

Julius Bär

Julius Baer Group
Business Review
First Half 2007



Committed to Excellence.

Key figures¹

	H1 2006 CHF m	H2 2006 CHF m	H1 2007 CHF m	Change to H1 2006 in %
Consolidated income statement				
Net interest income	96.9	101.7	142.8	47.4
Results from commission and service fee activities	1 137.5	1 211.3	1 312.5	15.4
Results from trading operations	153.3	97.4	163.1	6.4
Other ordinary results	6.8	17.8	16.2	138.2
Operating income	1 394.5	1 428.2	1 634.5	17.2
Personnel expenses	608.1	578.5	684.5	12.6
General expenses	222.9	238.0	254.2	14.0
Depreciation and amortisation	22.0	22.1	21.1	-4.1
Operating expenses	853.0	838.6	959.8	12.5
Profit before taxes	541.5	589.6	674.7	24.6
Taxes	137.5	125.5	156.7	14.0
Net profit	404.0	464.1	518.0	28.2
Return on equity (ROE) ²	23.6%	25.0%	27.9%	-
Cost/income ratio ³	60.7%	58.2%	57.5%	-
Profit before taxes per division				
Private Banking	209.4	212.1	260.1	24.2
Asset Management	358.9	404.7	440.2	22.7
Corporate Centre	-26.7	-27.3	-25.6	-4.1
	30.06.06	31.12.06	30.06.07	Change to 31.12.06 in %
Assets under management				
Assets under management (CHF bn)	320.3	360.7	405.5	12.4
Net new money (for the half year in CHF bn)	15.5	11.3	20.0	-
Personnel				
Number of employees (FTE)	3 560	3 684	3 869	5.0
Consolidated balance sheet				
Total assets (CHF m)	33 601.2	35 992.9	41 741.6	16.0
Total equity (CHF m)	6 439.3	6 863.9	6 113.3	-10.9
BIS Tier 1 ratio	13.8%	17.1%	12.9%	-
Moody's Rating Bank Julius Baer & Co. Ltd.	Aa3	Aa3	Aa3	

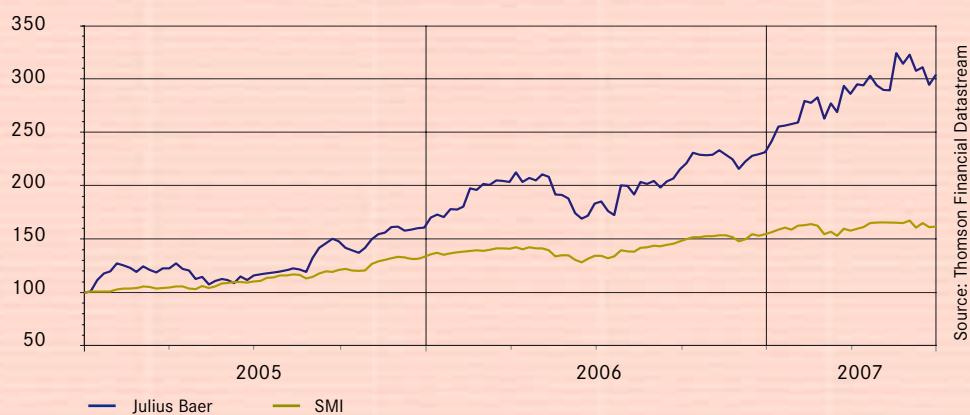
¹Excluding integration and restructuring expenses as well as the amortisation of intangible assets in connection with the acquisition completed at the end of 2005 (cf. "Origins of Julius Baer" on page 11) and significant financial events. Including these positions, the net profit for the first half of 2007 amounted to CHF 424.3 million, after CHF 314.0 million for the first half of 2006.

²Net profit/average equity less goodwill

³Operating expenses less valuation adjustments, provisions and losses/operating income

	30.06.06 ¹	31.12.06 ¹	30.06.07	Change to 31.12.06 in %
Capital structure				
Number of shares outstanding	223 256 478	223 256 478	223 256 478	-
Weighted average number of shares	223 256 478	221 083 934	221 257 353	-
Share capital (CHF m)	11.2	11.2	11.2	-

Performance of Julius Baer registered share (indexed)



Ticker symbols

Reuters	BAER.VX
Bloomberg	BAER VX

Swiss securities number	2 975 865
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Listing

Switzerland	SWX Swiss Exchange, part of the Swiss Market Index SMI and the Swiss Leader Index SLI
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	30.06.06 ¹ CHF	31.12.06 ¹ CHF	30.06.07 CHF	Change to 31.12.06 in %
Information per registered share				
Book value	28.9	30.8	29.0	-5.8
EPS for the half year (change to H1 2006)	1.81	2.10	2.34	29.4
EPS pro-forma share buy-back 2007	-	-	2.48	36.8
Market price	53	67	88	31.0
High price (in the half year)	62	68	98	-
Low price (in the half year)	47	50	68	-
Market capitalisation (CHF m)	11 855	14 981	19 624	31.0

¹Adjusted for the stock split 2:1 effective 26 April 2007

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“We now want to build on our success for **our next stage of growth.**”

Dear Reader

Julius Baer maintained the momentum generated by our strategic refocusing and successful integration, and we achieved excellent financial results in the first half of 2007. Thanks to our exclusive focus on providing value-added solutions to sophisticated private and institutional clients, we have established ourselves as a benchmark for innovative wealth management and as an employer of choice.

The success of our strategy as reflected in the further enhanced recognition of the Julius Baer brand resulted in a strong net new money inflow as well as in the favourable performance of Julius Baer's shares. Sustained and profitable growth is a central prerequisite for us to achieve our ambitions. In the past several months, we have made significant progress. In addition to improving our position in established markets and significantly increasing our international Private Banking presence, we expanded the existing distribution channels and added new ones in Asset Management.

Apart from our growth initiatives, we are seeking to improve the delivery of our origination and distribution skills of investment products to our private banking clients. As a result we have decided to bring Asset Management Europe and the Wealth Management Solutions area of the Private Banking division under a single leadership to create a highly efficient and best-in-class centre of investment excellence to the benefit of all our clients. This unit will be an operating unit in the Private Bank, but with a significant focus on third-party and institutional clients. As a first step, we will transfer Markets, our trading and product-structuring unit from the Asset Management division, to the Private Banking division, its core client, in the second half of 2007.



The Group operates its Private Banking and fund distribution business under the Julius Baer brand and its Asset Management business in the alternative asset and absolute return space under the GAM brand. This remains a key part of our strategy. The breadth and quality of our product offering should benefit all our clients, the private clients of Julius Baer and GAM as well as those of third-party distributors of our products.

The Julius Baer Group managed a total of CHF 406 billion of client assets at the end of June 2007. Net profit for the first six months of the year amounted to CHF 518 million, up 28% on a comparable basis (excluding integration and restructuring expenses, the amortisation of intangible assets and significant financial events). This earning power enables us to push forward the expansion of the Group.

