HALF-YEAR REPORT 2014
JULIUS BAER GROUP LTD.

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This Half-year Report also appears in German. The English version is prevailing.
## CONSOLIDATED INCOME STATEMENT

<table>
<thead>
<tr>
<th>Note</th>
<th>Interest and dividend income</th>
<th>H1 2014 CHF m</th>
<th>H1 2013 CHF m</th>
<th>H2 2013 CHF m</th>
<th>Change to H1 2013 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Interest expense</td>
<td>59.0</td>
<td>41.6</td>
<td>48.5</td>
<td>41.8</td>
</tr>
<tr>
<td></td>
<td>Net interest and dividend income</td>
<td>346.6</td>
<td>274.8</td>
<td>277.3</td>
<td>26.1</td>
</tr>
<tr>
<td></td>
<td>Commission expense</td>
<td>105.2</td>
<td>110.9</td>
<td>81.1</td>
<td>-5.1</td>
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<tr>
<td></td>
<td>Net commission and fee income</td>
<td>745.7</td>
<td>598.8</td>
<td>677.9</td>
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<tr>
<td></td>
<td>Net trading income</td>
<td>115.1</td>
<td>184.5</td>
<td>130.4</td>
<td>-37.6</td>
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<tr>
<td></td>
<td>Other ordinary results</td>
<td>28.2</td>
<td>18.7</td>
<td>32.4</td>
<td>50.8</td>
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<tr>
<td></td>
<td><strong>Operating income</strong></td>
<td>1,235.7</td>
<td>1,076.7</td>
<td>1,118.0</td>
<td>14.8</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Personnel expenses</th>
<th>H1 2014 CHF m</th>
<th>H1 2013 CHF m</th>
<th>H2 2013 CHF m</th>
<th>Change to H1 2013 in %</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>General expenses</td>
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<td>521.6</td>
<td>547.3</td>
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<td></td>
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<td>14.0</td>
<td>14.8</td>
<td>5.0</td>
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<tr>
<td></td>
<td>Amortisation of customer relationships</td>
<td>58.9</td>
<td>48.5</td>
<td>54.2</td>
<td>21.4</td>
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<tr>
<td></td>
<td>Amortisation and impairment of other intangible assets</td>
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<td>29.7</td>
<td>31.3</td>
<td>-20.9</td>
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<tr>
<td></td>
<td><strong>Operating expenses</strong></td>
<td>999.8</td>
<td>932.9</td>
<td>1,007.2</td>
<td>7.2</td>
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<table>
<thead>
<tr>
<th>Note</th>
<th>Profit before taxes</th>
<th>H1 2014 CHF m</th>
<th>H1 2013 CHF m</th>
<th>H2 2013 CHF m</th>
<th>Change to H1 2013 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income taxes</td>
<td>57.0</td>
<td>29.5</td>
<td>37.3</td>
<td>93.2</td>
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<tr>
<td></td>
<td><strong>Net profit</strong></td>
<td>178.9</td>
<td>114.3</td>
<td>73.5</td>
<td>56.5</td>
</tr>
</tbody>
</table>

**Attributable to:**

- Shareholders of Julius Baer Group Ltd. | 178.3 | 114.0 | 73.5 | 56.4
- Non-controlling interests | 0.6 | 0.3 | - | 100.0

<table>
<thead>
<tr>
<th>Note</th>
<th>H1 2014 CHF</th>
<th>H1 2013 CHF</th>
<th>H2 2013 CHF</th>
<th>Change to H1 2013 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share information</td>
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<tr>
<td>Basic earnings per share (EPS)</td>
<td>0.82</td>
<td>0.53</td>
<td>0.34</td>
<td>53.2</td>
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<tr>
<td>Diluted earnings per share (EPS)</td>
<td>0.82</td>
<td>0.53</td>
<td>0.34</td>
<td>55.4</td>
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### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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<tr>
<th></th>
<th>H1 2014 CHF m</th>
<th>H1 2013 CHF m</th>
<th>H2 2013 CHF m</th>
<th>Change to H1 2013 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net profit recognised in the income statement</strong></td>
<td>178.9</td>
<td>114.3</td>
<td>73.5</td>
<td>56.5</td>
</tr>
<tr>
<td><strong>Other comprehensive income (net of taxes):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Items that may be reclassified to the income statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealised gains/(losses) on financial investments available-for-sale</td>
<td>42.5</td>
<td>-19.7</td>
<td>12.1</td>
<td></td>
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<tr>
<td>Net realised (gains)/losses reclassified to the income statement on financial investments available-for-sale</td>
<td>3.0</td>
<td>0.5</td>
<td>-13.1</td>
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<tr>
<td>Hedging reserve for cash flow hedges</td>
<td>-</td>
<td>10.1</td>
<td>-</td>
<td></td>
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<tr>
<td>Translation differences</td>
<td>4.7</td>
<td>0.9</td>
<td>-10.2</td>
<td></td>
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<tr>
<td>Realised (gains)/losses reclassified to the income statement on translation differences</td>
<td>15.7</td>
<td>1.7</td>
<td>-</td>
<td></td>
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<tr>
<td><strong>Items that will not be reclassified to the income statement</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Remeasurement of defined benefit obligation</td>
<td>23.1</td>
<td>42.5</td>
<td>55.8</td>
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<tr>
<td><strong>Other comprehensive income for the period recognised directly in equity</strong></td>
<td>89.0</td>
<td>36.0</td>
<td>44.7</td>
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<tr>
<td><strong>Total comprehensive income for the period recognised in the income statement and in equity</strong></td>
<td>267.9</td>
<td>150.3</td>
<td>118.2</td>
<td></td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of Julius Baer Group Ltd.</td>
<td>267.3</td>
<td>150.0</td>
<td>118.2</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>0.6</td>
<td>0.3</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>267.9</td>
<td>150.3</td>
<td>118.2</td>
<td></td>
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</table>
## CONSOLIDATED BALANCE SHEET

<table>
<thead>
<tr>
<th>Assets</th>
<th>30.06.2014 CHF m</th>
<th>31.12.2013 CHF m</th>
<th>30.06.2013 CHF m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>9,302.6</td>
<td>10,242.0</td>
<td>10,349.7</td>
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<tr>
<td>Due from banks</td>
<td>8,230.1</td>
<td>11,455.4</td>
<td>11,522.8</td>
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<tr>
<td>Loans</td>
<td>30,595.7</td>
<td>27,536.3</td>
<td>22,908.7</td>
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<tr>
<td>Trading assets</td>
<td>6,751.5</td>
<td>5,853.5</td>
<td>4,777.7</td>
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<tr>
<td>Derivative financial instruments</td>
<td>1,023.5</td>
<td>1,253.3</td>
<td>1,976.4</td>
</tr>
<tr>
<td>Financial investments available-for-sale</td>
<td>14,594.2</td>
<td>13,125.3</td>
<td>12,998.0</td>
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<tr>
<td>Investments in associates</td>
<td>60.2</td>
<td>102.6</td>
<td>104.8</td>
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<tr>
<td>Property and equipment</td>
<td>383.2</td>
<td>386.2</td>
<td>374.1</td>
</tr>
<tr>
<td>Goodwill and other intangible assets</td>
<td>2,345.0</td>
<td>2,126.9</td>
<td>1,763.8</td>
</tr>
<tr>
<td>Accrued income and prepaid expenses</td>
<td>328.5</td>
<td>272.2</td>
<td>266.8</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>15.0</td>
<td>15.6</td>
<td>17.9</td>
</tr>
<tr>
<td>Other assets</td>
<td>155.6</td>
<td>152.7</td>
<td>180.3</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>73,785.1</strong></td>
<td><strong>72,522.1</strong></td>
<td><strong>67,241.0</strong></td>
</tr>
</tbody>
</table>
### Liabilities and equity

