

Half-year Report **2006** Julius Baer Holding Ltd.

Condensed financial reporting of the Julius Baer Group according to IAS 34, adjusted to reflect the changed corporate structure.

The acquired entities are excluded entirely from the H1 2005 figures. The results of the acquired entities for the month of December 2005 and their Balance Sheets as at 31 December 2005 are included in the H2 2005 figures. The results of the acquired entities for the whole of H1 2006 and their Balance Sheets as at 30 June 2006 are included in the H1 2006 figures.

In order to provide a basis for comparison of the entire Group over the periods H1 2005, H2 2005 and H1 2006 pro-forma figures are distributed separately and included in the presentation and the press release of the H1 2006 results.

Key figures

	H1 2005 CHF m	H2 2005 CHF m	H1 2006 CHF m	Change to H1 2005 in %
Return on equity (ROE)	16.5%	0.8%	9.9%	-
Return on equity (ROE) ¹	16.8%	18.0%	23.6%	-
Cost/income ratio ²	71.3%	93.6%	67.9%	-
Cost/income ratio ³	73.6%	70.2%	60.7%	-

Net profit before taxes per division

	H1 2005 CHF m	H2 2005 CHF m	H1 2006 CHF m	Change to H1 2005 in %
Private Banking	68.4	-113.2	169.6	148.0
Asset Management	100.8	186.3	304.2	201.8
Corporate Center	-15.6	-38.0	-26.9	-
Total	153.6	35.1	446.9	191.0

	30.06.05 CHF m	31.12.05 CHF m	30.06.06 CHF m	Change to 31.12.05 in %
Consolidated balance sheet				
Total assets	17 317.9	28 648.4	33 601.2	17.3
Total equity	1 591.8	6 207.3	6 439.3	3.7
Total equity/total assets (equity ratio)	9.2%	21.7%	19.2%	-
BIS ratio tier 1	17.4%	12.7%	13.8%	-

Asset management

	H1 2005 CHF bn	H2 2005 CHF bn	H1 2006 CHF bn	Change to H1 2005 in %
Assets under management (CHF bn)	150.7	304.3	320.3	5.3
Net new money (for the half year in CHF bn)	8.4	7.6	15.5	-

Personnel

	H1 2005	H2 2005	H1 2006	Change to H1 2005 in %
Number of employees (FTE)	1 862	3 512	3 560	1.4
of whom Switzerland	1 496	2 550	2 483	-2.6
of whom abroad	366	962	1 077	12.0

¹ Net profit of the shareholders of Julius Baer Holding Ltd. less the amortization of intangible assets and significant financial events/average equity less goodwill

² Excluding valuation adjustments, provisions and losses

³ Excluding valuation adjustments, provisions and losses, amortization of intangible assets and significant financial events

Performance of Julius Baer Holding registered share (indexed)



Ticker symbols

Reuters	BAER.VX
Bloomberg	BAER.VX

Swiss securities number 1 208 301

Listing

Switzerland SWX Swiss Exchange

Key figures for shares

	30.06.05 CHF	31.12.05 CHF	30.06.06 CHF	Change to 31.12.05 in %
Information per registered share				
Equity (book value)	32.2	56.1	57.7	2.9
Net profit (EPS, for the half year)	2.6	0.3	2.8	900.0
Market price	78	93	106	14.1

Market capitalization (CHF m)

	3 913	10 393	11 855	14.1
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Capital structure

Number of registered shares, par value CHF 0.10	52 934 610	111 628 239	111 628 239	-
of which entitled to dividends	49 915 810	111 628 239	111 628 239	-
Weighted average of shares entitled to dividends	50 199 760	56 405 547	111 628 239	97.9

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Foreword

Dear Shareholders and Clients

The new Julius Baer Group can look back with satisfaction on the first half-year reporting period since completing the acquisition of the three private banks and GAM in early December 2005. We have successfully pushed the integration work ahead toward our ambitious targets and further expanded our business activities. We are well on the way to achieving our ambitious financial goals set for 2008. Our loyal client base and our highly committed employees provide us with a strong basis to build on.