We are actively managing our capital structure, as demonstrated in mid-June through the buy-back of 5.47% of our own shares from UBS AG when it sold its entire stake in Julius Baer. This transaction fully superseded the share buy-back programme launched at the end of February. However, we announced a multi-year share buy-back programme running through to the General Meeting of Shareholders 2010 in the amount of approx. CHF 2 billion, representing around 11% of the current market capitalisation (excluding own shares bought back from UBS AG). The programme is planned to be launched in the course of 2008.

We have every reason to approach the future with great confidence. And as we move forward, we can count on the support of our highly qualified employees, for whose extraordinary commitment we are grateful. We also thank our clients and shareholders for their trust in us and look forward to their continuing support in the future.

Raymond J. Baer
Chairman

Johannes A. de Gier
President and Group CEO

Julius Baer in First Half 2007

The Julius Baer Group has maintained its considerable momentum during the first six months of 2007 and achieved solid results in a good market environment. The overall profitability of the Group was further improved in spite of the accelerated growth initiatives. Assets under management grew by 12% to CHF 406 billion. Net profit* was up by 28% to CHF 518 million year on year.

Assets under management of the Julius Baer Group reached CHF 406 billion on 30 June 2007. The increase by CHF 44.8 billion was attributable to healthy net new money inflows of CHF 20.0 billion as well as to investment performance of CHF 29.5 billion and includes the divestments of CHF 4.7 billion in connection with the sale of Julius Baer Investments Ltd., London, announced at the beginning of 2007. CHF 153 billion of assets under management were managed in Private Banking and CHF 252 billion in Asset Management.



Dieter A. Enkelmann, Group CFO

Operating income increased in the first six months by 17% to CHF 1 634 million year on year. Results from commission and service fee activities increased by 15% to CHF 1 312 million thanks to the higher average assets under management and thus contributed 80% to operating income. Mainly due to the increased credit volume with private clients, net interest income rose by 47% to CHF 143 million. The higher trading activity helped to further improve the results from trading operations from a high level by 6% to CHF 163 million.

Operating expenses increased by 13% to CHF 960 million. Personnel expenses, up by 13% to CHF 685 million, grew slower than revenues; the higher costs were mainly due to the year-on-year staff increase by 9% from 3 560 to 3 869 as a result of the Group's strong organic growth and due to higher performance-based compensation accruals. General expenses rose by 14% to CHF 254 million. The Group's cost/income ratio improved from 60.7% to 57.5%.

“Julius Baer’s policy of returning any excess capital to our shareholders as efficiently as possible remains unchanged.”

Profit before taxes consequently increased by 25% to CHF 675 million, with Private Banking contributing CHF 260 million and Asset Management CHF 440 million. The result of the Corporate Centre remained nearly stable at CHF –26 million (CHF –27 million) before taxes. The pre-tax margin improved from 33.7 to 35.4 basis points.

After deducting taxes of CHF 157 million, representing a tax rate of 23% (25%), net profit was up by 28% to CHF 518 million. The return on equity strongly increased to 27.9% (23.6%).

The consolidated balance sheet total grew by 16% to CHF 41.7 billion in the first half of 2007. As a result of the buy-back of 5.47% of Julius Baer’s own shares from UBS and after profit appropriation, equity was down by 11% to CHF 6.1 billion compared with the end of 2006. Julius Baer’s BIS Tier 1 ratio therefore declined close to the targeted level and amounted to 12.9% at mid-year. Julius Baer’s policy of returning any excess capital to our shareholders as efficiently as possible remains unchanged as evidenced by the announcement of a multi-year share buy-back programme running through to the General Meeting of Shareholders 2010 in the amount of approx. CHF 2 billion, representing around 11% of the current market capitalisation (excluding own shares bought back from UBS AG). The programme is planned to be launched in the course of 2008.



“Excellence” at Julius Baer

Julius Baer is committed to excellence. This is our most important corporate value and is therefore at the centre of our international advertising campaign. Perceived by the public as a noteworthy claim, it functions inside the Group as a guiding principle in everything we do and serves as a high yardstick against which we measure ourselves, our products and our services.

The transformation of the client reception area at the head office in Zurich in only three months impressively demonstrates the tangible nature of excellence at Julius Baer. The formerly austere atmosphere has given way to an appealing and immediately welcoming ambience. Through a refined combination of select materials exuding warmth and a special lighting scheme and flower arrangement, a sense of privacy and cosiness has been created that invites visitors to linger peacefully.

Since its opening on 2 July 2007, this space, remodelled by the renowned Parisian interior designer Bruno Moinard, has been very well received by our clients. The conceptual foundations have been set forth as binding guidelines for the design of future locations worldwide – for Group-wide excellence also in this area.

Private Banking

Thanks to the successful implementation of our international growth strategy, combined with the strong momentum in our core markets and favourable investment performance, assets under management rose by 11% to CHF 153 billion. In addition to further expanding our range of products and services, quantitatively and qualitatively, we continued to strengthen our client relationship teams. Profit before taxes climbed by 24% year on year to CHF 260 million.

Julius Baer Private Banking managed CHF 153 billion of assets at the end of June 2007. The growth of existing client relationships and the large number of new relationships resulted in a net new money inflow of CHF 5.3 billion. The favourable financial market conditions and the use of innovative investment products yielded investment performance of CHF 9.4 billion.

The division's operating income rose by 16% to CHF 677 million year on year as a result of higher fee and commission income due to the increased asset base, the favourable market environment and the enlarged credit volume. The rapid build-up of our international presence and the related staff additions led to an increase of operating expenses by 11%



Alex W. Widmer, CEO Private Banking

“Our distinctive offering appeals to both existing and new clients.”

to CHF 416 million. All in all, the division's profit before taxes rose by 24% to CHF 260 million year on year. The pre-tax margin increased from 33.6 to 35.7 basis points while the cost/income ratio improved from 63.6% to 61.3%.

In good favour with our clients

Over the past months, we continued to rapidly drive forward the expansion of Julius Baer Private Banking, both geographically and with respect to our distinctive product and service offering. At the Singapore branch, which meanwhile has been upgraded to a wholesale bank license, we largely completed setting up the IT and product platforms. In our home market Switzerland, we followed up the launch of the Crans-Montana branch at the start of the year with a branch office in Zug. A number of other domestic and international locations are at an advanced stage of development (cf. page 15).

In order to facilitate this growth as well as to strengthen existing teams, we were able, as an employer of choice, to enlarge our base of senior relationship managers and product specialists by an additional 13% to 513. Parallel to expanding the business, we launched various projects to optimise existing workflows and reinforce our commitment to outstanding service quality. By drawing on the expertise and support of GAM, we successfully met the growing demand for

absolute return-oriented products. At the same time, the targeted expansion of our product range was well received, e.g. the innovative Julius Baer Black Sea Fund and regional real estate funds and mandates. To make more effective use of trading and product competence, which focuses directly on the needs of our private clients, the Markets unit will be transferred from the Asset Management division to the Private Banking division in the second half of 2007.