<table>
<thead>
<tr>
<th>Note</th>
<th>30.06.2014 CHF m</th>
<th>31.12.2013 CHF m</th>
<th>30.06.2013 CHF m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to banks</td>
<td>5,112.8</td>
<td>7,990.5</td>
<td>8,456.3</td>
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<td>Due to customers</td>
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<td>51,559.3</td>
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<td>Trading liabilities</td>
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<td>Derivative financial instruments</td>
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<td>1,198.2</td>
<td>1,957.2</td>
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<tr>
<td>Financial liabilities designated at fair value</td>
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<td>3,795.3</td>
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<tr>
<td>Debt issued</td>
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<td>1,065.5</td>
<td>724.5</td>
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<td>Accrued expenses and deferred income</td>
<td>383.0</td>
<td>451.9</td>
<td>365.3</td>
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<td>Current tax liabilities</td>
<td>57.8</td>
<td>59.6</td>
<td>13.3</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>149.5</td>
<td>142.8</td>
<td>107.2</td>
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<tr>
<td>Provisions</td>
<td>10</td>
<td>70.5</td>
<td>72.1</td>
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<td>Other liabilities</td>
<td>302.6</td>
<td>288.5</td>
<td>463.6</td>
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<td>Total liabilities</td>
<td>68,568.0</td>
<td>67,483.6</td>
<td>62,523.9</td>
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<table>
<thead>
<tr>
<th>Note</th>
<th>30.06.2014 CHF m</th>
<th>31.12.2013 CHF m</th>
<th>30.06.2013 CHF m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
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<tr>
<td>Retained earnings</td>
<td>5,310.6</td>
<td>5,235.8</td>
<td>4,927.2</td>
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<tr>
<td>Other components of equity</td>
<td>56.1</td>
<td>-32.8</td>
<td>-77.5</td>
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<td>Treasury shares</td>
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<td>-169.5</td>
<td>-140.3</td>
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<td>Equity attributable to shareholders of Julius Baer Group Ltd.</td>
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<td>5,037.9</td>
<td>4,714.0</td>
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<td>Non-controlling interests</td>
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**Total liabilities and equity**

<table>
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<th>Note</th>
<th>30.06.2014 CHF m</th>
<th>31.12.2013 CHF m</th>
<th>30.06.2013 CHF m</th>
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</thead>
<tbody>
<tr>
<td>Total liabilities and equity</td>
<td>73,785.1</td>
<td>72,522.1</td>
<td>67,241.0</td>
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<tr>
<td></td>
<td>Share capital CHF m</td>
<td>Retained earnings (^1) CHF m</td>
<td>Financial investments available-for-sale, net of taxes CHF m</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>---------------------</td>
<td>--------------------------------</td>
<td>-------------------------------------------------------------</td>
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<tr>
<td><strong>At 1 January 2013</strong></td>
<td>4.3</td>
<td>4,932.1</td>
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<td>Net profit</td>
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<td>Items that may be reclassified to the income statement</td>
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<td>-</td>
<td>-19.2</td>
</tr>
<tr>
<td>Items that will not be reclassified to the income statement</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>114.0</td>
<td>-19.2</td>
</tr>
<tr>
<td>Capital increase</td>
<td>0.1</td>
<td>6.5(^2)</td>
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</tr>
<tr>
<td>Changes in non-controlling interests</td>
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</tr>
<tr>
<td>Dividends</td>
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</tr>
<tr>
<td>Dividend income on own shares</td>
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</tr>
<tr>
<td>Share-based payments expired</td>
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<td>20.9</td>
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<tr>
<td>Share-based payments vested</td>
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<td>-16.2</td>
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</tr>
<tr>
<td>Changes in derivatives on own shares</td>
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<td>-6.9</td>
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</tr>
<tr>
<td>Acquisitions of own shares</td>
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<td>-</td>
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</tr>
<tr>
<td>Disposals of own shares</td>
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<td>4.7</td>
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<td><strong>At 30 June 2013</strong></td>
<td>4.5</td>
<td>4,927.2</td>
<td>72.0</td>
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<tr>
<td><strong>At 1 July 2013</strong></td>
<td>4.5</td>
<td>4,927.2</td>
<td>72.0</td>
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<td>Net profit</td>
<td>-</td>
<td>73.5</td>
<td></td>
</tr>
<tr>
<td>Items that may be reclassified to the income statement</td>
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<td>-</td>
<td>-1.0</td>
</tr>
<tr>
<td>Items that will not be reclassified to the income statement</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>73.5</td>
<td>-1.0</td>
</tr>
<tr>
<td>Capital increase</td>
<td>-</td>
<td>204.5</td>
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</tr>
<tr>
<td>Changes in non-controlling interests</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share-based payments expired</td>
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<td>24.6</td>
<td></td>
</tr>
<tr>
<td>Share-based payments vested</td>
<td>-</td>
<td>-1.6</td>
<td></td>
</tr>
<tr>
<td>Changes in derivatives on own shares</td>
<td>-</td>
<td>8.4</td>
<td></td>
</tr>
<tr>
<td>Acquisitions of own shares</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Disposals of own shares</td>
<td>-</td>
<td>-0.8</td>
<td></td>
</tr>
<tr>
<td><strong>At 31 December 2013</strong></td>
<td>4.5</td>
<td>5,235.8</td>
<td>71.1</td>
</tr>
<tr>
<td><strong>At 1 January 2014</strong></td>
<td>4.5</td>
<td>5,235.8</td>
<td>71.1</td>
</tr>
<tr>
<td>Net profit</td>
<td>-</td>
<td>178.3</td>
<td></td>
</tr>
<tr>
<td>Items that may be reclassified to the income statement</td>
<td>-</td>
<td>-</td>
<td>45.5</td>
</tr>
<tr>
<td>Items that will not be reclassified to the income statement</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>178.3</td>
<td>45.5</td>
</tr>
<tr>
<td>Capital increase</td>
<td>-</td>
<td>40.6(^3)</td>
<td></td>
</tr>
<tr>
<td>Changes in non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-133.2</td>
<td></td>
</tr>
<tr>
<td>Dividend income on own shares</td>
<td>-</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>Share-based payments expired</td>
<td>-</td>
<td>27.6</td>
<td></td>
</tr>
<tr>
<td>Share-based payments vested</td>
<td>-</td>
<td>-40.7</td>
<td></td>
</tr>
<tr>
<td>Changes in derivatives on own shares</td>
<td>-</td>
<td>-5.2</td>
<td></td>
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<tr>
<td>Acquisitions of own shares</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Disposals of own shares</td>
<td>-</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td>4.5</td>
<td>5,310.6</td>
<td>116.5</td>
</tr>
</tbody>
</table>

\(^1\) Retained earnings include the capital reserves of Bank Julius Baer & Co. Ltd. and the share premium reserve/capital contribution reserve of Julius Baer Group Ltd.

\(^2\) Including incremental costs of CHF 11 million that are directly attributable to the issuance of the new shares in 2012.

\(^3\) The capital increase is related to the acquisition of IWM. The respective shares have been issued in January 2013. Refer to page 27.
<table>
<thead>
<tr>
<th>Hedging reserve for cash flow hedges, net of taxes CHF m</th>
<th>Remeasurement of defined benefit obligation CHF m</th>
<th>Translation differences CHF m</th>
<th>Treasury shares Julius Baer Group Ltd. CHF m</th>
<th>Equity attributable to shareholders of Julius Baer Group Ltd. CHF m</th>
<th>Non-controlling interests CHF m</th>
<th>Total equity CHF m</th>
</tr>
</thead>
<tbody>
<tr>
<td>-10.1</td>
<td>-143.7</td>
<td>-50.9</td>
<td>-127.6</td>
<td>4,695.3</td>
<td>2.3</td>
<td>4,697.6</td>
</tr>
<tr>
<td>10.1</td>
<td>-</td>
<td>2.6</td>
<td>-6.5</td>
<td>-</td>
<td>-6.5</td>
<td>-6.5</td>
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</table>
### CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

<table>
<thead>
<tr>
<th></th>
<th>H1 2014 CHF m</th>
<th>H1 2013 CHF m</th>
<th>H2 2013 CHF m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>23,336.2</td>
<td>15,968.3</td>
<td>22,969.3</td>
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<tr>
<td>Cash flow from operating activities after taxes</td>
<td>-3,599.1</td>
<td>6,391.9</td>
<td>-7,225.4</td>
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<tr>
<td>Cash flow from investing activities</td>
<td>-292.3</td>
<td>222.7</td>
<td>6,459.8</td>
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<tr>
<td>Cash flow from financing activities</td>
<td>738.9</td>
<td>465.6</td>
<td>971.2</td>
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<tr>
<td>Effects of exchange rate changes</td>
<td>22.6</td>
<td>-79.2</td>
<td>161.4</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td><strong>20,206.3</strong></td>
<td><strong>22,969.3</strong></td>
<td><strong>23,336.2</strong></td>
</tr>
</tbody>
</table>
CONDENSED ACCOUNTING POLICIES AND VALUATION PRINCIPLES

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

The condensed consolidated half-year financial statements of the Group as at, and for the six months ended, 30 June 2014 comprise of 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 2013 with the exception of the recently adopted accounting standard.

