7	**3,080.3**	2,697.5	2,784.7
Accrued expenses and deferred income		**896.5**	842.5	569.5
Current tax liabilities		**321.1**	277.8	252.4
Deferred tax liabilities		**41.5**	65.6	73.2
Provisions	8	**89.1**	42.5	124.3
Other liabilities		**600.3**	548.5	529.3
Total liabilities		**93,957.8**	99,354.1	109,747.5
Share capital		**4.1**	4.3	4.3
Retained earnings		**7,186.3**	7,536.0	6,998.4
Other components of equity		**-927.0**	-900.2	-663.6
Treasury shares		**-13.0**	-352.9	-254.7
Equity attributable to shareholders of Julius Baer Group Ltd.		**6,250.3**	6,287.2	6,084.4
Non-controlling interests		**2.0**	2.5	3.3
Total equity		**6,252.4**	6,289.7	6,087.7
Total liabilities and equity		**100,210.2**	105,643.7	115,835.2

Consolidated statement of changes in equity

	Share capital CHF m	Retained earnings[1] CHF m	OCI related to equity instruments at FVOCI CHF m	OCI related to debt instruments at FVOCI CHF m
At 1 January 2022	4.4	7,615.8	152.5	12.9
Net profit	-	450.6	-	-
Items that may be reclassified to the income statement	-	-	-	-438.5
Items that will not be reclassified to the income statement	-	-1.9	9.4	-
Total other comprehensive income	-	-1.9	9.4	-438.5
Total comprehensive income	-	448.7	9.4	-438.5
Capital reduction	-0.1	-449.9	-	-
Changes in non-controlling interests	-	-0.0	-	-
Dividends	-	-554.1[2]	-	-
Dividend income on own shares	-	5.7	-	-
Share-based payments expensed for the year	-	44.5	-	-
Share-based payments vested	-	-84.7	-	-
Changes in derivatives on own shares	-	20.1	-	-
Acquisitions of own shares	-	-	-	-
Disposals of own shares	-	-47.7	-	-
At 30 June 2022	4.3	6,998.4	162.0	-425.6
At 1 July 2022	4.3	6,998.4	162.0	-425.6
Net profit	-	499.0	-	-
Items that may be reclassified to the income statement	-	-	-	-153.6
Items that will not be reclassified to the income statement	-	-2.6	-11.1	-
Total other comprehensive income	-	-2.6	-11.1	-153.6
Total comprehensive income	-	496.4	-11.1	-153.6
Changes in non-controlling interests	-	-0.0	-	-
Dividends	-	-	-	-
Share-based payments expensed for the year	-	43.9	-	-
Share-based payments vested	-	2.2	-	-
Changes in derivatives on own shares	-	-45.2	-	-
Acquisitions of own shares	-	-	-	-
Disposals of own shares	-	40.3	-	-
At 31 December 2022	4.3	7,536.0	150.9	-579.2
At 1 January 2023	**4.3**	**7,536.0**	**150.9**	**-579.2**
Net profit	-	531.8	-	-
Items that may be reclassified to the income statement	-	-	-	53.9
Items that will not be reclassified to the income statement	-	-17.2	-55.0	-
Total other comprehensive income	-	-17.2	-55.0	53.9
Total comprehensive income	-	514.5	-55.0	53.9
Items reclassified from other comprehensive income	-	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	-	51.3	-	-
Share-based payments vested	-	-71.4	-	-
Changes in derivatives on own shares	-	-9.7	-	-
Acquisitions of own shares	-	-	-	-
Disposals of own shares	-	-8.0	-	-
At 30 June 2023	**4.1**	**7,186.3**	**95.9**	**-525.2**

1 Retained earnings include the capital reserves of Bank Julius Baer & Co. Ltd. and the statutory capital reserve/retained earnings reserves of Julius Baer Group Ltd.
2 Dividend payment per share CHF 2.60 (2022) / CHF 2.60 (2023).
3 Includes effective portion of changes in fair value of hedging instruments designated as cash flow hedges as well as cost of hedging related to cash flow hedges.