As a result of the acquisition, it is no longer possible to compare today's Julius Baer to the Group we were a year ago. Yet, we would like to take this opportunity to share some thoughts with you regarding the past six months. We have, indeed, received confirmation that Julius Baer's move into a new dimension was the right decision at the right time. Without a doubt, the favorable market conditions up until mid-May facilitated the creation of the new Julius Baer Group and allowed for significant progress on our integration project. The development of Julius Baer's share price, the stability of our customer base, our employees and the profitable growth achieved in the reporting period verify that the new Julius Baer Group is supported by all stakeholders.

Assets under management grew 5% to CHF 320 billion in the first half of 2006. CHF 123 billion of this amount was attributable to Private Banking and CHF 197 billion to Asset Management. The rise in assets under management is almost exclusively due to the positive development of net new money in both divisions. The growth of CHF 1 billion in Private Banking is a very promising indication that the negative trend of the previous years has been broken. The inflow of CHF 14 billion of new money in Asset Management was spread broadly across the various product categories and business units.

Increased client activity, as a result of the favorable financial climate in the first months of the year, contributed to the operating income of CHF 1.4 billion. After CHF 963 million of operating expenses (including the amortization of intangible assets and significant financial events in connection with the acquisition of the three private banks and GAM), a consolidated net profit of CHF 314 million resulted for the shareholders of Julius Baer Holding Ltd.

Thanks to the focused integration progress, Private Banking has operated under the uniform Julius Baer brand since April 2006. In addition, the product offering was streamlined and enhanced by innovative theme mandates as well as a range of absolute return mandates from GAM. In keeping with our holistic client care model, our advisory capabil-

ities were selectively improved through an integral, interdisciplinary advisory concept. All of the initiatives were accompanied by intensive training sessions conducted by our newly founded training center Julius Baer Academy. This unit plays a crucial role in career and executive development as well as in the development and implementation of the new corporate culture.

In addition to the demanding integration work, we also stepped up our efforts in our established core markets; we have opened for instance additional offices in Germany and Austria. As part of our selective move into the growth markets, we focused in particular on strengthening our presence in Asia: We opened a representative office in Hong Kong at the end of March and progressed at full speed with the expansion of our private banking platform in Singapore. Additional projects included the expansion of our Dubai office to provide comprehensive services to discerning private clients in the Middle East and the Indian subcontinent, the increase of our capacity for the Central and Eastern European markets as well as the opening of an office in Buenos Aires. To help us carry out these initiatives, we recruited a significant number of highly qualified relationship managers and support teams which will operate locally or from Zurich or Geneva.

The integration activities in Asset Management are well advanced and have produced more areas for leverage and coordination than expected at the time of the merger. After harmonizing the product and service offering, Julius Baer now has a comprehensive range of innovative asset management products, from value-orientated systematic investment funds to the most sophisticated absolute return-oriented products. The division is dedicated to delivering the highest quality products within each defined fund or mandate, and this objective is principally achieved through establishing and maintaining an open, collaborative environment that attracts talented investment managers and allows their talents to flourish. The launch of a number of public funds and specialized investment mandates during the reporting period is consistent with our belief in the growth potential of the business, while the robust expansion of the private label fund and custody assets underscores Julius Baer's strong market position in these areas.

GAM's marketing activities during the reporting period focused on tapping into new institutional clients and distribution networks for funds of hedge funds. The cooperative agreements we have established with significant and internationally renowned partners already resulted in a notable inflow of new money. We were similarly pleased with the way the intensified cooperation with the Private Banking division developed.

Julius Baer Markets, a unit within the Asset Management division, increased its execution support for Private Banking while remaining an important Group-wide competence center for structured products, now also in connection with GAM products, and continues to directly serve some of the Group's Ultra High Net Worth and selected institutional clients.

Julius Baer's move into a new dimension has been very successful so far. It is essential for us to maintain the fast pace we have adopted on all levels of our business activity – integration, client care and growth – in the coming months and years. The Group's significantly enhanced space for maneuver is both an opportunity and an obligation to actively take advantage of possibilities as they arise. As we move ahead, we can count on our greatly enhanced competence in Asset Management, our broad client base, our growing international presence and, last but certainly not least, on our highly committed employees who deserve our sincerest thanks.

Julius Baer is well positioned to successfully master the future challenges, and we look forward, dear Shareholders and Clients, to your continuing support.