Starting 1 January 2014, the following revised accounting standard is in force and is relevant to the Group:

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
In order to be able to offset a financial asset and a financial liability on the balance sheet, the amendment clarifies the existing standard in two areas. The first one states that, in addition to being legally enforceable in the normal course of business, a right of set-off must be enforceable for all counterparties in the event of default, insolvency or bankruptcy. The second clarification states that some gross settlement systems may be considered equivalent to net settlement.

The application of the amended standard had no material impact on the Group’s financial statements.

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 18 July 2014. There were no significant events to report until this date.

<table>
<thead>
<tr>
<th>Currency</th>
<th>Exchange rates as at 30.06.2014</th>
<th>30.06.2013</th>
<th>31.12.2013</th>
<th>Average exchange rates</th>
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<tbody>
<tr>
<td>USD/CHF</td>
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<td>0.9462</td>
<td>0.8894</td>
<td><strong>0.8890</strong></td>
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<tr>
<td>EUR/CHF</td>
<td>1.2142</td>
<td>1.2299</td>
<td>1.2255</td>
<td><strong>1.2180</strong></td>
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<td>GBP/CHF</td>
<td>1.5168</td>
<td>1.4351</td>
<td>1.4729</td>
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## 1 Net Interest and Dividend Income

<table>
<thead>
<tr>
<th></th>
<th>H1 2014 CHF m</th>
<th>H1 2013 CHF m</th>
<th>H2 2013 CHF m</th>
<th>Change to H1 2013 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income on amounts due from banks</td>
<td>18.5</td>
<td>10.2</td>
<td>16.4</td>
<td>81.4</td>
</tr>
<tr>
<td>Interest income on loans</td>
<td>194.1</td>
<td>159.8</td>
<td>180.6</td>
<td>21.5</td>
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<tr>
<td>Interest income on money market instruments</td>
<td>7.5</td>
<td>2.6</td>
<td>4.6</td>
<td>188.5</td>
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<tr>
<td>Interest income on financial investments available-for-sale</td>
<td>74.2</td>
<td>70.4</td>
<td>73.7</td>
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<tr>
<td>Total interest income using the effective interest method</td>
<td>294.3</td>
<td>243.0</td>
<td>275.3</td>
<td>21.1</td>
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<tr>
<td>Dividend income on financial investments available-for-sale</td>
<td>3.9</td>
<td>6.5</td>
<td>-</td>
<td>-40.0</td>
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<tr>
<td>Interest income on trading portfolios</td>
<td>44.6</td>
<td>33.6</td>
<td>46.0</td>
<td>32.7</td>
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<tr>
<td>Dividend income on trading portfolios</td>
<td>62.7</td>
<td>33.2</td>
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<td>88.9</td>
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<tr>
<td>Total interest and dividend income</td>
<td>405.6</td>
<td>316.3</td>
<td>325.8</td>
<td>28.2</td>
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<tr>
<td>Interest expense on amounts due to banks</td>
<td>1.0</td>
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<td>Interest expense on amounts due to customers</td>
<td>40.6</td>
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<tr>
<td>Interest expense on debt issued</td>
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<tr>
<td>Total interest expense using the effective interest method</td>
<td>59.0</td>
<td>41.6</td>
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<td>Total</td>
<td>346.6</td>
<td>274.8</td>
<td>277.3</td>
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## 2 Net Commission and Fee Income

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<th>H1 2013 CHF m</th>
<th>H2 2013 CHF m</th>
<th>Change to H1 2013 in %</th>
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<tbody>
<tr>
<td>Advisory and management commissions</td>
<td>389.9</td>
<td>351.3</td>
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<td>Investment fund fees</td>
<td>95.7</td>
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<tr>
<td>Fiduciary commissions</td>
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<tr>
<td>Total commission and fee income from asset management</td>
<td>488.8</td>
<td>422.6</td>
<td>427.9</td>
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<tr>
<td>Brokerage commissions and income from securities underwriting</td>
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<td>216.8</td>
<td>224.2</td>
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<tr>
<td>Commission income from credit-related activities</td>
<td>4.6</td>
<td>3.0</td>
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<tr>
<td>Commission and fee income on other services</td>
<td>72.4</td>
<td>67.1</td>
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<td>7.9</td>
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<tr>
<td>Total commission and fee income</td>
<td>851.0</td>
<td>709.6</td>
<td>759.0</td>
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<tr>
<td>Commission expense</td>
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<td>110.9</td>
<td>81.1</td>
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<tr>
<td>Total</td>
<td>745.7</td>
<td>598.8</td>
<td>677.9</td>
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### 3 Net Trading Income

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<th>H1 2013</th>
<th>H2 2013</th>
<th>Change to H1 2013 in %</th>
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<tbody>
<tr>
<td>Debt instruments</td>
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<tr>
<td>Equity instruments</td>
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<td>Foreign exchange</td>
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<td>Total</td>
<td>115.1</td>
<td>184.5</td>
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### 4 Personnel Expenses

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<tr>
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<th>H1 2013</th>
<th>H2 2013</th>
<th>Change to H1 2013 in %</th>
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</thead>
<tbody>
<tr>
<td>Salaries and bonuses</td>
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<td>Contributions to staff pension plans</td>
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<td>Other social security contributions</td>
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<tr>
<td>Share-based payments</td>
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<td>20.9</td>
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<tr>
<td>Other personnel expenses</td>
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<td>Total</td>
<td>631.1</td>
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### 5 General Expenses

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<th>H2 2013</th>
<th>Change to H1 2013 in %</th>
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<tr>
<td>Occupancy expense</td>
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<td>IT and other equipment expense</td>
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<td>Information, communication and advertising expense</td>
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<td>Service expense, fees and taxes</td>
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<td>Valuation allowances, provisions and losses</td>
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<td>Other general expenses</td>
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† Including CHF 28.0 million (H1 2013) and CHF 0.6 million (H2 2013) related to the withholding tax treaty between Switzerland and the UK (see Note 10 Provisions).
### INFORMATION ON THE CONSOLIDATED BALANCE SHEET

#### 6A DUE FROM BANKS

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<th>31.12.2013 CHF m</th>
<th>Change to 31.12.2013 in %</th>
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<tr>
<td>Due from banks</td>
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<td>11,459.8</td>
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<td>Allowance for credit losses</td>
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<td>-4.4</td>
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<td><strong>Total</strong></td>
<td><strong>8,230.1</strong></td>
<td><strong>11,522.8</strong></td>
<td><strong>11,455.4</strong></td>
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#### 6B LOANS

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<th>30.06.2013 CHF m</th>
<th>31.12.2013 CHF m</th>
<th>Change to 31.12.2013 in %</th>
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<tr>
<td>Loans</td>
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<tr>
<td>Mortgages</td>
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<tr>
<td><strong>Subtotal</strong></td>
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<td><strong>22,937.9</strong></td>
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<tr>
<td>Allowance for credit losses</td>
<td>-49.1</td>
<td>-29.2</td>
<td>-47.7</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30,595.7</strong></td>
<td><strong>22,908.7</strong></td>
<td><strong>27,536.3</strong></td>
<td><strong>11.1</strong></td>
</tr>
</tbody>
</table>

#### 6C ALLOWANCE FOR CREDIT LOSSES

<table>
<thead>
<tr>
<th></th>
<th>H1 2014 Specific CHF m</th>
<th>H1 2014 Collective CHF m</th>
<th>H1 2013 Specific CHF m</th>
<th>H1 2013 Collective CHF m</th>
<th>H2 2013 Specific CHF m</th>
<th>H2 2013 Collective CHF m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the period</td>
<td>30.9</td>
<td>21.2</td>
<td>56.4</td>
<td>16.5</td>
<td>16.8</td>
<td>16.7</td>
</tr>
<tr>
<td>Write-offs</td>
<td>-0.4</td>
<td>-</td>
<td>-44.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase in allowance for credit losses</td>
<td>3.3</td>
<td>0.1</td>
<td>4.9</td>
<td>0.2</td>
<td>17.8</td>
<td>5.1</td>
</tr>
<tr>
<td>Decrease in allowance for credit losses</td>
<td>-0.5</td>
<td>-1.9</td>
<td>-</td>
<td>-</td>
<td>-3.6</td>
<td>-0.6</td>
</tr>
<tr>
<td>Translation differences and other adjustments</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at the end of the period</strong></td>
<td><strong>33.4</strong></td>
<td><strong>19.4</strong></td>
<td><strong>16.8</strong></td>
<td><strong>16.7</strong></td>
<td><strong>30.9</strong></td>
<td><strong>21.2</strong></td>
</tr>
</tbody>
</table>
### 6D IMPAIRED LOANS