Other components of equity						
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	6,734.4	9.0	6,743.3
-	-	-	-	450.6	-0.3	450.3
-38.2	-	-0.8	-	-477.5	0.0	-477.5
-	4.5	-	-	12.0	-	12.0
-38.2	4.5	-0.8	-	-465.5	0.0	-465.5
-38.2	4.5	-0.8	-	-14.9	-0.3	-15.2
-	-	-	450.0	-	-	-
-	-	-	-	-0.0	-4.6	-4.6
-	-	-	-	-554.1	-0.8	-554.9
-	-	-	-	5.7	-	5.7
-	-	-	-	44.5	-	44.5
-	-	-	84.7	-	-	-
-	-	-	-67.2	-47.1	-	-47.1
-	-	-	-274.1	-274.1	-	-274.1
-	-	-	237.7	190.0	-	190.0
-46.9	3.7	-356.8	-254.7	6,084.4	3.3	6,087.7
-46.9	3.7	-356.8	-254.7	6,084.4	3.3	6,087.7
-	-	-	-	499.0	-0.2	498.8
-5.9	-	-62.3	-	-221.8	-	-221.8
-	-3.7	-	-	-17.4	-	-17.4
-5.9	-3.7	-62.3	-	-239.2	-	-239.2
-5.9	-3.7	-62.3	-	259.8	-0.2	259.6
-	-	-	-	-0.0	-0.3	-0.3
-	-	-	-	-	-0.3	-0.3
-	-	-	-	43.9	-	43.9
-	-	-	-2.2	-	-	-
-	-	-	12.9	-32.2	-	-32.2
-	-	-	-191.8	-191.8	-	-191.8
-	-	-	82.8	123.1	-	123.1
-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**
-	-	-	-	**531.8**	-0.4	**531.4**
4.3	-	-26.7	-	**31.6**	-	**31.6**
-	-3.4	-	-	**-75.6**	-	**-75.6**
4.3	-3.4	-26.7	-	**-44.1**	-	**-44.1**
4.3	-3.4	-26.7	-	**487.7**	-0.4	**487.3**
-	-	-	-	**108.8**	-	**108.8**
-	-	-	400.0	**-**	-	**-**
-	-	-	-	**-0.3**	-0.1	**-0.4**
-	-	-	-	**-535.6**	-	**-535.6**
-	-	-	-	**0.6**	-	**0.6**
-	-	-	-	**51.3**	-	**51.3**
-	-	-	71.4	**-**	-	**-**
-	-	-	-11.0	**-20.7**	-	**-20.7**
-	-	-	-266.3	**-266.3**	-	**-266.3**
-	-	-	145.8	**137.8**	-	**137.8**
-48.4	**-3.4**	**-445.9**	**-13.0**	**6,250.3**	**2.0**	**6,252.4**

Consolidated statement of cash flows

	H1 2023 *CHF m*	H1 2022 *CHF m*
Net profit	**531.4**	450.3
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	**49.7**	45.2
– Amortisation and impairment of intangible assets	**66.4**	73.8
– Change in loss allowance	**-1.4**	7.2
– Deferred tax expense/(benefit)	**-24.7**	11.8
– Net loss/(gain) from investing activities	**-24.5**	3.1
– Other non-cash income and expenses	**50.3**	44.3
Net increase/decrease in operating assets and liabilities:		
– Net due from/to banks	**2,517.7**	2,803.5
– Net financial assets measured at FVTPL and derivative financial instruments	**4,045.1**	2,844.6
– Net loans/due to customers	**-5,216.4**	3,320.8
– Issuance and repayment of financial liabilities designated at fair value	**-424.5**	-3,456.0
– Accrued income, prepaid expenses and other assets	**1,886.7**	4.4
– Accrued expenses, deferred income, other liabilities and provisions	**37.7**	-225.5
Adjustment for income tax expenses	**126.6**	51.2
Income taxes paid	**-89.0**	-88.7
Cash flow from operating activities	**3,531.3**	5,890.0
Purchase of property and equipment and intangible assets	**-121.8**	-93.8
Disposal of property and equipment and intangible assets	**0.1**	3.0
Net (investment in)/divestment of financial assets measured at FVOCI	**2,019.6**	-602.3
Net (investment in)/divestment of other financial assets measured at amortised cost	**-1,656.3**	-2,979.6
Disposal in subsidiaries, net of cash and cash equivalents disposed	**-**	42.5
Deferred payments of acquisition of subsidiaries	**-1.2**	-0.7
Cash flow from investing activities	**240.4**	-3,630.9
Net movements in treasury shares and own equity derivative activity	**-148.7**	-125.4
Dividend payments	**-535.6**	-554.1
Changes in debt issued	**430.3**	156.5
Changes in non-controlling interests	**-0.4**	-
Dividend payment to non-controlling interests	**-**	-0.8
Cash flow from financing activities	**-254.4**	-523.8
Net (decrease)/increase in cash and cash equivalents	**3,517.3**	1,735.3