Raymond J. Baer
Chairman of the Board



Johannes A. de Gier
President and CEO

Zurich, 28 July 2006

Consolidated financial results

On 2 December 2005, Julius Baer Holding Ltd. successfully completed the acquisition of 100% of the three private banks Ehinger & Armand von Ernst, Ferrier Lullin and BDL Banco di Lugano as well as of the asset manager GAM from UBS AG. UBS AG received a total purchase price of approximately CHF 6.01 billion in the form of a 21.5% stake in the share capital of the enlarged Julius Baer Group (value: CHF 2.21 billion) as well as CHF 3.80 billion in cash. Further information about the acquisition, the acquired companies as well as pro-forma figures for 2005 can be found in note 32 in the 2005 annual report.

As a result of the acquisition, it is no longer possible to compare today's Julius Baer Group to the corporation it was a year ago in terms of the organizational structure or the size of the enterprise. To provide structural comparability in this half-year report, the segment information of the former Julius Baer Group – consisting of the three business lines Private Banking, Asset Management and Trading & Sales as well as a considerable Corporate Center – has been converted for the two half-year periods of 2005, in accordance with accounting regulations, to the current structure consisting of the two operating divisions of Private Banking and Asset Management as well as the Corporate Center, which is responsible for the most basic central functions.

This adjustment does not have any effect on the consolidated results of the Group for these two periods. Despite this adjustment, no meaningful conclusions may be drawn from a year-on-year comparison in view of the acquisition. We have therefore decided to forgo the customary length of commentary in this half-year report.

In an effort to provide meaningful year-on-year comparability, in both the press release and the presentation of the 2006 half-year results the current financial results of the Julius Baer Group are compared with pro-forma figures calculated for the year-ago period as if the transaction had already been carried out on 1 January 2005. Both documents may be obtained from our homepage, www.juliusbaer.com, either in electronic form or hard copy upon request.

Consolidated income statement

	Note	H1 2005 CHF m	H2 2005 CHF m	H1 2006 CHF m	Change to H1 2005 in %
Interest and discount income		87.1	128.3	251.9	189.2
Interest and dividend income on financial investments		68.3	54.9	69.1	1.2
Interest expenses		96.1	114.6	224.1	133.2
Net interest income	1	59.3	68.6	96.9	63.4
Commission income on lending activities		0.9	1.1	2.6	188.9
Commission income on securities and investment transactions	2	512.6	825.9	1408.1	174.7
Commission income on other services		9.3	11.7	14.0	50.5
Commission expenses		92.7	136.0	287.3	209.9
Results from commission and service fee activities		430.1	702.7	1137.5	164.5
Results from trading operations	3	52.5	96.4	153.3	192.0
Other ordinary results		73.9	20.9	21.8	-70.5
Operating income		615.8	888.6	1409.5	128.9
Personnel expenses	4	296.2	543.0	623.0	110.3
General expenses	5	121.3	204.9	224.0	84.7
Depreciation and amortization		21.8	84.2	109.6	402.8
Valuation adjustments, provisions and losses		22.9	21.5	6.1	-73.4
Operating expenses		462.2	853.5	962.6	108.3
Net profit before taxes		153.6	35.1	446.9	191.0
Taxes		24.4	19.5	132.9	444.7
Net profit		129.2	15.6	314.0	143.0
Attributable to:					
Shareholders of Julius Baer Holding Ltd.		130.1	16.0	314.0	141.4
Minority interest		-0.9	-0.4	-	-100.0
		129.2	15.6	314.0	143.0
Share information					
Basic net profit per registered share		2.6	0.3	2.8	7.7
Diluted net profit per registered share		2.6	0.3	2.8	7.7