<table>
<thead>
<tr>
<th></th>
<th>30.06.2014 CHF m</th>
<th>30.06.2013 CHF m</th>
<th>31.12.2013 CHF m</th>
<th>Change to 31.12.2013 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross loans</td>
<td>33.5</td>
<td>26.8</td>
<td>32.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Specific allowance for credit losses</td>
<td>-33.4</td>
<td>-16.8</td>
<td>-30.9</td>
<td>-</td>
</tr>
<tr>
<td>Net loans</td>
<td>0.1</td>
<td>10.0</td>
<td>1.8</td>
<td>-94.4</td>
</tr>
</tbody>
</table>

### 7A FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

<table>
<thead>
<tr>
<th></th>
<th>30.06.2014 CHF m</th>
<th>30.06.2013 CHF m</th>
<th>31.12.2013 CHF m</th>
<th>Change to 31.12.2013 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market instruments</td>
<td>3,194.2</td>
<td>1,528.7</td>
<td>2,494.5</td>
<td>28.0</td>
</tr>
<tr>
<td>Government and agency bonds</td>
<td>1,673.6</td>
<td>1,755.1</td>
<td>2,059.5</td>
<td>-18.7</td>
</tr>
<tr>
<td>Financial institution bonds</td>
<td>6,151.6</td>
<td>5,440.3</td>
<td>5,292.7</td>
<td>16.2</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>3,485.9</td>
<td>4,184.0</td>
<td>3,190.6</td>
<td>9.3</td>
</tr>
<tr>
<td>Other bonds</td>
<td>4.1</td>
<td>7.6</td>
<td>5.8</td>
<td>-29.3</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>11,315.2</td>
<td>11,387.0</td>
<td>10,548.6</td>
<td>7.3</td>
</tr>
<tr>
<td>of which quoted</td>
<td>10,329.6</td>
<td>10,531.6</td>
<td>9,605.9</td>
<td>7.5</td>
</tr>
<tr>
<td>of which unquoted</td>
<td>985.6</td>
<td>855.4</td>
<td>942.7</td>
<td>4.6</td>
</tr>
<tr>
<td>Equity instruments</td>
<td>84.8</td>
<td>82.3</td>
<td>82.3</td>
<td>3.0</td>
</tr>
<tr>
<td>of which quoted</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
<td>-100.0</td>
</tr>
<tr>
<td>of which unquoted</td>
<td>84.8</td>
<td>82.3</td>
<td>81.8</td>
<td>3.7</td>
</tr>
<tr>
<td>Total</td>
<td>14,594.2</td>
<td>12,998.0</td>
<td>13,125.3</td>
<td>11.2</td>
</tr>
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</table>

### 7B FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE – CREDIT RATINGS

<table>
<thead>
<tr>
<th>Debt instruments by credit rating classes (excluding money market instruments)</th>
<th>30.06.2014 CHF m</th>
<th>30.06.2013 CHF m</th>
<th>31.12.2013 CHF m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitch, S&amp;P</td>
<td>Moody's</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1–2</td>
<td>AAA – AA-</td>
<td>Aaa – Aa3</td>
<td>7,699.9</td>
</tr>
<tr>
<td>3</td>
<td>A+ – A-</td>
<td>A1 – A3</td>
<td>3,176.7</td>
</tr>
<tr>
<td>4</td>
<td>BBB+ – BBB-</td>
<td>Baa1 – Baa3</td>
<td>282.1</td>
</tr>
<tr>
<td>5–7</td>
<td>BB+ – CCC-</td>
<td>Ba1 – Caa3</td>
<td>21.6</td>
</tr>
<tr>
<td>8–9</td>
<td>CC – D</td>
<td>Ca – C</td>
<td>0.4</td>
</tr>
<tr>
<td>Unrated</td>
<td></td>
<td></td>
<td>134.5</td>
</tr>
<tr>
<td>Total</td>
<td>11,315.2</td>
<td>11,387.0</td>
<td>10,548.6</td>
</tr>
</tbody>
</table>
8 FAIR VALUE

For trading assets and financial investments available-for-sale as well as for exchange-traded derivatives and other financial instruments whose prices are quoted in an active market, the fair value is determined directly from the quoted market prices (level 1).

For financial instruments for which quoted market prices are not directly available, 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 (level 2). This is the case for the majority of OTC derivatives, most unquoted financial instruments, 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.

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 (level 3). The Group holds certain equity instruments in the amount of CHF 79.7 million, which are required for the operation of the Group and are reported as financial instruments available-for-sale, with changes in the fair value recognised in other comprehensive income. The determination of the fair value is based on the published net asset value of the investees. The net asset values are adjusted by management for any necessary impacts from events which may have an influence on the valuation (adjusted net asset method). In 2014, dividends related to these investments in the amount of CHF 3.9 million have been recognised in the income statement.
The fair value of financial instruments carried at fair value is determined as follows:

<table>
<thead>
<tr>
<th>Total</th>
<th>Quoted market price</th>
<th>Valuation technique market-observable inputs</th>
<th>Valuation technique non-market-observable inputs</th>
<th>CHF m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Total</td>
<td>Level 3</td>
</tr>
<tr>
<td>-------</td>
<td>---------</td>
<td>---------</td>
<td>-------</td>
<td>---------</td>
</tr>
<tr>
<td>Assets and liabilities measured at fair value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading assets – debt instruments</td>
<td>CHF m</td>
<td>1,423.1</td>
<td>123.5</td>
<td>-</td>
</tr>
<tr>
<td>Trading assets – equity instruments</td>
<td>CHF m</td>
<td>2,589.2</td>
<td>539.4</td>
<td>-</td>
</tr>
<tr>
<td>Trading assets – precious metals (physical)</td>
<td>CHF m</td>
<td>-</td>
<td>2,076.3</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total trading assets</strong></td>
<td>CHF m</td>
<td><strong>4,012.3</strong></td>
<td><strong>2,739.2</strong></td>
<td>-</td>
</tr>
<tr>
<td>Foreign exchange derivatives</td>
<td>CHF m</td>
<td>2.7</td>
<td>562.3</td>
<td>-</td>
</tr>
<tr>
<td>Interest rate derivatives</td>
<td>CHF m</td>
<td>3.9</td>
<td>59.7</td>
<td>-</td>
</tr>
<tr>
<td>Precious metal derivatives</td>
<td>CHF m</td>
<td>1.8</td>
<td>156.0</td>
<td>-</td>
</tr>
<tr>
<td>Equity/indices derivatives</td>
<td>CHF m</td>
<td>78.9</td>
<td>156.6</td>
<td>-</td>
</tr>
<tr>
<td>Credit derivatives</td>
<td>CHF m</td>
<td>-</td>
<td>1.6</td>
<td>-</td>
</tr>
<tr>
<td>Other derivatives</td>
<td>CHF m</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total derivative financial instruments</strong></td>
<td>CHF m</td>
<td><strong>87.3</strong></td>
<td><strong>936.2</strong></td>
<td>-</td>
</tr>
<tr>
<td>Financial investments available-for-sale</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– money market instruments</td>
<td>CHF m</td>
<td>-</td>
<td>3,194.2</td>
<td>-</td>
</tr>
<tr>
<td>Financial investments available-for-sale</td>
<td>CHF m</td>
<td>10,329.6</td>
<td>985.6</td>
<td>-</td>
</tr>
<tr>
<td>Financial investments available-for-sale</td>
<td>CHF m</td>
<td>-</td>
<td>5.1</td>
<td>79.7</td>
</tr>
<tr>
<td><strong>Total financial investments available-for-sale</strong></td>
<td>CHF m</td>
<td><strong>10,329.6</strong></td>
<td><strong>4,184.9</strong></td>
<td>79.7</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>CHF m</td>
<td><strong>14,429.2</strong></td>
<td><strong>7,860.3</strong></td>
<td>79.7</td>
</tr>
<tr>
<td>Short positions – debt instruments</td>
<td>CHF m</td>
<td>120.5</td>
<td>13.6</td>
<td>-</td>
</tr>
<tr>
<td>Short positions – equity instruments</td>
<td>CHF m</td>
<td>140.6</td>
<td>19.5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total trading liabilities</strong></td>
<td>CHF m</td>
<td><strong>261.1</strong></td>
<td><strong>33.1</strong></td>
<td>-</td>
</tr>
<tr>
<td>Foreign exchange derivatives</td>
<td>CHF m</td>
<td>2.1</td>
<td>515.3</td>
<td>-</td>
</tr>
<tr>
<td>Interest rate derivatives</td>
<td>CHF m</td>
<td>1.8</td>
<td>79.2</td>
<td>-</td>
</tr>
<tr>
<td>Precious metal derivatives</td>
<td>CHF m</td>
<td>-</td>
<td>54.5</td>
<td>-</td>
</tr>
<tr>
<td>Equity/indices derivatives</td>
<td>CHF m</td>
<td>243.5</td>
<td>160.2</td>
<td>-</td>
</tr>
<tr>
<td>Credit derivatives</td>
<td>CHF m</td>
<td>-</td>
<td>1.5</td>
<td>-</td>
</tr>
<tr>
<td>Other derivatives</td>
<td>CHF m</td>
<td>0.7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total derivative financial instruments</strong></td>
<td>CHF m</td>
<td><strong>248.1</strong></td>
<td><strong>810.7</strong></td>
<td>-</td>
</tr>
<tr>
<td>Financial liabilities designated at fair value</td>
<td>CHF m</td>
<td>1,380.0</td>
<td>3,983.4</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>CHF m</td>
<td><strong>1,889.2</strong></td>
<td><strong>4,827.2</strong></td>
<td>-</td>
</tr>
</tbody>
</table>
### Assets and liabilities measured at fair value