Private Banking division	H1 2006 <i>CHF m</i>	H2 2006 <i>CHF m</i>	H1 2007 <i>CHF m</i>	<i>Change to H1 2006</i>	<i>Change to H1 2006 in %</i>
Income statement					
Operating income	585.5	582.3	676.5	91.0	15.5
Operating expenses	376.1	370.2	416.4	40.3	10.7
Profit before taxes of division	209.4	212.1	260.1	50.7	24.2
Cost/income ratio	63.6%	62.9%	61.3%	-	-
Assets under management (CHF bn, change to 31.12.06)					
<i>change through net new money</i>	1.3	4.6	5.3	-	-
	1.1%	3.7%	3.8%	-	-
<i>change through market appreciation</i>	-0.0	10.3	9.4	-	-
	0.0%	8.4%	6.8%	-	-
Average assets under management (CHF bn, change to 31.12.06)					
	124.8	130.1	145.6	15.5	11.9
Gross margin (bp)	93.8	89.5	92.9	-	-
Pre-tax margin (bp)	33.6	32.6	35.7	-	-
Number of employees (FTE)	2 118	2 187	2 334	216	10.2

Excluding integration and restructuring expenses as well as the amortisation of intangible assets, in connection with the acquisition completed at the end of 2005 (cf. "Origins of Julius Baer" on page 11) and significant financial events. Including these positions, the division's profit before taxes for the first half of 2007 amounted to CHF 215.1 million, after CHF 169.6 million for the first half of 2006.

Asset Management

As a result of continued solid investment performance, an expanding product range and successful ongoing expansion of the distribution channels, all of the business areas within the division – GAM, and Julius Baer Asset Management USA and Europe – contributed to the healthy 13% increase in assets under management to CHF 252 billion. Coupled with stable return on assets and controlled expense growth, the division's profit before taxes rose by 23% year on year to CHF 440 million.

The Asset Management division managed CHF 252 billion of assets at the end of June, including the reduction of CHF 4.7 billion related to the previously announced divestment of the Julius Baer Fixed Income unit in London (JBIL). The increase by CHF 29.8 billion comprises CHF 19.8 billion from investment performance and robust net new money inflows of CHF 14.7 billion.

The higher assets under management resulted in an increase in the division's operating income by 19% year on year to CHF 906 million. As a result of the strong growth momentum, higher performance-related compensation accruals



David M. Solo, CEO Asset Management

and investment activity to broaden the product and distribution platform, operating expenses were up by 16% to CHF 466 million. Overall, the division's profit before taxes climbed by 23% to CHF 440 million year on year. The cost/income ratio improved to 51.0% from the first half of 2006.

“We strive to meet and exceed the performance and service expectations of our clients.”

Broad business expansion

GAM managed CHF 93 billion of assets at mid-year. Against a backdrop of continuing strong inflows into fund of hedge funds and alternative investments generally, we further expanded our institutional distribution capabilities globally while also continuing our successful cooperation with Julius Baer Private Banking. GAM continues to expand its range of onshore, custom institutional and structured products to better serve each target market segment.

Exceptional asset growth was recorded in the US asset management business, driven by the strong performance of the international equity funds and mandates as well as by the resulting significant new money inflows. Assets under management amounted to CHF 84 billion by the end of June. Significant investments are in progress to meaningfully expand the product range into the attractive US equity, US core fixed income and Central European private equity areas.

The fund business in Europe recorded healthy net new money inflows on the whole, managing CHF 75 billion of assets

by mid-year. The private label fund and institutional businesses led this growth. Parallel to the improved performance of the core equity and fixed income products, a number of innovative equity and real estate funds were launched with positive client response.

The transformation of Markets into a trading and product-structuring unit that focuses primarily on the needs of the private clients of the Group was concluded successfully, with the exceptional performance validating the focused business model.

Asset Management division	H1 2006 CHF m	H2 2006 CHF m	H1 2007 CHF m	Change to H1 2006	Change to H1 2006 in %
Income statement					
Operating income	759.8	814.6	906.1	146.3	19.3
Operating expenses	400.9	409.9	465.9	65.0	16.2
Profit before taxes of division	358.9	404.7	440.2	81.3	22.7
Cost/income ratio	52.3%	49.9%	51.0%	-	-
Assets under management (CHF bn, change to 31.12.06)					
<i>change through divestment</i>	-	-	-4.7	-	-
	-	-	-2.1%	-	-
<i>change through net new money</i>	14.2	6.7	14.7	-	-
	7.8%	3.4%	6.6%	-	-
<i>change through market appreciation</i>	0.8	18.7	19.8	-	-
	0.4%	9.5%	8.9%	-	-
Average assets under management (CHF bn, change to 31.12.06)	196.5	209.2	235.8	26.6	12.7
Gross margin (bp)	77.3	77.9	76.8	-	-
Gross margin ex performance fees (bp)	77.0	70.8	76.1	-	-
Pre-tax margin (bp)	36.5	38.7	37.3	-	-
Number of employees (FTE)	1 304	1 357	1 378	74	5.7

Excluding integration and restructuring expenses as well as the amortisation of intangible assets in connection with the acquisition completed at the end of 2005 (cf. "Origins of Julius Baer" on page 11) and significant financial events. Including these positions, the division's profit before taxes for the first half of 2007 amounted to CHF 389.7 million, after CHF 304.2 million for the first half of 2006.

Julius Baer the Company

The Julius Baer Group is the leading dedicated wealth manager in Switzerland. Our singular focus on wealth management for sophisticated private and institutional investors is combined with a very straightforward organisational model. By concentrating activities on only two divisions, Private Banking and Asset Management, we achieve an exceptional level of client focus.

Julius Baer Private Banking is one of the world's leading private banks. Our client relationships are built on partnership, continuity and mutual trust. Comprehensive advice and experienced relationship managers come together to deliver individual solutions to our sophisticated clientele. Our experts in various locations all over the world ensure proximity

to our multinational clients. To make certain that contact with our clients is based on optimal linguistic and cultural localisation, the division is organised according to geographic markets. These teams are supported by the universally accessible specialist unit Wealth Management Services as well as by the trading and product-structuring unit Markets.

The Asset Management division comprises the asset management specialists GAM and Julius Baer Asset Management in the USA and Europe. Together they offer our international, very diverse private, intermediary and institutional clients a broad range of leading investment products and solutions, ranging from traditional investment funds distributed under the Julius Baer brand in all major categories, to alternative, absolute return-oriented investments and highly specialised structured products or portable alpha-oriented products of GAM.

The organisational structure of the Group fulfils all the demands of modern corporate governance as well as the requirements of efficient management. The divisions receive support in the areas of business strategy, financial controlling,



risk management and Group communications from the Corporate Centre, which in turn has a close functional relationship with the Group Executive Board. This four-member body, headed by the Group CEO, has vast and profound management experience in the international financial services industry.