	H1 2023 *CHF m*	H1 2022 *CHF m*
Cash and cash equivalents at the beginning of the year	**18,912.4**	25,799.7
Cash flow from operating activities	**3,531.3**	5,890.0
Cash flow from investing activities	**240.4**	-3,630.9
Cash flow from financing activities	**-254.4**	-523.8
Effects of exchange rate changes on cash and cash equivalents	**-37.0**	-96.2
Cash and cash equivalents at the end of the period	**22,392.6**	27,438.9

	30.06.2023 *CHF m*	30.06.2022 *CHF m*
Cash and cash equivalents are structured as follows:		
Cash and balances at central banks	**11,823.9**	19,566.3
Debt instruments measured at FVOCI (original maturity of less than three months)	**1,266.1**	1,803.5
Due from banks (original maturity of less than three months)	**4,462.7**	6,052.8
Receivables from securities financing transactions (original maturity of less than three months)	**4,840.0**	16.3
Total	**22,392.6**	27,438.9

	H1 2023 *CHF m*	H1 2022 *CHF m*
Additional cash flow information		
Interest received in cash	**1,399.0**	401.9
Interest paid in cash	**1,121.9**	123.7
Dividends on equities received in cash	**203.6**	197.0

	H1 2023 *CHF m*	H1 2022 *CHF m*
Leases		
Cash payments – leases	**18.8**	28.3
Cash payments – interest paid	**4.7**	2.3
Short-term lease payments	**1.3**	1.0
Total	**24.8**	31.6

Condensed accounting policies and valuation principles

This unaudited interim report was produced in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The condensed consolidated half-year financial statements of the Group as at, and for the six month period ended on, 30 June 2023 comprise Julius Baer Group Ltd. and its subsidiaries. They were prepared on the basis of the accounting policies and valuation principles of the consolidated financial statements of Julius Baer Group Ltd. as at 31 December 2022. As of 1 January 2023, the Group did not apply any material new or amended standard.

International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12 Income Taxes)

In May 2023, the International Accounting Standards Board released amendments to IAS 12 which i) provide a temporary exception to the accounting for deferred taxes arising from the implementation of the Pillar Two model rules (published by the Organisation for Economic Co-operation and Development) and ii) introduce targeted related disclosure requirements to supply specific information to users of financial statements before and after the Pillar Two model rules are in effect. The amendments are to be applied as of the release date.

Events after the balance sheet date

The Audit Committee of the Board of Directors, together with representatives of the Group Executive Board, approved the half-year condensed consolidated financial statements at its meeting on 21 July 2023. There are no events to report that had an influence on the balance sheet or the income statement up to that date.

The following exchange rates are used for the major currencies:

	Exchange rates as at			Average exchange rates		
	30.06.2023	31.12.2022	30.06.2022	**H1 2023**	H1 2022	2022
USD/CHF	**0.8946**	0.9252	0.9574	**0.9114**	0.9430	0.9539
EUR/CHF	**0.9761**	0.9875	1.0009	**0.9863**	1.0250	1.0020
GBP/CHF	**1.1374**	1.1129	1.1628	**1.1307**	1.2140	1.1729

Notes to the consolidated financial statements

Note 1 Net interest income

	H1 2023 *CHF m*	H1 2022 *CHF m*	H2 2022 *CHF m*
Interest income on amounts due from banks	**142.9**	1.3	41.0
Interest income on loans	**841.1**	342.1	603.4
Interest income on debt instruments at FVOCI	**161.2**	65.9	114.6
Interest income on debt instruments at amortised cost	**71.8**	13.0	44.1
Negative interest received on financial liabilities	**0.4**	19.9	3.0
Interest income on financial instruments measured at amortised cost or FVOCI	**1,217.4**	442.2	806.1
Interest expense on amounts due to banks	**33.3**	6.0	19.8
Interest expense on amounts due to customers	**667.0**	16.5	257.6
Interest expense on debt issued	**47.8**	31.9	39.7
Negative interest paid on financial assets	**0.1**	43.9	5.3
Interest expense on lease liabilities	**4.8**	2.3	2.5
Interest expense on financial instruments measured at amortised cost	**753.0**	100.5	324.9
Total	**464.4**	341.7	481.2