<table>
<thead>
<tr>
<th>Description</th>
<th>Quoted market price</th>
<th>Valuation technique non-marketable inputs</th>
<th>Valuation technique marketable observable inputs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading assets – debt instruments</td>
<td>1,087.7</td>
<td>-</td>
<td>-</td>
<td>1,203.9</td>
</tr>
<tr>
<td>Trading assets – equity instruments</td>
<td>2,385.6</td>
<td>554.8</td>
<td>-</td>
<td>2,940.4</td>
</tr>
<tr>
<td>Trading assets – precious metals (physical)</td>
<td>-</td>
<td>1,709.2</td>
<td>-</td>
<td>1,709.2</td>
</tr>
<tr>
<td><strong>Total trading assets</strong></td>
<td><strong>3,473.3</strong></td>
<td><strong>2,380.2</strong></td>
<td><strong>-</strong></td>
<td><strong>5,853.5</strong></td>
</tr>
<tr>
<td>Foreign exchange derivatives</td>
<td>2.5</td>
<td>816.5</td>
<td>-</td>
<td>819.0</td>
</tr>
<tr>
<td>Interest rate derivatives</td>
<td>5.3</td>
<td>71.6</td>
<td>-</td>
<td>76.9</td>
</tr>
<tr>
<td>Precious metal derivatives</td>
<td>-</td>
<td>155.6</td>
<td>-</td>
<td>155.6</td>
</tr>
<tr>
<td>Equity/indices derivatives</td>
<td>89.4</td>
<td>111.5</td>
<td>-</td>
<td>200.9</td>
</tr>
<tr>
<td>Credit derivatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other derivatives</td>
<td>0.9</td>
<td>-</td>
<td>-</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total derivative financial instruments</strong></td>
<td><strong>98.1</strong></td>
<td><strong>1,155.2</strong></td>
<td><strong>-</strong></td>
<td><strong>1,253.3</strong></td>
</tr>
<tr>
<td>Financial investments available-for-sale</td>
<td>-</td>
<td>2,494.5</td>
<td>-</td>
<td>2,494.5</td>
</tr>
<tr>
<td>- money market instruments</td>
<td>-</td>
<td>2,494.5</td>
<td>-</td>
<td>2,494.5</td>
</tr>
<tr>
<td>Financial investments available-for-sale</td>
<td>9,605.9</td>
<td>942.7</td>
<td>-</td>
<td>10,548.6</td>
</tr>
<tr>
<td>- debt instruments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial investments available-for-sale</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- equity instruments</td>
<td>0.5</td>
<td>5.7</td>
<td>76.1</td>
<td>82.3</td>
</tr>
<tr>
<td><strong>Total financial investments available-for-sale</strong></td>
<td><strong>9,606.4</strong></td>
<td><strong>3,442.9</strong></td>
<td><strong>76.1</strong></td>
<td><strong>13,125.3</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>13,177.8</strong></td>
<td><strong>6,978.3</strong></td>
<td><strong>76.1</strong></td>
<td><strong>20,232.2</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Quoted market price</th>
<th>Valuation technique non-marketable inputs</th>
<th>Valuation technique marketable observable inputs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short positions – debt instruments</td>
<td>39.8</td>
<td>3.5</td>
<td>-</td>
<td>43.3</td>
</tr>
<tr>
<td>Short positions – equity instruments</td>
<td>139.1</td>
<td>16.2</td>
<td>-</td>
<td>155.3</td>
</tr>
<tr>
<td><strong>Total trading liabilities</strong></td>
<td><strong>178.9</strong></td>
<td><strong>19.7</strong></td>
<td><strong>-</strong></td>
<td><strong>198.6</strong></td>
</tr>
<tr>
<td>Foreign exchange derivatives</td>
<td>2.3</td>
<td>713.6</td>
<td>-</td>
<td>715.9</td>
</tr>
<tr>
<td>Interest rate derivatives</td>
<td>6.8</td>
<td>39.4</td>
<td>-</td>
<td>46.2</td>
</tr>
<tr>
<td>Precious metal derivatives</td>
<td>0.4</td>
<td>93.0</td>
<td>-</td>
<td>93.4</td>
</tr>
<tr>
<td>Equity/indices derivatives</td>
<td>226.0</td>
<td>115.8</td>
<td>-</td>
<td>341.8</td>
</tr>
<tr>
<td>Credit derivatives</td>
<td>-</td>
<td>0.6</td>
<td>-</td>
<td>0.6</td>
</tr>
<tr>
<td>Other derivatives</td>
<td>0.3</td>
<td>-</td>
<td>-</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total derivative financial instruments</strong></td>
<td><strong>235.8</strong></td>
<td><strong>962.4</strong></td>
<td><strong>-</strong></td>
<td><strong>1,198.2</strong></td>
</tr>
<tr>
<td>Financial liabilities designated at fair value</td>
<td>1,293.1</td>
<td>3,504.4</td>
<td>-</td>
<td>4,797.5</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,707.8</strong></td>
<td><strong>4,486.5</strong></td>
<td><strong>-</strong></td>
<td><strong>6,194.3</strong></td>
</tr>
</tbody>
</table>
### Financial Instruments by Category

#### Financial assets

<table>
<thead>
<tr>
<th>Category</th>
<th>30.06.2014</th>
<th>31.12.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Book value</td>
<td>Fair value</td>
</tr>
<tr>
<td></td>
<td>CHF m</td>
<td>CHF m</td>
</tr>
<tr>
<td>Cash, loans and receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>9,302.6</td>
<td>9,302.6</td>
</tr>
<tr>
<td>Due from banks</td>
<td>8,230.1</td>
<td>8,237.3</td>
</tr>
<tr>
<td>Loans</td>
<td>30,595.7</td>
<td>30,969.4</td>
</tr>
<tr>
<td>Accrued income</td>
<td>277.3</td>
<td>277.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>48,405.7</td>
<td>48,786.6</td>
</tr>
<tr>
<td>Held for trading</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading assets</td>
<td>4,675.2</td>
<td>4,675.2</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>1,023.5</td>
<td>1,023.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,698.7</td>
<td>5,698.7</td>
</tr>
<tr>
<td>Derivatives designated as hedging instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Available-for-sale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial investments available-for-sale</td>
<td>14,594.2</td>
<td>14,594.2</td>
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<tr>
<td><strong>Total</strong></td>
<td>14,594.2</td>
<td>14,594.2</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>68,698.6</td>
<td>69,079.5</td>
</tr>
</tbody>
</table>
## Financial liabilities