More than 3 800 employees are available around the clock to serve our clientele. They manage and monitor the assets placed in our care, analyse the financial markets and world events, identify trends, and devise innovative investment strategies and products based on these insights. They endeavour to understand their clients' financial needs as well as their private and cultural considerations. There is no substitute for being in close contact with clients. We are at over 30 locations worldwide (cf. page 14) and wherever our clients need us to be.

Julius Baer is also one of the leading publicly traded financial companies in Switzerland. The core companies of the Group are Bank Julius Baer & Co. Ltd. and GAM Holding Ltd., both headquartered in Zurich. The Group's companies operate under the holding company Julius Baer Holding Ltd., whose registered shares are listed on the SWX Swiss Exchange (see also overleaf). The shares of Julius Baer Holding Ltd. form part of the Swiss Leader Index launched in mid-2007. Already since 2000, they have been a component of the Swiss Market Index (SMI), which consists of the blue-chip companies traded on the SWX. The market capitalisation as of 30 June 2007 was CHF 19.6 billion.



Origins of Julius Baer

From the beginning of the company in the nineteenth century, its development has been driven by an entrepreneurial spirit, cultural openness and an intimate understanding of its clients' needs. This timeless business approach is reflected in the enduring motto of Julius Baer, the founder and namesake of the Group: "If contact between people is based on trust and absolute integrity, then it is of benefit for both sides."

The Group emerged in its current form at the end of 2005 as a result of the merger of four private banks and the specialist asset manager GAM within the framework of Julius Baer Holding Ltd. The result is exceptional, combining a broad-based private banking presence with a leading position in several specialised and high value-added sectors of the asset management industry.

Moody's rating

Moody's assigns an Aa3 long-term obligations and B- bank financial strength rating to Bank Julius Baer & Co. Ltd., together with the highest possible rating for short-term debt, Prime-1. All ratings have a stable outlook.

In its assignment, the rating agency derives the ratings from the bank's

- well-established, enlarged franchise in Swiss and German onshore and international offshore private banking and wealth management;
- conservative risk appetite and sophisticated risk management capabilities;
- moderate business risk and solid financial profile, including strong economic and regulatory capitalisation, sound asset quality and robust liquidity;
- strong generation of operating cash flow;
- relatively strong strategic position compared to other Swiss private banks, due to sheer size, geographical footprint and financial strength and cash flow.

Selected Swiss Wealth Managers

Moody's Global Bank Ratings Switzerland			
	Long-term Ratings	Short-term Ratings	Bank Financial Strength Rating
UBS	Aaa	P-1	B+
CS Group ¹	Aa1	P-1	B
Julius Baer²	Aa3	P-1	B-
EFG International ³	A2	P-1	C+
Rothschild ⁴ (rated by Fitch)	A1	F1	-
Sarasin	-	-	-
Société Bancaire Privée	-	-	-
Vontobel	-	-	-

Source: Moody's Bank Credit Research, Weekly Ratings List, 2 July 2007. Moody's Rating Definitions are available at www.moody.com.

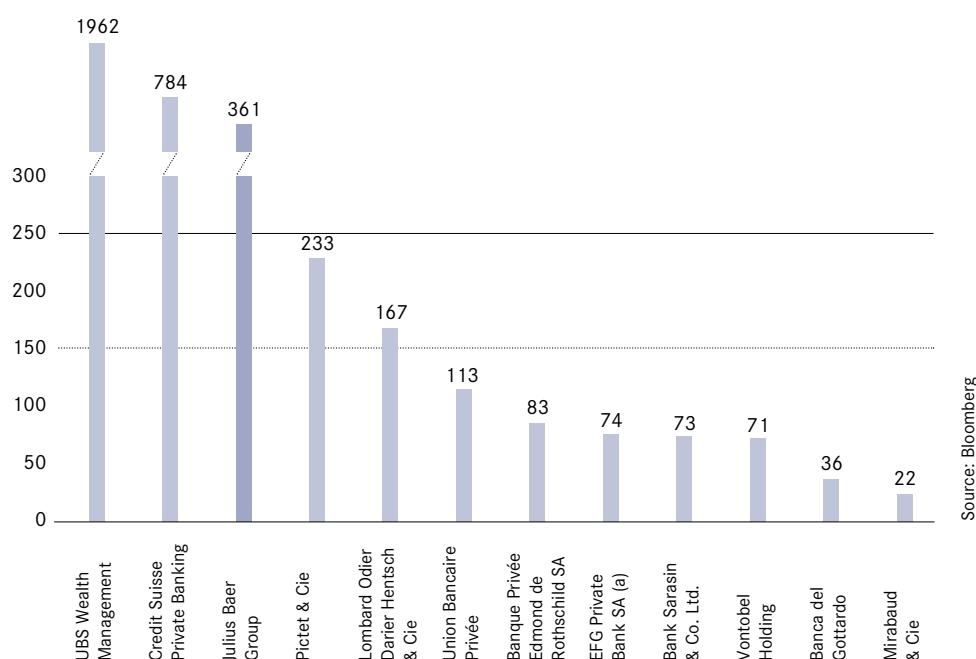
Ratings assigned to ¹Credit Suisse, ²Bank Julius Baer & Co. Ltd.,

³EFG Bank, ⁴N M Rothschild & Sons

"Julius Baer Group positions itself as the third-largest Swiss player after UBS and Credit Suisse by client assets. In an industry where larger players not only achieve better operating leverage, but also provide greater client appeal with their stronger brands and broader product and executive capabilities, Moody's acknowledges that the enlarged Julius Baer Group should have greater operational agility than other mid-sized independent private banks to deliver greater value at lower cost."

Swiss Wealth Managers: Assets under Management 2006

CHF bn



(a) Including assets under management of announced mergers

“Notwithstanding the benefit of a larger AuM base, Moody’s believes that a key rating factor for the Bank remains its long-term capacity to sustain high net new money inflows. [...] Overall, irrespective of the volatility shown in the past, Bank Julius Baer’s risk-weighted recurring earnings power compares favourably to other private banks.” (Moody’s Bank Credit Report, Dec. 2006)

“The Banker Top 1000” ranking

In its annual assessment published in July, the renowned magazine *The Banker* ranks the world’s thousand biggest banks for their financial strength and business performance. In the individual

country ranking compiled in 2007, which lists 34 Swiss banks, Julius Baer ranked number ten by BIS Tier 1 ratio.

Compared to its Swiss peers, Julius Baer is number one in as many as three categories, namely “Real profits growth”, “Return on assets” and “Profits on average capital”. In the separate top-25 section “Best profit on capital”, Julius Baer ranks 18th worldwide.