Note 2 Net commission and fee income

	H1 2023 *CHF m*	H1 2022 *CHF m*	H2 2022 *CHF m*
Advisory and management fees	**766.7**	788.5	761.9
Brokerage commissions and income from securities underwriting	**283.8**	334.5	240.1
Commission and fee income on other services	**20.9**	39.8	20.9
Total commission and fee income	**1,071.4**	1,162.8	1,022.9
Commission expense	**108.6**	117.9	105.7
Total	**962.7**	1,044.9	917.1

Note 3 Personnel expenses

	H1 2023 *CHF m*	H1 2022 *CHF m*	H2 2022 *CHF m*
Salaries and bonuses	**681.6**	633.4	662.2
Contributions to staff pension plans (defined benefits)	**34.5**	50.2[1]	37.0
Contributions to staff pension plans (defined contributions)	**26.9**	27.1	14.0
Other social security contributions	**60.5**	58.8	54.6
Share-based payments	**51.3**	44.5	43.9
Other personnel expenses	**26.9**	28.0	31.9
Total	**881.7**	842.0	843.5

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

Note 4 General expenses

	H1 2023 *CHF m*	H1 2022 *CHF m*	H2 2022 *CHF m*
Occupancy expense	**16.6**	14.9	18.1
IT and other equipment expense	**52.0**	48.6	45.2
Information, communication and advertising expense	**96.0**	84.9	102.3
Service expense, fees and taxes	**168.9**	163.6	174.1
Provisions and losses	**59.3**	73.7	39.8
Other general expenses	**5.1**	4.8	4.9
Total	**398.0**	390.6	384.4

Note 5 Financial assets measured at FVOCI

	30.06.2023 CHF m	31.12.2022 CHF m
Government and agency bonds	**3,397.6**	4,456.5
Financial institution bonds	**5,363.0**	6,055.6
Corporate bonds	**2,386.5**	2,640.1
Debt instruments at FVOCI	**11,147.1**	13,152.1
of which quoted	***7,466.3***	*8,296.0*
of which unquoted	***3,680.8***	*4,856.1*
Equity instruments at FVOCI	**161.5**	340.6
of which unquoted	***161.5***	*340.6*
Total	**11,308.6**	13,492.8

Note 6 Other financial assets measured at amortised cost

	30.06.2023 CHF m	31.12.2022 CHF m
Government and agency bonds	**3,098.9**	2,098.1
Financial institution bonds	**1,751.3**	1,334.5
Corporate bonds	**418.9**	369.8
Total	**5,269.1**	3,802.3
of which quoted	***4,815.1***	*3,287.3*
of which unquoted	***454.0***	*515.0*

Note 7 Debt issued

	30.06.2023 CHF m	31.12.2022 CHF m
Money market instruments	**255.0**	217.7
Bonds	**2,825.4**	2,479.8
Total	**3,080.3**	2,697.5

Changes in bonds

	H1 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	**393.0**	389.2
– Repayment of bonds	**-**	-222.7
Total changes from financing cash flows	**393.0**	166.5
Amortisation of premiums/discounts	**-1.0**	2.3
Foreign exchange	**-50.2**	-28.9
Offsetting own bonds	**-3.2**	6.8
Hedge accounting	**6.8**	-74.5
Balance at the end of the period	**2,825.4**	2,479.8