<table>
<thead>
<tr>
<th>Financial liabilities at amortised costs</th>
<th>30.06.2014</th>
<th>31.12.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Book value CHF m</td>
<td>Fair value CHF m</td>
</tr>
<tr>
<td>Due to banks</td>
<td>5,112.8</td>
<td>5,110.3</td>
</tr>
<tr>
<td>Due to customers</td>
<td>54,709.9</td>
<td>54,714.4</td>
</tr>
<tr>
<td>Debt issued</td>
<td>1,065.5</td>
<td>1,137.8</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>141.5</td>
<td>141.5</td>
</tr>
<tr>
<td>Total</td>
<td>61,029.7</td>
<td>61,104.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Held for trading</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading liabilities</td>
<td>294.2</td>
<td>294.2</td>
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<tr>
<td>Derivative financial instruments</td>
<td>1,034.4</td>
<td>1,034.4</td>
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<tr>
<td>Total</td>
<td>1,328.6</td>
<td>1,328.6</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Derivatives designated as hedging instruments</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Derivative financial instruments</td>
<td>24.4</td>
<td>24.4</td>
</tr>
<tr>
<td>Total</td>
<td>24.4</td>
<td>24.4</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Designated at fair value</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities designated at fair value</td>
<td>5,363.4</td>
<td>5,363.4</td>
</tr>
<tr>
<td>Other liabilities¹</td>
<td>67.5</td>
<td>67.5</td>
</tr>
<tr>
<td>Total</td>
<td>5,430.9</td>
<td>5,430.9</td>
</tr>
</tbody>
</table>

| Total financial liabilities                 | 67,813.6   | 67,887.9   | 66,617.5   | 66,682.5  |

¹ Relates to the deferred purchase prices of WMPartners Wealth Management Ltd. and GPS Investimentos e Participações S.A.
### 9 DEBT ISSUED

<table>
<thead>
<tr>
<th></th>
<th>30.06.2014</th>
<th>31.12.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF m</td>
<td>CHF m</td>
</tr>
<tr>
<td>Money market instruments</td>
<td>10.6</td>
<td>8.8</td>
</tr>
<tr>
<td>Bonds</td>
<td>829.9</td>
<td>490.8</td>
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<tr>
<td>Preferred securities</td>
<td>225.0</td>
<td>225.0</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1,065.5</strong></td>
<td><strong>724.5</strong></td>
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</table>

#### Bonds and preferred securities

<table>
<thead>
<tr>
<th>Issuer/Year of issue</th>
<th>Stated interest rate</th>
<th>Notional amount</th>
<th>30.06.2014</th>
<th>31.12.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>CHF m</td>
<td>CHF m</td>
<td>CHF m</td>
</tr>
<tr>
<td><strong>Julius Baer Capital (Guernsey) I Ltd.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>3.63</td>
<td>Preferred securities</td>
<td>225.0</td>
<td>225.0</td>
</tr>
<tr>
<td><strong>Julius Baer Group Ltd.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011¹</td>
<td>4.50</td>
<td>Lower tier 2 bond</td>
<td>250.0</td>
<td>242.2</td>
</tr>
<tr>
<td><strong>Julius Baer Group Ltd.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012²</td>
<td>5.375</td>
<td>Perpetual tier 1 subordinated bond</td>
<td>250.0</td>
<td>243.1</td>
</tr>
<tr>
<td><strong>Julius Baer Group Ltd.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014³</td>
<td>4.25</td>
<td>Perpetual tier 1 subordinated bond</td>
<td>350.0</td>
<td>344.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>1,054.9</strong></td>
<td><strong>715.8</strong></td>
</tr>
</tbody>
</table>

¹ Own bonds of CHF 4.615 million are offset with bonds outstanding (2013: CHF 4.510 million).
² The effective interest rate amounts to 4.89%.
³ The issuance of the debt is related to the acquisition of Merrill Lynch’s International Wealth Management business.
³ The effective interest rate amounts to 4.41%.
Perpetual tier 1 subordinated bond
The maturity of the perpetual tier 1 subordinated bond, which was issued by Julius Baer Group Ltd. on 5 June 2014, is essentially perpetual. These bonds are unsecured, subordinate to all borrowings (with the exception of the remainder of the tier 1 capital), fully paid up, capable of sustaining losses and devoid of any voting rights. The tier 1 bonds can first be redeemed, at the Issuer’s initiative, six years after their issue date (i.e. 5 June 2020), and at yearly intervals thereafter, provided the regulator agrees to this. They may also be redeemed, at the Issuer’s initiative, should Regulatory Events or Tax Events occur. In the case of a Viability Event occurring, i.e. at a point in time where there is a threat of insolvency (‘Point of non-viability’ or ‘PONV’), as described in Article 29 of the Capital Adequacy Ordinance (CAO), all monies due on the tier 1 bonds will automatically cease to be payable and they will be completely written off (i.e. their value will be written down to zero). Should a Trigger Event occur – i.e. should tier 1 common equity (under Basel III) fall below 5.125% – the value of the tier 1 bonds will be written down sufficiently to ensure that the Write-Down Threshold Ratio which originally triggered the event is restored to a level equal to or exceeding its trigger level. Here, too, in a worst-case scenario, all monies due on the tier 1 bonds will cease to be payable in their entirety. In the event of the monies payable on the tier 1 bonds ceasing to be payable either in part or in full, no subsequent increase in the value of the tier 1 bonds is envisaged or permitted. From the issue date (5 June 2014) to the reset date (5 June 2020) the tier 1 bonds will pay interest at a fixed rate of 4.25% per annum. Thereafter, the annual interest payable on the tier 1 bonds will be refixed for the next five years at a rate equal to the sum of the benchmark rate (i.e. the five-year mid-market CHF swap rate) and a margin of 3.7625%. Interest on the tier 1 bonds is payable, in arrears on a 30/360-day basis, on 5 June 2015 and at annual intervals thereafter until the tier 1 bonds have either been redeemed or fully written off. Interest payments on the tier 1 bonds are prohibited in the event of this being ordered by the regulator (FINMA) or should there be insufficient retained earnings on the balance sheet of Julius Baer Group Ltd. to finance the payment of interest on tier 1 capital and to make any distributions already planned in respect of the previous financial year. Once suspended, any interest payments will permanently cease to be payable. Such interest payments are not cumulative, nor will they be paid at any future date. In the event of interest payments on the tier 1 bonds being suspended, the Board of Directors of Julius Baer Group Ltd. will not be permitted to recommend any dividend payments to the Annual General Meeting until such time as interest payments on the tier 1 bonds are resumed. Moreover, in the event of interest payments on the tier 1 bonds being suspended, Julius Baer Group Ltd. will not repurchase any of its own shares, neither directly nor indirectly.
10 PROVISIONS

Introduction
The Group operates in a legal and regulatory environment that exposes it to significant litigation 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 or its employees. Possible sanctions could include the revocation of licenses to operate certain businesses, the suspension or expulsion from a particular jurisdiction or market of any of the Group’s business organisations or their key personnel and the imposition of fines and censures on employees or the Group.

Regulators in certain markets may determine that industry practices generally, and the Group’s practices in particular, e.g. regarding the provision of services to clients, are or have become inconsistent with their interpretations of existing local laws and regulations.

The risks described 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 business, results of operations, financial condition and prospects. The realisation of one or more of these risks may individually or together with other circumstances materially adversely affect the Group’s business, results of operations, financial condition and prospects.

Legal proceedings
The Group is involved in various legal, regulatory and arbitration proceedings concerning matters arising within the course of normal business operations. The current business environment involves substantial legal and regulatory risks, the impact of which on the financial position or profitability of the Group – depending on the status of related proceedings – is difficult to assess. The Group establishes provisions for pending and threatened legal proceedings if the management is of the opinion that such proceedings are more likely than not to result in a financial obligation or loss or if the dispute for economic reasons should be settled without acknowledgment of any liability on the part of the Group and if the amount of such obligation or loss can be reasonably estimated. The Group does not believe that it can estimate an amount of reasonably possible losses for certain of its proceedings because, for example, of the complexity of the proceedings, the early stage of the proceedings and limited amount of discovery that has occurred and/or other factors. Described below are certain proceedings that might have a material effect on the Group or for other reasons might be of interest for investors and other stakeholders.