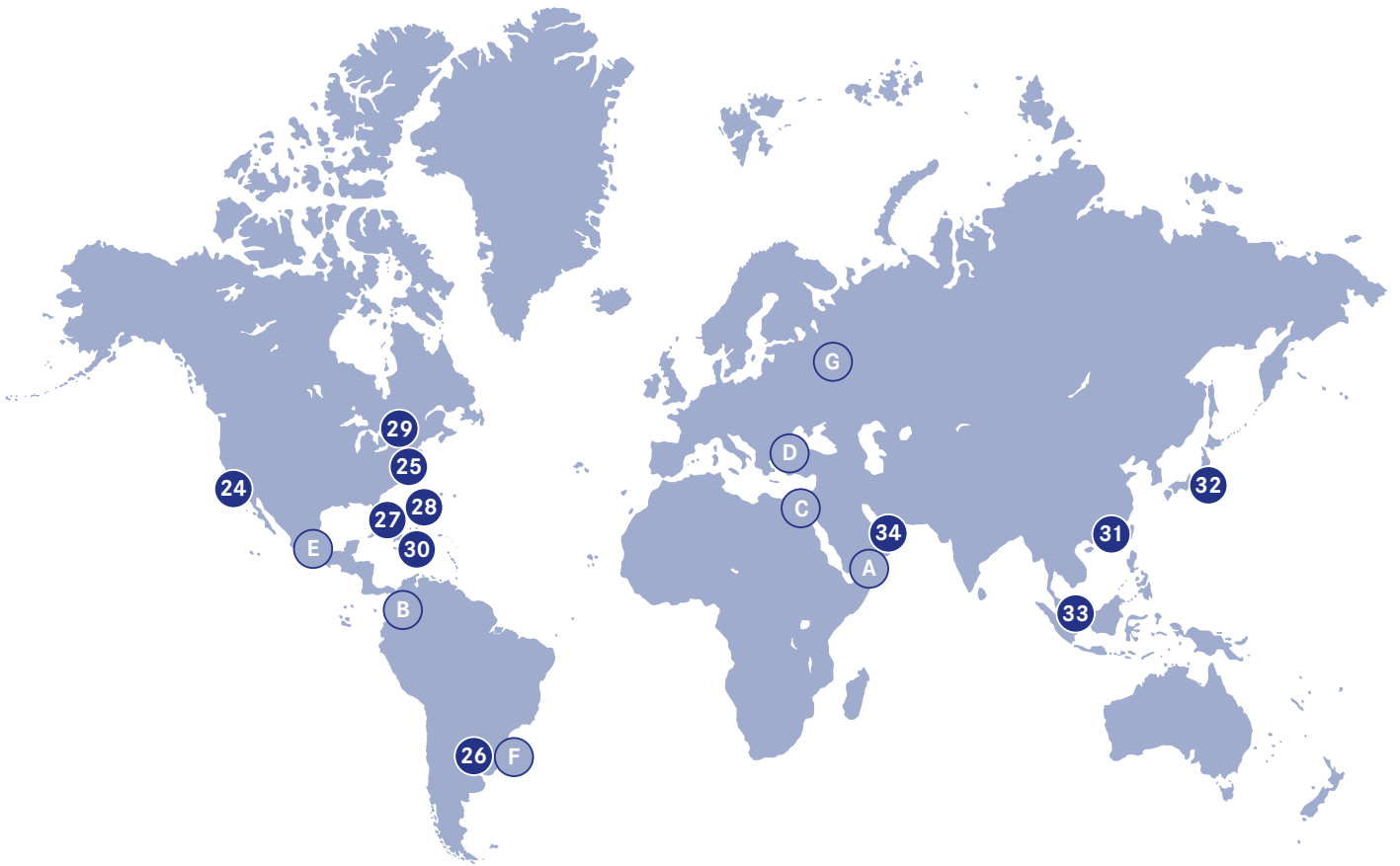
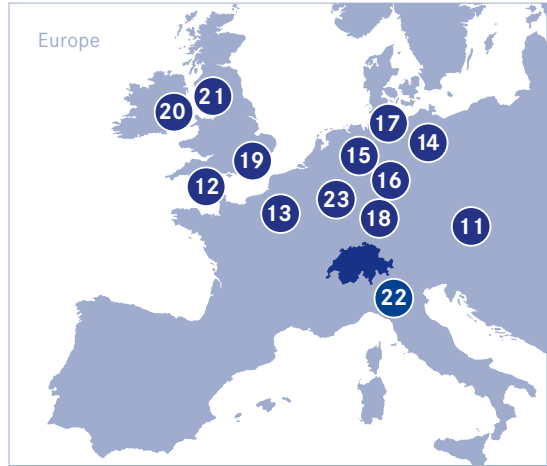
SWX Swiss Exchange: Swiss Market Index (SMI)

Pos. No.	Company/Security	Index Weight 29 June 2007	Industry
1	NESTLE	16.56	Consumer goods
2	NOVARTIS N	16.04	Health care
3	ROCHE GS	13.54	Health care
4	UBS N	13.00	Financials
5	CS GROUP N	8.41	Financials
6	ABB LTD N	5.39	Industrials
7	ZURICH FINANCIAL N	4.87	Financials
8	SWISS RE N	3.72	Financials
9	RICHEMONT	4.40	Consumer goods
10	HOLCIM N	2.41	Industrials
11	SYNGENTA N	2.06	Basic materials
12	JULIUS BAER N	1.38	Financials
13	ADECCO N	1.04	Industrials
14	SWATCH GROUP I	1.00	Consumer goods
15	SWISS LIFE HOLDING N	0.97	Financials
16	NOBEL BIOCARE I	0.94	Health care
17	SWISSCOM N	0.77	Telecommunications
18	SGS N	0.77	Industrials
19	SYNTHES N	0.76	Health care
20	GIVAUDAN N	0.68	Basic materials
21	BALOISE N	0.59	Financials
22	CIBA SC N	0.49	Basic materials
23	LONZA N	0.48	Basic materials
24	CLARIANT N	0.41	Basic materials
25	SWATCH GROUP N	0.33	Consumer goods