Bonds

Issuer/Year of issue		Currency	Notional amount m	Stated interest rate/ effective interest rate %	30.06.2023 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	**263.3**	272.0
2017	Domestic senior unsecured bond	CHF	200.0	0.375/0.324	**193.8**	193.1
2019	Perpetual tier 1 subordinated bond	CHF	350.0	2.375/2.487	**349.0**	349.1
2020	Perpetual tier 1 subordinated bond	USD	350.0	4.875/5.242	**274.3**	282.1
2021	Perpetual tier 1 subordinated bond	USD	320.0	3.625/3.743	**281.1**	292.3
2022	Perpetual tier 1 subordinated bond	USD	400.0	6.875/7.033	**355.3**	367.2
2023	Perpetual tier 1 subordinated bond	EUR	400.0	6.625/6.762	**386.5**	-
Bank Julius Baer & Co. Ltd.						
2021	Domestic senior unsecured bond	CHF	260.0	0.125/0.103	**234.4**	231.1
2021	Senior unsecured bond	EUR	500.0	0.000/0.092	**487.6**	493.1
Total					**2,825.4**	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.

Note 8 Provisions

	Legal risks CHF m	Other CHF m	H1 2023 Total CHF m
Balance at the beginning of the period	40.9	1.6	**42.5**
Utilised	-7.5	-	**-7.5**
Provisions made	55.7	0.2	**55.8**
Translation differences	-1.7	-0.0	**-1.7**
Balance at the end of the period	**87.4**	**1.8**	**89.1**

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 and crypto-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 circum stances, 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 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.

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 proceed ings 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. As a next step, the parties will have to agree on a case management plan, which will again include discovery. 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.

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

In the context of an investigation against a former client regarding alleged participation in 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 2014, Bank Julius Baer & Co. Ltd. was served in Geneva with a claim by an investment fund, acting on its behalf and on behalf of three other funds, in the total amount of USD 29 million (plus accrued interests). The funds were former clients of Bank of China (Suisse) SA, which was acquired by Bank Julius Baer & Co. Ltd. in 2012. Additionally, in October 2015, the claimant filed an amendment of claim in court, by which a further USD 39 million was claimed. In March 2017, the claimant reduced the total amount claimed to USD 44.6 million. The claimant argues that Bank of China (Suisse) SA acted not only as a custodian bank but also as secured creditor and manager of the funds, and tolerated excess in leverage. The claimant argues that the funds suffered a severe loss consequent upon the liquidation of almost their entire portfolio of assets in May 2010 and argues that this liquidation was performed by Bank of China (Suisse) SA without the consent of the funds' directors and was ill-timed, disorderly and occurring in exceptionally unusual market conditions. In June 2023, the Court of First Instance decided in favour of the Bank and dismissed the claim. Such decision can be appealed. The Bank continues contesting the claim while taking appropriate measures to defend its interests. In addition, such claims in principle are subject to acquisition-related representation and warranties provisions.

In November 2019, a former employee filed a labour law-based claim in the amount of USD 34.1 million in Venezuela against several Julius Baer companies, combined with a respective precautionary seizure request in the double amount. Julius Baer has been contesting the claim and seizure request while taking appropriate measures to defend its interests.

In May 2021, 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 ('SRC') claiming the sum of approximately USD 112 million from the Bank, alleging the Bank was in breach of its fiduciary duty of care by accepting and processing payment instructions for the transfer of funds during the period 25 October 2013 to September 2016. On 4 May 2022, the amended writ and statement of claim in the amount of USD 112.5 million was served on the Bank. The Bank is contesting the claim while taking appropriate measures to defend its interests.

In May 2023, Bank Julius Baer (Monaco) S.A.M. was served in Monaco with a claim filed in court by a client in the amount of GBP 39.5 million. The claimant argues that the Bank executed unauthorised investments which resulted in a corresponding loss. The Bank is taking appropriate measures to defend its interests.

Note 9A Financial instruments – Fair values

Financial assets

	30.06.2023 Carrying value CHF m	30.06.2023 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	**11,823.9**	**11,823.9**	11,906.0	11,906.0
Due from banks	**4,622.6**	**4,622.3**	4,108.9	4,108.3
Receivables from securities financing transactions	**4,840.0**	**4,840.0**	1,300.0	1,300.0
Loans	**42,757.9**	**43,190.3**	44,584.2	44,832.7
Debt instruments	**5,269.1**	**5,154.8**	3,802.3	3,682.5
Accrued income/other assets	**685.4**	**685.4**	502.4	502.4
Total	**69,998.9**	**70,316.7**	66,203.8	66,331.9
Financial assets measured at FVTPL				
Financial assets measured at FVTPL	**9,048.6**	**9,048.6**	13,032.6	13,032.6
Derivative financial instruments	**1,809.8**	**1,809.8**	2,825.7	2,825.7
Financial assets designated at fair value	**264.0**	**264.0**	277.7	277.7
Total	**11,122.4**	**11,122.4**	16,136.0	16,136.0
Financial assets measured at FVOCI				
Financial assets measured at FVOCI	**11,308.6**	**11,308.6**	13,492.8	13,492.8
Total	**11,308.6**	**11,308.6**	13,492.8	13,492.8
Total financial assets	**92,429.8**	**92,747.6**	95,832.5	95,960.7