In a landmark decision on so-called retrocessions, the Swiss Federal Supreme Court ruled in 2012 that the receipt of fund trailer fees by a bank in connection with a Discretionary Portfolio Management mandate may create a potential conflict of interest in the execution of the mandate. The Court considered that by receiving trailer fees in the context of such mandate, a bank may be inclined not to act in the best interest of the client. Therefore, based on applicable Swiss law of mandate 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 to reclaim such fees. Bank Julius Baer & Co. Ltd. has been assessing the Court decision, mandate structures to which the Court decision might be applicable and documentation as well as the impact of respective waivers and communicated bandwidths having been introduced some years ago, and implemented appropriate measures to address the matter.

On 5 July 2013, the Swiss Bankers Association (SBA) provided an update on the progress of the withholding tax treaty between Switzerland and the UK. According to this announcement and as confirmed by the Swiss Federal Tax Administration in December 2013, it cannot be excluded that the Group’s guarantee payment will not, or only to a very limited extent, be reimbursed. This is due to significantly lower than anticipated client regularisation payments under the treaty, as the amount of undeclared assets held by UK citizens and liable for the payment is substantially below the initial
expectations. In accordance with the allocation key which still might be challenged, the Group may face a payment in the amount of CHF 30.9 million. This amount has been fully provisioned for as at 30 June 2014 and includes CHF 2.3 million related to Merrill Lynch Bank (Suisse) SA, which merged with Bank Julius Baer & Co. Ltd. in 2013. The amount related to Merrill Lynch Bank (Suisse) SA has not been recognised in the income statement as it is subject to acquisition-related representations and warranties.

**Contingent liabilities**

In addition to the above-mentioned legal proceedings the Group is involved in further legal, regulatory and arbitration proceedings concerning matters arising within the course of normal business operations as described below that might have a material effect on the Group or that for other reasons might be of interest for investors and other stakeholders, for which, based on the current assessment, no provision has been recognised as of 30 June 2014.

In 2010 and 2011, litigation was commenced against Bank Julius Baer & Co. Ltd. and numerous other financial institutions by the liquidators of the Fairfield funds, having acted as feeder funds for the Madoff fraudulent investment schemes. In the direct claims against Bank Julius Baer & Co. Ltd., the liquidators of the Fairfield funds are seeking to recover a total amount of over USD 72.5 million, of which approximately USD 8.5 million is claimed in the courts of the British Virgin Islands and approximately USD 64 million is claimed in the courts of New York (including USD 17 million that relates to redemption payments made to clients of ING Bank (Suisse) SA, which merged with Bank Julius Baer & Co. Ltd. in 2010, and USD 26.5 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with Bank Julius Baer & Co. Ltd. in 2013, such claims being subject to acquisition-related representation and warranties provisions). In addition to the direct claims against Bank Julius Baer & Co. Ltd., the liquidators of the Fairfield funds have made combined claims in the amount of approximately USD 1.8 billion against more than 80 defendants. Only a fraction of this amount is sought against Bank Julius Baer & Co. Ltd. and its beneficial owners. The combined claims aggregate the damages asserted against all defendants, such that a reliable allocation of the claimed amounts between Bank Julius Baer & Co. Ltd. and the other defendants cannot be made at this time. Finally, the trustee of Madoff’s broker-dealer company seeks to recover over USD 83 million in the courts of New York (including USD 46 million that relates to redemption payments made to clients of Merrill Lynch Bank (Suisse) SA, which merged with Bank Julius Baer & Co. Ltd. in 2013, such claims being subject to acquisition-related representation and warranties provisions), largely in relation to the same redemption payments which are the subject matter of the claims asserted by the liquidators of the Fairfield funds. As most of the aforementioned litigation remains in the preliminary procedural stages, a meaningful assessment of the potential outcome is not yet possible. Bank Julius Baer & Co. Ltd. is challenging these actions on procedural and substantive grounds and has taken further measures to defend and protect its interests. In April 2014, the Privy Council, the highest court of appeals for the British Virgin Islands, issued a ruling on a number of dispositive preliminary questions. That decision should result in the dismissal of the cases pending in the courts of the British Virgin Islands once a final order issues. The Fairfield cases pending in the courts of New York remain in their preliminary stages so that a meaningful assessment of the potential outcome is not yet possible. In addition, the District Court for the Southern District of New York (‘District Court’) has issued a number of preliminary decisions in the cases brought by the Madoff Trustee, and the cases are now being returned to the bankruptcy court for further proceedings. The District Court decisions and/or any dismissals resulting from them are likely to be appealed by the Madoff Trustee.

In 2011, the Swiss authorities informed Bank Julius Baer & Co. Ltd. that U.S. authorities had named it as one of several Swiss banks being investigated in connection with their cross-border U.S. private banking services. Since then, the Bank has been in an ongoing, constructive dialogue with the U.S. authorities. It has cooperated with the U.S. authorities in full compliance with Swiss law and in coordination with Swiss authorities with the aim of reaching a resolution of the U.S. investigation. In the context of its cooperation, the Bank has provided the U.S. authorities with information pertaining to its legacy U.S. cross-border private banking business. In addition, in 2013, the U.S. authorities filed a
request under the Switzerland/U.S. Double Taxation Treaty for U.S. taxpayer information to which the Bank responded in coordination with Swiss authorities. In parallel, in August 2013, the U.S. Department of Justice (‘DOJ’) announced a programme for Swiss banks to resolve their U.S. law exposure in connection with their U.S. cross-border private banking business (the ‘DOJ Programme’). However, the DOJ Programme is expressly inapplicable to banks under investigation prior to the announcement of the DOJ Programme. The Bank received notification from the DOJ that it falls within this category of banks and will continue with its individual cooperation and settlement efforts. Accordingly, at this stage of the Bank’s cooperation and negotiation with the U.S. authorities, the likelihood and potential parameters of a resolution including any financial component are uncertain and not subject to a reliable assessment. As previously reported, end of 2013 the Bank had recognised a provision in the amount of CHF 15 million for costs to be incurred in connection with the U.S. investigation.

Bank Julius Baer & Co. Ltd. (‘the Bank’) has received payment orders (‘Betreibungsbegehren’) by the Bundesanstalt für vereinigungsbedingte Sonderaufgaben (‘BvS’), the German authority responsible for managing the assets of the former German Democratic Republic (‘GDR’), in the amount of CHF 110 million plus accrued interest from 2009. BvS claims that the former bank Cantrade Ltd., which Bank Julius Baer & Co. Ltd. acquired through its acquisition of Bank Ehinger & Armand von Ernst AG from UBS AG in 2005, allowed unauthorised withdrawals between 1989 and 1992 from the account of a foreign trade company established by former officials of the GDR. Against this background, in June 2014, the BvS has initiated further legal proceedings in Zurich. The Bank is contesting the claims of BvS and has taken and will take appropriate measures to defend its interests. In addition, the claim has been notified under the 2005 transaction agreement with regard to representations and warranties granted in respect of the acquired entities.

Bank Julius Baer & Co. Ltd. is confronted with a claim by the liquidator of a foreign corporation arguing that the Bank did not prevent two of its clients from embezzling assets of the foreign corporation. In this context, the liquidator in 2013 presented a draft complaint for an amount of EUR 12 million (plus accrued interest from 2009) and filed a payment order (‘Betreibungsbegehren’) against the Bank in the amount of CHF 422 million (plus accrued interest from 2009). In June 2014, the liquidator presented another amended draft complaint for an amount of EUR 290 million (plus accrued interest as of September 2009). The Bank has formally repelled the payment order and is contesting the claim whilst taking appropriate measures to defend its interests.

A writ of summons (together with a statement of claim) (the ‘Writ’) filed by two former clients of the Bank (together, the ‘Plaintiffs’) in the High Court of Singapore naming Bank Julius Baer & Co. Ltd. Singapore branch (‘the Bank’) and a former relationship manager as defendants respectively was served on the Bank on 25 September 2013. The Plaintiffs’ claim stems from a dispute over alleged damages/losses incurred by the Plaintiffs arising from share accumulator transactions in 2007 and 2008. The Plaintiffs claim they suffered damages/losses due to (i) alleged breach of fiduciary duties, (ii) alleged breach of duty of care and/or warranty, (iii) alleged breach of contractual and common law duties of skill and care and/or warranty and/or (iv) alleged misrepresentations (whether fraudulently or negligently made). Due to these alleged breaches and misrepresentations, the Plaintiffs are, among other things, claiming rescission or damages in lieu of rescission, damages/losses amounting to approx. SGD 89 million and HKD 213 million as well as losses arising from loss of use of funds to be assessed at an interest rate of 5.33% p.a. (further or alternatively, damages to be assessed by the court) plus interests and costs. The Bank is contesting the claim whilst taking appropriate measures to defend its interests.