Consolidated balance sheet

	30.06.2005 CHF m	31.12.2005 CHF m	30.06.2006 CHF m	Change to 31.12.2005 in %
Assets				
Cash	331.6	483.6	189.0	-60.9
Due from banks	4015.7	6791.9	9758.9	43.7
Due from customers	3036.0	5831.3	6404.4	9.8
Trading portfolios	1141.8	1189.3	1435.3	20.7
Derivative financial instruments	1713.6	1336.5	1996.6	49.4
Financial investments	6562.8	7033.0	7893.9	12.2
Investments in associates	1.4	0.9	1.0	11.1
Property and equipment	173.3	334.5	331.8	-0.8
Goodwill and other intangible assets	63.5	4987.8	4873.6	-2.3
Accrued income and prepaid expenses	214.2	455.1	407.2	-10.5
Deferred tax assets	8.4	49.4	46.1	-6.7
Other assets	55.7	154.8	263.4	70.2
Total assets	17317.9	28648.4	33601.2	17.3
Liabilities and equity				
Due to banks	2315.8	2445.2	3493.4	42.9
Due to customers in savings and investment accounts	439.2	388.9	415.4	6.8
Due to customers, other	8956.3	14062.4	17205.1	22.3
Trading liabilities	593.7	432.4	572.1	32.3
Derivative financial instruments	1757.4	1394.9	1947.6	39.6
Financial liabilities designated at fair value	835.1	1851.5	1855.8	0.2
Debt issued	437.4	513.5	505.3	-1.6
Accrued expenses and deferred income	243.1	775.0	587.6	-24.2
Other liabilities	38.6	172.8	243.3	40.8
Current tax liabilities	13.6	125.6	107.5	-14.4
Deferred tax liabilities	64.0	89.8	88.2	-1.8
Provisions	32.0	189.2	140.7	-25.6
Total liabilities	15726.1	22441.1	27161.9	21.0
Share capital	5.3	11.2	11.2	-
less treasury shares	-68.4	-80.8	-	100.0
Capital reserve	282.6	4931.2	4931.2	-
Retained earnings	1191.6	1179.1	1184.3	0.4
Unrealized gains/losses directly recognized in equity, net of taxes	25.5	6.7	19.8	195.5
Translation differences	9.1	13.5	-21.2	-257.0
Net profit attributable to shareholders of Julius Baer Holding Ltd.	130.1	146.1	314.0	114.9
Equity attributable to shareholders of Julius Baer Holding Ltd.	1575.9	6207.1	6439.2	3.7
Minority interest	15.9	0.1	0.1	-
Total equity	1591.8	6207.3	6439.3	3.7
Total liabilities and equity	17317.9	28648.4	33601.2	17.3

Consolidated statement of changes in equity

	30.06.2005 <i>CHF m</i>	31.12.2005 <i>CHF m</i>	30.06.2006 <i>CHF m</i>
Share capital			
Balance at the beginning of the period	5.4	5.3	11.2
Capital reduction/capital increase	-0.1	5.9	-
Balance at the end of the period	5.3	11.2	11.2
Treasury shares			
Balance at the beginning of the period	-88.8	-68.4	-80.8
Capital reduction/capital increase	65.0	-5.9	-
Change in treasury shares	-44.6	-6.5	80.8
Balance at the end of the period	-68.4	-80.8	-
Capital reserve			
Balance at the beginning of the period	282.6	282.6	4 931.2
Capital increase	-	4 648.6	-
Balance at the end of the period	282.6	4 931.2	4 931.2
Retained earnings			
Balance at the beginning of the period	1 328.4	1 321.7	1 325.3
Julius Baer Holding Ltd. dividend	-80.4	-	-111.6
Capital reduction	-64.9	-	-
Result from sale on treasury share and own equity derivative activity	8.4	-12.4	-29.4
Subtotal	1 191.6	1 309.4	1 184.3
Net profit attributable to shareholders of Julius Baer Holding Ltd.	130.1	16.0	314.0
Balance at the end of the period	1 321.7	1 325.3	1 498.2
Unrealized gains/losses directly recognized in equity, net of taxes			
Available-for-sale investments, net of taxes			
Balance at the beginning of the period, restated	8.4	27.5	9.0
Unrealized gains and losses	20.8	-14.2	12.0
Impairment charges reclassified to the income statement	-	-	-
Realized (gains)/losses reclassified to the income statement	-1.7	-4.3	-0.1
Subtotal	27.5	9.0	20.9
Hedging reserve for cash flow hedges, net of taxes			
Balance at the beginning of the period, restated	0.1	-2.0	-2.3
Unrealized gains and losses	-2.1	-0.3	1.1
Subtotal	-2.0	-2.3	-1.2
Balance at the end of the period	25.5	6.7	19.8