Financial liabilities

	30.06.2023 Carrying value CHF m	30.06.2023 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	**4,345.7**	**4,347.8**	2,933.5	2,934.3
Payables from securities financing transactions	**1,421.0**	**1,421.0**	339.6	339.6
Due to customers	**69,392.0**	**69,553.3**	76,438.9	76,524.1
Debt issued	**3,080.3**	**2,847.6**	2,697.5	2,541.6
Accrued expenses/other liabilities	**561.6**	**561.6**	338.0	338.0
Total	**78,800.6**	**78,731.4**	82,747.5	82,677.5
Financial liabilities measured at FVTPL				
Financial liabilities measured at FVTPL	**732.4**	**732.4**	601.8	601.8
Derivative financial instruments	**1,904.7**	**1,904.7**	2,994.5	2,994.5
Financial liabilities designated at fair value	**11,133.2**	**11,133.2**	11,571.4	11,571.4
Deferred payments related to acquisitions	**3.6**	**3.6**	4.1	4.1
Total	**13,773.9**	**13,773.9**	15,171.7	15,171.7
Total financial liabilities	**92,574.4**	**92,505.2**	97,919.3	97,849.3

Note 9B Financial instruments – Fair value determination

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

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

Level 2
For financial instruments for which quoted market prices are not directly available or are not derived from active markets, fair values are estimated using valuation techniques or models based wherever possible on assumptions supported by observable market prices or rates existing on the balance sheet date. This is the case for most OTC derivatives, most unquoted financial instruments, the vast majority of the 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 reflecting 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 H1 2023, dividends related to the investments measured at FVOCI in the amount of CHF 3.2 million (H1 2022: CHF 3.0 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 instruments, short-term debt funds, or held in cash. Although the clients contractually bear all the related risks and rewards from the underlying investments, these financial instruments are not derecognised from the Group's balance sheet due to the strict derecognition criteria required by 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	30.06.2023 Total CHF m
Financial assets and liabilities measured at fair value				
Trading – debt instruments at FVTPL	2,084.6	1,561.8	55.5	3,701.9
Trading – equity instruments at FVTPL	3,691.2	1,431.7	52.3	5,175.2
Other securities mandatorily measured at FVTPL	17.9	119.5	34.1	171.5
Total financial assets measured at FVTPL	**5,793.7**	**3,113.0**	**141.8**	**9,048.6**
Foreign exchange derivatives	0.0	827.3	-	827.3
Interest rate derivatives	2.5	360.1	-	362.6
Precious metal derivatives	1.0	183.4	-	184.4
Equity/indices derivatives	22.5	372.6	-	395.1
Credit derivatives	-	17.3	8.1	25.4
Other derivatives	11.9	3.1	-	15.0
Total derivative financial instruments	**37.8**	**1,763.9**	**8.1**	**1,809.8**
Financial assets designated at fair value	**13.6**	**106.1**	**144.4**	**264.0**
Debt instruments at FVOCI	7,935.7	3,211.4	-	11,147.1
Equity instruments at FVOCI	-	0.6	160.9	161.5
Total financial assets measured at FVOCI	**7,935.7**	**3,212.1**	**160.9**	**11,308.6**
Total assets	**13,780.8**	**8,195.0**	**455.2**	**22,431.0**
Short positions – debt instruments at FVTPL	114.6	5.3	-	119.9
Short positions – equity instruments at FVTPL	566.7	44.5	1.3	612.5
Total financial liabilities measured at FVTPL	**681.3**	**49.8**	**1.3**	**732.4**
Foreign exchange derivatives	1.5	842.9	-	844.4
Interest rate derivatives	0.1	404.9	-	405.0
Precious metal derivatives	1.5	221.5	-	223.1
Equity/indices derivatives	3.7	392.9	-	396.6
Credit derivatives	-	4.3	27.0	31.3
Other derivatives	4.3	-	-	4.3
Total derivative financial instruments	**11.2**	**1,866.5**	**27.0**	**1,904.7**
Financial liabilities designated at fair value	**-**	**10,827.5**	**305.7**	**11,133.2**
Deferred payments related to acquisitions	**-**	**-**	**3.6**	**3.6**
Total liabilities	**692.4**	**12,743.8**	**337.6**	**13,773.9**