Source: SWX Swiss Exchange

Contacts

		Julius Baer Private Banking	Julius Baer Asset Management	GAM
Europe	Switzerland			
	1 Zurich (Head office)	+41 58 888 1111	+41 58 888 5820	+41 44 388 3030
	2 Basle	+41 58 889 8258		
	3 Berne	+41 58 889 5555		
	4 Crans-Montana	+41 58 889 7001		
	5 Geneva	+41 58 885 3838	+41 58 889 6509	
	6 Lausanne	+41 58 889 3460		
	7 Lucerne	+41 58 889 7907		
	8 Lugano	+41 58 885 8111		
	9 Sion	+41 58 889 3810		
	10 Zug	+41 58 889 7800		
	Austria			
	11 Vienna	+43 1 535 72 02 10	+41 58 888 4015	
	Channel Islands			
	12 Guernsey	+44 148 170 2701		
	France			
	13 Paris	+33 1 53 43 90 58		
	Germany			
	14 Berlin			+49 30 22 65 60
	15 Duesseldorf	+49 211 56940 200		
	16 Frankfurt	+49 69 90743 522	+49 69 90743 530	
17 Hamburg	+49 40 570064 400			
18 Stuttgart	+49 711 28470 700			
Great Britain				
19 London	+44 207 166 8100		+44 207 493 9990	
Ireland				
20 Dublin			+353 1 609 3900	
Isle of Man				
21 Douglas			+44 1624 632632	
Italy				
22 Milan	+39 2 433 315 111	+39 2 433 315 111		
Luxembourg				
23 Luxembourg		+352 2648 4425		
Americas	USA			
	24 Los Angeles		+1 310 282 0200	
	25 New York		+1 212 297 3600	+1 212 407 4600
	Argentina			
	26 Buenos Aires	+54 1 152 720 820		
	Bahamas			
	27 Nassau	+1 242 394 91 00		
	Bermuda			
	28 Hamilton			+1441 295 5825
	Canada			
29 Toronto		+1 416 862 2237		
Cayman Islands				
30 Grand Cayman	+1 345 914 4551	+1 345 949 7212		
Asia/ Pacific	Hong Kong			
	31 Hong Kong	+852 2899 4788	+852 2978 8677	+852 2978 8566
	Japan			
	32 Tokyo			+81 3 5219 8800
Singapore				
33 Singapore	+65 6827 1888			
Middle East/Africa	United Arab Emirates			
	34 Dubai	+971 4 33 00 551		



**Openings scheduled
for 2007 (Private Banking)**

- | | | | |
|---|-----------|---|-------------|
| A | Abu Dhabi | E | Mexico City |
| B | Bogotá | F | Montevideo |
| C | Cairo | G | Moscow |
| D | Istanbul | H | Verbier |

Financial Calendar

Publication of 2007 annual results: 8 February 2008

Annual General Meeting 2008: 15 April 2008

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This brief report is intended for informational purposes only and does not constitute an offer of products or an investment recommendation. We also caution readers that risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. The Half-year Report 2007 of Julius Baer Holding Ltd. is available at www.juliusbaer.com.

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Half-year Report **2007** Julius Baer Holding Ltd.

Condensed financial reporting of the Julius Baer Group according to IAS 34.

Financial accounts including significant financial events as well as integration and restructuring expenses and the amortisation of intangible assets in connection with the acquisition made at the end of 2005.

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- 3 Consolidated balance sheet
- 4 Consolidated statement of changes in equity
- 6 Consolidated statement of cash flows (condensed)
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- 10 Segment reporting by division

Consolidated income statement

	Note	H1 2006 CHF m	H2 2006 CHF m	H1 2007 CHF m	Change to H1 2006 in %
Interest income		321.0	372.6	458.3	42.8
Interest expense		224.1	270.9	315.5	40.8
Net interest income	1	96.9	101.7	142.8	47.4
Commission income on lending activities		2.6	3.8	1.8	-30.8
Commission income on securities and investment transactions	2	1 408.1	1 439.2	1 608.3	14.2
Commission income on other services		14.0	12.6	17.8	27.1
Commission expenses		287.3	244.1	315.5	9.8
Results from commission and service fee activities		1 137.5	1 211.3	1 312.5	15.4
Results from trading operations	3	153.3	97.4	163.1	6.4
Other ordinary results		21.8	18.1	16.2	-25.7
Operating income		1 409.5	1 428.4	1 634.5	16.0
Personnel expenses	4	623.0	599.5	691.8	11.0
General expenses	5	230.1	238.9	254.5	10.6
Depreciation of property and equipment		14.1	14.8	13.8	-2.1
Amortisation of customer relationships		87.4	87.3	87.4	-
Amortisation of other intangible assets		8.1	8.4	7.8	-3.7
Operating expenses		962.6	949.1	1 055.3	9.6
Profit before taxes		446.9	479.3	579.2	29.6
Taxes		132.9	120.9	154.9	16.6
Net profit		314.0	358.4	424.3	35.1
Attributable to:					
Shareholders of Julius Baer Holding Ltd.		314.0	358.4	424.3	35.1
Minority interest		-	-	-	-
		314.0	358.4	424.3	35.1
Share information					
Basic net profit per registered share		1.4	1.6	1.9	36.3
Diluted net profit per registered share		1.4	1.6	1.9	34.6

¹Adjusted for the stock split 2:1 effective 26 April 2007

²Share buy-back of 5.47% on 27 June 2007, weighted for three days

Consolidated balance sheet

	30.06.06 CHF m	31.12.06 CHF m	30.06.07 CHF m	Change to 31.12.06 in %
Assets				
Cash	189.0	220.9	54.5	-75.3
Due from banks	9 758.9	10 037.6	10 966.1	9.3
Loans	6 404.4	6 918.2	9 119.8	31.8
Trading portfolios	1 435.3	2 418.1	3 514.5	45.3
Derivative financial instruments	1 996.6	1 659.3	2 036.1	22.7
Financial investments	7 893.9	8 833.1	10 193.1	15.4
Investments in associates	1.0	1.0	1.1	10.0
Property and equipment	331.8	355.2	351.9	-0.9
Goodwill and other intangible assets	4 873.6	4 819.0	4 749.0	-1.5
Accrued income and prepaid expenses	407.2	523.8	499.9	-4.6
Deferred tax assets	46.1	64.4	84.6	31.4
Other assets	263.4	142.5	171.1	20.1
Total assets	33 601.2	35 992.9	41 741.6	16.0
Liabilities and equity				
Due to banks	3 493.4	4 724.0	6 479.6	37.2
Due to customers	17 620.5	16 948.3	19 726.7	16.4
Trading liabilities	572.1	606.6	631.7	4.1
Derivative financial instruments	1 947.6	1 665.3	1 925.7	15.6
Financial liabilities designated at fair value	1 855.8	3 378.0	5 058.8	49.8
Debt issued	505.3	506.4	403.3	-20.4
Accrued expenses and deferred income	587.6	862.0	869.0	0.8
Current tax liabilities	107.5	137.0	179.6	31.1
Deferred tax liabilities	88.2	83.4	82.2	-1.4
Provisions	140.7	97.5	71.5	-26.7
Other liabilities	243.3	120.2	200.0	66.4
Total liabilities	27 161.9	29 129.0	35 628.3	22.3
Share capital	11.2	11.2	11.2	-
Capital reserves	4 931.2	4 930.9	4 930.9	-
Retained earnings	1 498.2	1 961.5	2 299.1	17.2
Other reserves	-1.4	36.3	54.7	50.7
Less treasury shares	-	-76.1	-1 182.7	-
Equity attributable to shareholders of Julius Baer Holding Ltd.	6 439.2	6 863.8	6 113.1	-10.9
Minority interest	0.1	0.1	0.1	-
Total equity	6 439.3	6 863.9	6 113.3	-10.9
Total liabilities and equity	33 601.2	35 992.9	41 741.6	16.0