	30.06.2005 <i>CHF m</i>	31.12.2005 <i>CHF m</i>	30.06.2006 <i>CHF m</i>
Translation differences			
Balance at the beginning of the period	-14.4	9.1	13.5
Changes	23.5	4.4	-34.7
Balance at the end of the period	9.1	13.5	-21.2
Equity attributable to shareholders of Julius Baer Holding Ltd.	1 575.9	6 207.1	6 439.2
Minority interest			
Balance at the beginning of the period	16.8	15.9	0.1
Changes	-0.1	-15.3	-
Minority interest in net profit	-0.9	-0.4	-
Balance at the end of the period	15.9	0.1	0.1
Total equity	1 591.8	6 207.3	6 439.3

Consolidated statement of cash flows (condensed)

	H1 2005 <i>CHF m</i>	H2 2005 <i>CHF m</i>	H1 2006 <i>CHF m</i>
Cash and cash equivalents at beginning of the period	2 055.0	2 080.2	2 362.0
Cash flow from operating activities	349.3	780.5	628.8
Cash flow from investing activities	-95.4	-5 228.3	344.0
Cash flow from financing activities	-116.6	4 687.0	-64.1
Effects of exchange rate changes	-112.1	42.6	24.3
Cash and cash equivalents at the end of the period	2 080.2	2 362.0	3 295.0

Accounting policies and valuation principles

For a comparison on the comparable basis of pro-forma figures for the year-ago period, we refer you to the separately available press release as well as the presentation on the 2006 half-year results.

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 2005 with the exception of the new pronouncements.

Starting 1 January 2006 the following new and revised standards and amendments are in force:

IAS 19 - Employee Benefits

IAS 39 - Financial Instruments: Recognition and Measurement

IAS 21 - The Effects of Changes in Foreign Exchange Rates

IFRS 6 - Exploration for and Evaluation of Mineral Resources

IFRIC 4 - Determining whether an Arrangement Contains a Lease

IFRIC 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IFRIC 6 - Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

IFRIC 7 - Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies

IFRIC 8 - Scope of IFRS 2

IFRIC 9 - Reassessment of Embedded Derivatives

IFRS 7 - Financial Instruments: Disclosures

IAS 1 - Presentation of Financial Statements: Capital Disclosures

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 27 July 2006. There were no significant events to report until this date.

	Year-end rates		Average exchange rates for the year	
	31.12.2005	30.06.2006	2005	2006
USD/CHF	1.3178	1.2250	1.2510	1.2640
EUR/CHF	1.5546	1.5664	1.5480	1.5660
GBP/CHF	2.2626	2.2656	2.2660	2.2730
JPY/CHF	1.1166	1.0716		

Information on the consolidated income statement

	H1 2005 CHF m	H2 2005 CHF m	H1 2006 CHF m	Change to H1 2005 in %
1 Net interest income				
Interest income on amounts due from customers and banks	70.9	106.9	212.6	199.9
Interest and discount income from bills and money market instruments	19.6	25.4	42.7	117.9
Refinancing income from trading positions	-3.5	-4.0	-3.4	-2.9
Loan commissions with the character of interest	0.1	-	0.1	-
Total interest and discount income	87.1	128.3	251.9	189.2
Interest income on financial investments	66.7	52.0	65.8	-1.3
Dividend income on financial investments	1.6	3.0	3.3	106.3
Interest expenses	96.1	114.6	224.1	133.2
Total	59.3	68.6	96.9	63.4
2 Commission income on securities and investment transactions				
Commissions from asset management and investment	440.0	737.2	1224.3	178.3
Income from brokerage and securities underwriting	72.6	88.7	183.9	153.3
Total	512.6	825.9	1408.1	174.7
3 Results from trading operations				
Securities	1.0	34.6	34.3	3330.0
Foreign exchange and precious metals	51.5	61.7	119.0	131.1
Total	52.5	96.4	153.3	192.0
4 Personnel expenses				
Salaries and bonuses	238.8	411.7	464.0	94.3
Contributions to retirement plans	13.1	23.7	32.1	145.0
Other social benefits	13.4	27.1	36.3	170.9
Other personnel expenses	30.9	80.5	90.6	193.2
Total	296.2	543.0	623.0	110.3
5 General expenses				
Premises expense	15.6	31.4	34.0	117.9
Expense for EDP, machinery, furniture, vehicles and other equipment	22.3	62.7	33.6	50.7
Information, communication and advertising expense	37.8	44.0	72.3	91.3
Service expense, fees and taxes	46.2	57.7	78.1	69.0
Other general expenses	-0.6	9.0	6.0	-1100.0
Total	121.3	204.9	224.0	84.7