	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

Note 10 Credit quality analysis

The following table provides an analysis of the Group's exposure to credit risk by credit quality and expected credit loss stage; they are based on the Group's internal credit systems.

Exposure to credit risk by credit quality

				30.06.2023
	12-month ECL (Stage 1) *CHF m*	Lifetime ECL not credit-impaired (Stage 2) *CHF m*	Lifetime ECL credit-impaired (Stage 3) *CHF m*	**Total** *CHF m*
Due from banks, at amortised cost				
R1–R4: Low to medium risk	4,571.8	-	-	**4,571.8**
R5–R6: Increased risk	50.9	-	-	**50.9**
R7–R10: Impaired	-	-	-	**-**
Total	4,622.7	-	-	**4,622.7**
Loss allowance	-0.1	-	-	**-0.1**
Carrying amount	**4,622.6**	**-**	**-**	**4,622.6**
Lombard loans, at amortised cost[1]				
R1–R4: Low to medium risk	32,563.2	28.5	-	**32,591.7**
R5–R6: Increased risk	1,950.1	91.6	-	**2,041.6**
R7–R10: Impaired	-	-	111.8	**111.8**
Total	34,513.3	120.0	111.8	**34,745.1**
Loss allowance	-11.4	-0.6	-88.2	**-100.2**
Carrying amount	**34,501.9**	**119.4**	**23.7**	**34,645.0**
Mortgages, at amortised cost[1]				
R1–R4: Low to medium risk	7,579.9	231.0	-	**7,810.9**
R5–R6: Increased risk	-	237.8	-	**237.8**
R7–R10: Impaired	-	-	77.6	**77.6**
Total	7,579.9	468.9	77.6	**8,126.4**
Loss allowance	-5.8	-1.0	-6.7	**-13.5**
Carrying amount	**7,574.1**	**467.9**	**70.9**	**8,112.9**

[1] Loss allowance on overdue interest payments on certain mortgages (CHF 5.2 million) as well as their corresponding exposures (CHF 5.2 million) are reported as Lombard loans.

	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	30.06.2023 **Total** CHF m
Debt instruments, at FVOCI					
R1–R4: Low to medium risk	Aaa – Baa3	10,665.7	-	-	**10,665.7**
R5–R6: Increased risk	Ba1 – B3	-	-	-	**-**
R7–R10: Impaired	Caa1 – C	-	-	-	**-**
Unrated		481.5	-	-	**481.5**
Carrying amount		**11,147.1**	**-**	**-**	**11,147.1**
Loss allowance		-1.3	-	-	**-1.3**
Debt instruments, at amortised cost					
R1–R4: Low to medium risk	Aaa – Baa3	5,225.5	-	-	**5,225.5**
R5–R6: Increased risk	Ba1 – B3	-	-	-	**-**
R7–R10: Impaired	Caa1 – C	-	-	-	**-**
Unrated		43.9	-	-	**43.9**
Total		5,269.5	-	-	**5,269.5**
Loss allowance		-0.4	-	-	**-0.4**
Carrying amount		**5,269.1**	**-**	**-**	**5,269.1**

	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) are reported as Lombard loans.

The macroeconomic scenarios used in the expected credit loss (ECL) calculation models have been reviewed in light of the major changes in geopolitical realities and macroeconomic data and expectations. As a consequence, the growth assumption (based on the gross domestic products) used in the baseline scenario has been slightly increased for the half-year reporting 2023; this after the Group had lowered it for the year-end reporting 2022. For the same reasons, the Group decreased the weighting of the down scenario to the benefit of the base scenario. The other input factors applied in the ECL calculation models did not have to be adjusted, as they generally proved to be reliable and robust. Likewise, the models used for the ECL calculation were not modified.