Consolidated statement of changes in equity

	30.06.06 <i>CHF m</i>	31.12.06 <i>CHF m</i>	30.06.07 <i>CHF m</i>
Share capital			
Balance at the beginning of the period	11.2	11.2	11.2
Capital reduction/capital increase	-	-	-
Balance at the end of the period	11.2	11.2	11.2
Capital reserves			
Balance at the beginning of the period	4 931.2	4 931.2	4 930.9
Capital reduction/capital increase	-	-0.3	-
Balance at the end of the period	4 931.2	4 930.9	4 930.9
Retained earnings			
Balance at the beginning of the period	1 325.3	1 498.2	1 961.5
Julius Baer Holding Ltd. dividend	-111.6	-	-111.6
Capital reduction/capital increase	-	-	-
Treasury shares and own equity derivative activity	-29.4	104.8	24.9
Subtotal	1 184.3	1 603.0	1 874.7
Net profit attributable to shareholders of Julius Baer Holding Ltd.	314.0	358.4	424.3
Balance at the end of the period	1 498.2	1 961.5	2 299.1
Other reserves			
Available-for-sale investments, net of taxes			
Balance at the beginning of the period	9.0	20.9	18.1
Unrealised gains/(losses)	12.0	-0.2	12.0
Realised (gains)/losses reclassified to the income statement	-0.1	-2.6	-2.2
Subtotal	20.9	18.1	27.9
Hedging reserve for cash flow hedges, net of taxes			
Balance at the beginning of the period	-2.3	-1.2	-0.4
Unrealised gains/(losses)	1.1	0.8	1.5
Subtotal	-1.2	-0.4	1.1
Translation differences			
Balance at the beginning of the period	13.5	-21.2	18.6
Changes	-34.7	39.8	7.1
Subtotal	-21.2	18.6	25.7
Balance at the end of the period	-1.4	36.3	54.7

	30.06.06 <i>CHF m</i>	31.12.06 <i>CHF m</i>	30.06.07 <i>CHF m</i>
Treasury shares			
Balance at the beginning of the period	-80.8	-	-76.1
Capital reduction/capital increase	-	-	-
Change in treasury shares	80.8	-76.1	-1 106.6
Balance at the end of the period	-	-76.1	-1 182.7
Equity attributable to shareholders of Julius Baer Holding Ltd.	6 439.2	6 863.8	6 113.1
Minority interest			
Balance at the beginning of the period	0.1	0.1	0.1
Changes	-	-	-
Minority interest in net profit	-	-	-
Balance at the end of the period	0.1	0.1	0.1
Total equity	6 439.3	6 863.9	6 113.3

¹Julius Baer Holding Ltd. bought back 12 222 222 of its own shares from UBS AG for a price of CHF 89.66 per share on 27 June 2007, totalling CHF 1.1 billion or 5.47% of outstanding shares. Cancellation of these repurchased shares will be proposed to the next Annual General Meeting.

Julius Baer closed the second trading line opened at the end of February 2007 for the one-year share buy-back programme of CHF 500 million for 2007 without having made use of it because the full amount was used for the above-mentioned share buy-back from UBS AG.

Consolidated statement of cash flows (condensed)

	H1 2006 <i>CHF m</i>	H2 2006 <i>CHF m</i>	H1 2007 <i>CHF m</i>
Cash and cash equivalents at beginning of the period	7 663.9	10 769.3	10 372.2
Cash flow from operating activities after taxes	3 501.4	-1 951.4	3 070.8
Cash flow from investing activities	-356.2	39.6	-295.6
Cash flow from financing activities	-64.1	1 551.8	384.2
Effects of exchange rate changes	24.3	-37.1	-56.7
Cash and cash equivalents at the end of the period	10 769.3	10 372.2	13 474.9

Accounting policies and valuation principles

This unaudited interim report was produced in accordance with International Accounting Standard 34.

The half-year accounts were prepared on the basis of the accounting policies and valuation principles of the consolidated financial statements as of 31 December 2006 with the exception of the new pronouncements.

Starting 1 January 2007, the following new and revised standards and amendments are in force:

IAS 1 (amended) – Capital Disclosures

IFRS 7 – Financial Instruments: Disclosures

IFRIC 8 – Scope of IFRS 2

IFRIC 9 – Reassessment of Embedded Derivatives

IFRIC 10 – Interim Financial Reporting and Impairment

IFRIC 11 – IFRS 2 Group and Treasury Share Transactions

The adoption of the changes had no impact on the interim report.

Events after the balance sheet date

The Audit Committee of the Board of Directors, together with representatives of the Group Executive Board, released the half-year reporting at its meeting on 26 July 2007. There were no significant events to report until this date.

Changes in organisation

Julius Baer Holding Ltd. sold on 11 January 2007 its shares in Julius Baer Investments Ltd., London, to the management of Julius Baer Investments Ltd. and deconsolidated the company effective this date. The purchase price will be paid through future profits of Julius Baer Investments Ltd., now named Augustus Asset Managers Limited. As a result, Julius Baer Holding Ltd. did not realise the profit and did in fact not derecognise the shares as it retains substantially all rights in future cash flows of and all risks and rewards in Augustus Asset Managers Limited.

The following companies were founded during the first half of the year: Bank Julius Baer & Co. Ltd., Singapore (a branch of Bank Julius Baer & Co. Ltd., Zurich); Infidar (Liechtenstein) AG, Vaduz; SIM (Società di intermediazione mobiliare), Milan; Julius Baer Trust Company (New Zealand) Ltd., Auckland; Julius Baer (Uruguay) S.A., Montevideo; Julius Baer Consultores, Mexico City.

	Year-end rates		Average exchange rates for the year	
	31.12.06	30.06.07	2006	2007
USD/CHF	1.2207	1.2256	1.2470	1.2250
EUR/CHF	1.6097	1.6552	1.5765	1.6350
GBP/CHF	2.3891	2.4589	2.3120	2.4210
JPY/CHF	1.0244	0.9924		