Consolidated off-balance-sheet transactions

	30.06.2005 CHF m	31.12.2005 CHF m	30.06.2006 CHF m	Change to 31.12.2005 in %
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	356.4	633.3	699.8	10.5
Irrevocable liabilities under documentary letters of credit		0.6	-	
Other contingent liabilities	15.0	31.3	31.3	-
Total	371.4	665.2	731.1	9.9

Assets under management

	30.06.2005 CHF m	31.12.2005 CHF m	30.06.2006 CHF m	Change to 31.12.2005 in %
Assets in own-managed funds	54 998	119 139	131 694	10.5
Assets with management mandate	45 697	87 870	89 163	1.5
Other assets under management	50 027	97 313	99 482	2.2
Total assets under management (including double counting)	150 722	304 322	320 339	5.3
<i>of which double counting</i>	<i>7 135</i>	<i>30 970</i>	<i>32 862</i>	<i>6.1</i>
Baer Custodian Service	42 710	47 408	51 970	9.6

	H1 2005 CHF m	H2 2005 CHF m	H1 2006 CHF m	Change to H1 2005 in %
Change of assets under management	15 352	153 600	16 017	
<i>of which through acquisition¹</i>	<i>-</i>	<i>128 106</i>	<i>-</i>	<i>-</i>
<i>of which through divestment²</i>	<i>-5 487</i>	<i>-338</i>	<i>-</i>	<i>-100.0</i>
<i>of which through net new money</i>	<i>8 419</i>	<i>7 606</i>	<i>15 512</i>	<i>84.2</i>
<i>of which through market appreciation</i>	<i>12 420</i>	<i>18 226</i>	<i>505</i>	<i>-95.9</i>

¹ As of 02.12.2005, Julius Baer acquired the three private banks Ehinger & Armand von Ernst AG, Ferrier Lullin & Cie SA and BDL Banco di Lugano as well as GAM Holding AG from UBS AG.

² As of 01.04.2005, Julius Baer sold the Private Banking activities in the USA to UBS AG.

Method of calculation

Assets under management are stated according to the guidelines of the accounting regulations of the Swiss Federal Banking Commission (SFBC Newsletter No. 29 on the disclosure of assets under management).

Segment reporting by division

The segment reporting of the Julius Baer Group comprises the two operating divisions Private Banking and Asset Management as well as the Corporate Center, which is responsible for the normal corporate governance and control functions. The remaining corporate functions of the former Julius Baer Group, such as Human Resources, IT Infrastructure and Operations as well as Internal Services, are now part of the Private Banking division. Insofar as necessary, these units also provide their services to other parts of the Group. In order to provide optimal market access to the Group's private clientele, significant parts of the former Trading & Sales business line were reorganized and integrated into the Asset Management division as the "Markets" unit.

As a result of these restructuring measures, there are corresponding shifts in the detailed allocation of the revenues and expenses to the individual divisions for the two half-year periods of 2005 in order to maintain the structural comparability. Thus the operating income of the Private Banking division fell by CHF 3.6 million to CHF 286.7 million in the first half of 2005 and by CHF 0.3 million to CHF 292.6 million in the second half of 2005, whereas the operating expenses increased by

CHF 5.5 million to CHF 218.3 million in the first half of 2005 and by CHF 78.4 million to CHF 405.8 million in the second half of the year. In the Asset Management division, the operating income rose by CHF 68.7 million to CHF 293.9 million in the first half of 2005 and by CHF 74.7 million to CHF 544.5 million in the second half of 2005, while the operating expenses grew by CHF 41.9 million to CHF 193.1 million in the first half of 2005 and by CHF 45.4 million to CHF 358.2 million in the second half of the year. For the Corporate Center, the operating income climbed by CHF 4.8 million to CHF 35.2 million in the first half of 2005 and by CHF 4.4 million to CHF 51.5 million in the second half of 2005, whereas the operating expenses dropped by CHF 4.8 million to CHF 50.8 million in the first half of 2005 and by CHF 74.7 million to CHF 89.5 million in the second half of the year.