The ECL calculations did not reveal material losses to be recognised for the half-year reporting 2023.

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

Note 11 Assets under management

	30.06.2023 *CHF m*	30.06.2022 *CHF m*	31.12.2022 *CHF m*
Assets with discretionary mandate	**75,721**	70,355	70,276
Other assets under management	**345,384**	354,736	351,430
Assets in collective investment schemes managed by the Group[1]	**19,638**	2,788	2,414
Total assets under management (including double counting)[2]	**440,743**	427,879	424,120
of which double counting	***16,114***	*16,682*	*15,962*

	H1 2023 *CHF m*	H1 2022 *CHF m*	H2 2022 *CHF m*
Balance at the beginning of the period	**424,120**	481,741	427,879
Net new money	**7,071**	-1,106	9,787
Market performance and foreign currency impacts	**8,692**	-45,671	-10,533
Acquisitions/(divestments)[3]	**-1,193**	-6,185	-1,298
Other effects[4]	**2,053**	-900	-1,715
Balance at the end of the period	**440,743**	427,879	424,120

	30.06.2023 *CHF m*	30.06.2022 *CHF m*	31.12.2022 *CHF m*
Client assets	**515,147**	495,517	490,896

[1] 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.
[2] During H1 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 have been categorised primarily as assets in collective investment schemes (previously categorised as other assets under management). In addition, one class of funds has been double counted for the first time, resulting in an increase of total assets under management (recognised under Other effects). The changes were effected as of 1 January 2023; figures from prior periods have not been corrected.
[3] In both H1 2023 and 2022, assets under management were impacted by the Group's decision to discontinue its offering to clients from selected countries. The decline in H1 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 H1 2023, the change relates primarily to the first-time recognition of the one class of funds for double counting, partly offset by reclassifications of Russia-affected clients. In 2022, reclassifications into assets under custody resulted from externally imposed restrictions impacting the service offering to clients, including Russia-affected clients.

Method of calculation

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

Capital ratios

	30.06.2023 *Basel III* *CHF m*	31.12.2022 *Basel III* *CHF m*	30.06.2022 *Basel III* *CHF m*
Risk-weighted positions			
Credit risk	**12,758.1**	12,985.7	12,960.5
Non-counterparty-related risk	**647.7**	607.7	548.7
Market risk	**1,743.7**	1,876.5	969.7
Operational risk	**6,281.1**	6,230.8	6,069.4
Total	**21,430.6**	21,700.8	20,548.3
Eligible capital			
CET1 capital	**3,311.5**	3,046.3	3,074.8
Tier 1 capital	**5,221.0**	4,608.9	4,701.6
of which hybrid tier 1 capital instruments[1]	***1,909.6***	*1,562.6*	*1,626.9*
Tier 2 capital	**74.5**	110.1	100.4
Total capital	**5,295.5**	4,719.0	4,802.0
CET1 capital ratio	**15.5%**	14.0%	15.0%
Tier 1 capital ratio	**24.4%**	21.2%	22.9%
Total capital ratio	**24.7%**	21.7%	23.4%

[1] The hybrid tier 1 instruments are tier 1 bonds issued by Julius Baer Group Ltd. (see Note 7 Debt issued).

Further details regarding tier 1 capital instruments can be found in the Regulatory Disclosures section of www.juliusbaer.com. Also refer to Note 7 Debt issued.

A separate Basel III pillar 3 report will be available from the end of August 2023 in the Regulatory Disclosures section of www.juliusbaer.com. The disclosure in the Basel III pillar 3 report is in accordance with the FINMA regulations governing the disclosure obligations regarding capital adequacy and liquidity.

Abbreviations used in the Group's financial statements

CET1	common equity tier 1
ECL	expected credit loss
EPS	earnings per share
FINMA	Swiss Financial Market Supervisory Authority
FVOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
IAS	International Accounting Standards (part of IFRS)
IFRS	International Financial Reporting Standards
OCI	other comprehensive income
OTC	over-the-counter
R1–R10	risk classes in the Group's internal rating system
SWIFT	Society for Worldwide Interbank Financial Telecommunication

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