Information on the consolidated income statement

	H1 2006 CHF m	H2 2006 CHF m	H1 2007 CHF m	Change to H1 2006 in %
1 Net interest income				
Interest income on amounts due from banks and loans	212.7	249.3	278.4	30.9
Interest and discount income from bills and money market instruments	42.7	59.5	95.7	124.1
Refinancing income from trading positions	-3.4	-13.0	1.8	-152.9
Interest income on financial investments	65.8	74.1	78.8	19.8
Dividend income on financial investments	3.3	2.5	3.6	9.1
Total interest income	321.0	372.6	458.3	42.8
Interest expense				
Interest expense on amounts due to banks and customers	214.4	262.7	308.8	44.0
Interest expense on debt issued	9.7	8.2	6.7	-30.9
Total interest expense	224.1	270.9	315.5	40.8
Total	96.9	101.7	142.8	47.4
2 Commission income on securities and investment transactions				
Commissions from asset management and investment	1 224.3	1 316.4	1 414.4	15.5
Income from brokerage and securities underwriting	183.9	122.6	193.9	5.4
Total	1 408.1	1 439.2	1 608.3	14.2
3 Results from trading operations				
Securities	34.3	10.2	33.4	-2.6
Foreign exchange	119.0	87.2	129.7	9.0
Total	153.3	97.4	163.1	6.4
4 Personnel expenses				
Salaries and bonuses	464.0	427.6	519.5	12.0
Contributions to staff pension plans	32.1	34.6	35.1	9.3
Other social benefits	36.3	33.9	38.1	5.0
Other personnel expenses	90.6	103.4	99.1	9.4
Total	623.0	599.5	691.8	11.0
5 General expenses				
Occupancy expense	34.0	33.6	34.7	2.1
Expense for EDP, machinery, furniture, vehicles and other equipment	33.6	39.1	37.0	10.1
Information, communication and advertising expense	72.3	78.3	75.5	4.4
Service expense, fees and taxes	78.1	77.6	83.9	7.4
Other general expenses	12.1	10.4	23.4	93.4
Total	230.1	238.9	254.5	10.6

Consolidated off-balance-sheet transactions

	30.06.06 <i>CHF m</i>	31.12.06 <i>CHF m</i>	30.06.07 <i>CHF m</i>	<i>Change to 31.12.06 in %</i>
Contingent liabilities				
Credit guarantees in the form of obligations under avals, sureties and guarantees, including guarantee obligations in the form of irrevocable letters of credit	699.8	773.1	879.7	13.8
Bid and performance bonds	-	1.3	1.4	7.7
Other contingent liabilities	31.3	31.3	31.3	-
Total	731.1	805.7	912.4	13.2

Assets under management

	30.06.06 CHF m	31.12.06 CHF m	30.06.07 CHF m	Change to 31.12.06 in %
Assets in own-managed collective investment schemes	131 694	147 224	168 333	14.3
Assets with management mandate	89 163	101 218	112 545	11.2
Other assets under management	99 482	112 278	124 639	11.0
Total assets under management (including double counting)	320 339	360 720	405 517	12.4
<i>of which double counting</i>	<i>32 862</i>	<i>35 645</i>	<i>40 201</i>	<i>12.8</i>

	H1 2006 CHF m	H2 2006 CHF m	H1 2007 CHF m	Change to H1 2006 in %
Change of assets under management	16 017	40 381	44 797	179.7
<i>change through divestment¹</i>	-	-	-4 683	-
<i>change through net new money</i>	<i>15 512</i>	<i>11 297</i>	<i>19 999</i>	<i>28.9</i>
<i>change through market appreciation</i>	<i>505</i>	<i>29 084</i>	<i>29 481</i>	<i>-</i>

¹As of 11 January 2007, Julius Baer sold its UK-based subsidiary Julius Baer Investments Ltd. to the management.

Method of calculation

Assets under management are stated according to the guidelines of the accounting regulations of the Swiss Federal Banking Commission.

Segment reporting by division

	Private Banking		
	H1 2006 CHF m	H2 2006 CHF m	H1 2007 CHF m
Operating income	600.6	582.5	676.5
Personnel expenses	268.3	263.2	294.3
General expenses	113.1	114.2	117.9
Services from/to other divisions	-0.2	1.7	0.7
Depreciation of property and equipment	8.4	5.0	6.4
Amortisation of customer relationships	37.0	37.0	37.0
Amortisation of other intangible assets	4.4	6.1	5.1
Operating expenses	431.0	427.2	461.4
Profit before taxes per division	169.6	155.3	215.1
Taxes			
Net profit			
<i>of which shareholders of Julius Baer Holding Ltd.</i>			
<i>of which minority interest</i>			
Assets under management ²	123 163	138 074	152 816
<i>change through divestment³</i>	-	-	-
<i>change through net new money</i>	1 305	4 579	5 310
<i>change through market appreciation</i>	-34	10 332	9 432
Client assets ^{2,4}	123 163	138 112	153 272
Assets ²	9 771	7 301	11 064
Liabilities ²	8 713	15 404	17 921
Investments	13.4	26.4	29.0
Number of employees (FTE) ²	2 118	2 187	2 334

¹Including residual items and eliminations

²Values on 30.06. and 31.12.

³As of 11 January 2007, Julius Baer sold its UK-based subsidiary Julius Baer Investments Ltd. to the management.

⁴Client assets are all client assets managed by or deposited with Julius Baer Group including only those deposited assets held for transactional or safekeeping/custody purposes for which additional services, for example analysis and reporting or securities lending and borrowing, are provided. Non-bankable assets (e.g. art collections, real estate), asset flows driven more by liquidity requirements than investment purposes, assets primarily used for cash management, funding or trading purposes or deposited assets held purely for transactional or safekeeping/custody purposes are excluded from client assets.

Financial accounts including significant financial events as well as integration and restructuring expenses and the amortisation of intangible assets in connection with the acquisition made at the end of 2005.

Asset Management			Corporate Centre ¹			Total Group		
H1 2006 CHF m	H2 2006 CHF m	H1 2007 CHF m	H1 2006 CHF m	H2 2006 CHF m	H1 2007 CHF m	H1 2006 CHF m	H2 2006 CHF m	H1 2007 CHF m
759.7	814.6	906.1	49.2	31.3	51.9	1 409.5	1 428.4	1 634.5
296.0	300.5	342.6	58.7	35.8	54.9	623.0	599.5	691.8
92.1	101.2	107.1	24.9	23.5	29.5	230.1	238.9	254.5
10.3	2.4	8.5	-10.1	-4.1	-9.2	-	-	-
4.5	5.3	5.1	1.2	4.5	2.3	14.1	14.8	13.8
50.4	50.3	50.4	-	-	-	87.4	87.3	87.4
2.2	3.7	2.7	1.5	-1.4	-	8.1	8.4	7.8
455.5	463.4	516.4	76.1	58.5	77.5	962.6	949.1	1 055.3
304.2	351.2	389.7	-26.9	-27.2	-25.6	446.9	479.3	579.2
						132.9	120.9	154.9
						314.0	358.4	424.3
						314.0	358.4	424.3
						-	-	-
197 102	222 555	252 311	74	91	390	320 339	360 720	405 517
-	-	-4 683	-	-	-	-	-	-4 683
14 214	6 721	14 666	-7	-3	23	15 512	11 297	19 999
779	18 732	19 773	-240	20	276	505	29 084	29 481
253 756	274 080	310 868	74	91	390	376 993	412 283	464 530
9 962	8 866	10 944	13 869	19 826	19 734	33 601	35 993	41 742
7 028	7 567	10 493	11 421	6 158	7 214	27 162	29 129	35 628
18.2	-4.4	8.0	-	22.5	-	31.6	44.5	37.0
1 304	1 357	1 378	138	140	157	3 560	3 684	3 869

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