These structural adjustments have no effect on the magnitude and composition of the consolidated results of the Group for the two half-year periods of 2005. For a comparison on the comparable basis of pro-forma figures for the year-ago period, we refer you to the separately available press release as well as the presentation on the 2006 half-year results.

Segment reporting by division

	H 1 2005 <i>restated</i> CHF m	Private Banking H 2 2005 <i>restated</i> CHF m	H 1 2006 CHF m
Operating income	286.7	292.6	600.6
Personnel expenses	147.3	215.6	268.3
General expenses	72.9	128.7	109.6
Services to/from other divisions	-32.0	-23.3	-0.2
Depreciation and amortization	12.4	64.9	49.8
Valuation adjustments, provisions and losses	17.7	19.9	3.5
Operating expenses	218.3	405.8	431.0
Net profit before taxes per division	68.4	-113.2	169.6
Taxes			
Net profit			
<i>of which shareholders of Julius Baer Holding Ltd.</i>			
<i>of which minority interest</i>			
Assets under management ²	60 159	121 892	123 163
<i>change through acquisition³</i>	-	57 255	-
<i>change through divestment⁴</i>	-5 487	-338	-
<i>change through net new money</i>	-541	-918	1 305
<i>change through market appreciation</i>	4 928	5 734	-34
Assets ^{2,5}	2 307	11 669	9 771
Liabilities ^{2,5}	2 996	10 110	8 713
Investments	6.6	2 040.1	13.4
Number of employees (FTE) ^{2,5}	1 235	2 177	2 118

¹ Including residual items and eliminations

² Values on 30.06. and 31.12.

³ As of 02.12.2005, Julius Baer acquired the three private banks Ehinger & Armand von Ernst AG, Ferrier Lullin & Cie SA and BDL Banco di Lugano as well as GAM Holding AG from UBS AG.

⁴ As of 01.04.2005, Julius Baer sold the Private Banking activities in the USA to UBS AG.

⁵ The strong increase in assets and liabilities as well as the number of employees in Private Banking and Asset Management relates primarily to the above-mentioned acquisitions.

H1 2005 <i>restated</i> CHF m	Asset Management		H1 2005 <i>restated</i> CHF m	Corporate Center ¹		H1 2005 CHF m	Total Group	
	H2 2005 <i>restated</i> CHF m	H1 2006 CHF m		H2 2005 <i>restated</i> CHF m	H1 2006 CHF m		H2 2005 CHF m	H1 2006 CHF m
293.9	544.5	759.7	35.2	51.5	49.2	615.8	888.6	1409.5
122.2	266.5	296.0	26.7	60.9	58.7	296.2	543.0	623.0
32.7	50.8	88.6	15.7	25.4	25.8	121.3	204.9	224.0
32.7	23.6	10.3	-0.7	-0.3	-10.1	-	-	-
0.6	16.5	57.1	8.8	2.8	2.7	21.8	84.2	109.6
4.9	0.8	3.5	0.3	0.8	-0.9	22.9	21.5	6.1
193.1	358.2	455.5	50.8	89.5	76.1	462.2	853.5	962.6
100.8	186.3	304.2	-15.6	-38.0	-26.9	153.6	35.1	446.9
						24.4	19.5	132.9
						129.2	15.6	314.0
						130.1	16.0	314.0
						-0.9	-0.4	-
90367	182109	197102	196	321	74	150722	304322	320339
-	70851	-	-	-	-	-	128106	-
-	-	-	-	-	-	-5487	-338	-
8973	8519	14214	-13	5	-7	8419	7606	15512
7489	12372	779	3	120	-240	12420	18226	505
4910	7321	9962	10101	9658	13869	17318	28648	33601
5937	5733	7028	6793	6598	11421	15726	22441	27162
0.1	3133.1	18.2	1.3	-	-	8.0	5173.2	31.6
526	1214	1304	101	121	138	1862	3512	3560

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