On 31 March 2014, the Swiss Competition Commission (‘COMCO’) opened an investigation regarding possible collusion in foreign exchange trading against several banks amongst which also Bank Julius Baer & Co. Ltd. Julius Baer, with its primary focus on foreign exchange trading for private clients, constructively supports the investigation of the COMCO.
In the context of an investigation against a former client regarding alleged participation in a tax fraud in France, a formal procedure (‘mise en examen’) into suspected lack of due diligence in financial transactions has been initiated against Bank Julius Baer & Co. Ltd. in June 2014. The bank is cooperating with the French authorities within the confines of applicable laws to clarify the situation and to protect its interests.

The formerly reported claim filed against the Bank in the Commercial Court of Zurich in the amount of RUB 350 million (approximately CHF 9.5 million) related to the blocking of litigation proceeds has not been continued by the claimant and hence is not pending anymore.
## Capital Ratios

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk-weighted positions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit risk</td>
<td>11,409.7 CHF m</td>
<td>10,165.7 CHF m</td>
<td>10,664.3 CHF m</td>
</tr>
<tr>
<td>Non-counterparty-related risk</td>
<td>548.4 CHF m</td>
<td>560.9 CHF m</td>
<td>588.4 CHF m</td>
</tr>
<tr>
<td>Market risk</td>
<td>516.0 CHF m</td>
<td>1,169.4 CHF m</td>
<td>968.6 CHF m</td>
</tr>
<tr>
<td>Operational risk</td>
<td>3,772.8 CHF m</td>
<td>3,322.2 CHF m</td>
<td>3,686.7 CHF m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,246.9 CHF m</td>
<td>15,218.2 CHF m</td>
<td>15,908.0 CHF m</td>
</tr>
</tbody>
</table>

### Eligible capital

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 capital (= CET1 capital)(^2)</td>
<td>3,633.9 CHF m</td>
<td>3,487.9 CHF m</td>
<td>3,327.9 CHF m</td>
</tr>
<tr>
<td>of which hybrid tier 1 instruments(^1)</td>
<td>766.1 CHF m</td>
<td>446.4 CHF m</td>
<td>450.4 CHF m</td>
</tr>
<tr>
<td>Tier 2 capital</td>
<td>241.9 CHF m</td>
<td>236.4 CHF m</td>
<td>232.6 CHF m</td>
</tr>
<tr>
<td>of which lower tier 2 instruments(^4)</td>
<td>193.4 CHF m</td>
<td>220.9 CHF m</td>
<td>217.7 CHF m</td>
</tr>
<tr>
<td><strong>Total capital</strong></td>
<td>3,875.8 CHF m</td>
<td>3,724.3 CHF m</td>
<td>3,560.5 CHF m</td>
</tr>
</tbody>
</table>

### Tier 1 capital ratio (= CET1 capital ratio)\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>22.4%</td>
<td>22.9%</td>
<td>20.9%</td>
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</tbody>
</table>

### Total capital ratio

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>23.9%</td>
<td>24.5%</td>
<td>22.4%</td>
</tr>
</tbody>
</table>

\(^1\) In Switzerland the BIS Basel III framework came into effect on 1 January 2013. The Basel III effects but also the effects of IAS 19 revised relating to pension liabilities will be phased in between 2014 and 2018 for the calculation of the eligible capital. Furthermore, non-compatible Basel III tier 1 and tier 2 capital instruments will be phased out between 2013 and 2022.

\(^2\) The BIS Basel III tier 1 capital at the end of 30 June 2014 was the same as the BIS Basel III CET1 (common equity tier 1) capital and includes additional tier 1 capital which offsets the required deductions for goodwill and other intangible assets. During the phase-in period the amount of intangibles which has to be deducted directly from CET1 increases proportionally over time and the remaining amount of intangibles which is allowed to be deducted from additional tier 1 capital decreases respectively. As soon as the remaining amount of intangibles is lower than the additional tier 1 capital the CET1 capital will be lower than the tier 1 capital and consequently disclosed on a separate line.

\(^3\) The hybrid tier 1 instruments consist of preferred securities issued by Julius Baer Capital (Guernsey) Limited, tier 1 Bonds issued by Julius Baer Group Ltd. in 2012 and tier 1 Bonds issued by Julius Baer Group Ltd. in 2014.

\(^4\) The lower tier 2 instruments are the subordinated unsecured bonds issued by Julius Baer Group Ltd.
## ASSETS UNDER MANAGEMENT

<table>
<thead>
<tr>
<th></th>
<th>30.06.2014 CHF m</th>
<th>30.06.2013 CHF m</th>
<th>31.12.2013 CHF m</th>
<th>Change to 31.12.2013 m %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets with discretionary mandate</td>
<td>43,099</td>
<td>29,975</td>
<td>35,245</td>
<td>22.3</td>
</tr>
<tr>
<td>Other assets under management</td>
<td>231,135</td>
<td>187,719</td>
<td>219,169</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Total assets under management (including double counting)</strong></td>
<td><strong>274,234</strong></td>
<td><strong>217,694</strong></td>
<td><strong>254,414</strong></td>
<td><strong>7.8</strong></td>
</tr>
<tr>
<td>of which double counting</td>
<td>3,620</td>
<td>2,415</td>
<td>2,950</td>
<td>22.7</td>
</tr>
</tbody>
</table>

### Change through net new money

<table>
<thead>
<tr>
<th></th>
<th>H1 2014 CHF m</th>
<th>H1 2013 CHF m</th>
<th>H2 2013 CHF m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change through net new money</td>
<td>7,452</td>
<td>3,438</td>
<td>4,137</td>
</tr>
<tr>
<td>Change through market and currency impacts</td>
<td>5,363</td>
<td>1,356</td>
<td>2,639</td>
</tr>
<tr>
<td>Change through acquisition</td>
<td>7,005¹</td>
<td>24,527¹</td>
<td>29,944¹</td>
</tr>
<tr>
<td>Change through divestment</td>
<td>-796¹</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Client assets

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>H1 2013</th>
<th>H2 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client assets</td>
<td>372,401</td>
<td>303,580</td>
<td>347,752</td>
</tr>
</tbody>
</table>

¹ On 14 February 2014, 11 April 2014, 9 May 2014 and 13 June 2014, the Group acquired businesses of Merrill Lynch’s International Wealth Management (IWM) in Hong Kong, Singapore, Switzerland, Guernsey, Monaco, Israel, the Netherlands, Ireland and Jersey.
2 On 25 March 2014, the Group acquired GPS Investimentos Financeiros e Participações S.A., Brazil.
3 On 1 February 2013, the Group acquired Merrill Lynch Bank (Suisse) S.A., Geneva, and its branches in Zurich and Dubai.
4 On 27 May 2015, the Group acquired businesses of Merrill Lynch’s International Wealth Management (IWM) in Hong Kong and Singapore.
5 On 12 July 2015, 6 September 2015, 11 October 2015, 8 November 2015 and 6 December 2015, the Group acquired businesses of Merrill Lynch’s International Wealth Management (IWM) in Hong Kong, Singapore, Switzerland, Guernsey, Monaco and Israel.
7 On 15 November 2015, the Group acquired WMPartners Wealth Management Ltd., Zurich.
8 On 1 December 2015, the Group acquired Merrill Lynch, Pierce, Fenner & Smith (Middle East) S.A.L., Lebanon.
9 On 31 May 2013, the Group sold Julius Baer SIM S.p.A., Milano.

## METHOD OF CALCULATION

Assets under management are stated according to the Guidelines of the Swiss Financial Market Supervisory Authority (FINMA) governing financial statement reporting.
ACQUISITION OF MERRILL LYNCH’S INTERNATIONAL WEALTH MANAGEMENT

Transaction summary
On 13 August 2012, the Group announced to acquire Merrill Lynch’s International Wealth Management (IWM) business outside the US from Bank of America. The acquisition is structured as a combination of legal entity acquisitions and business transfers. Principal closing occurred on 1 February 2013 following the general approval of the Swiss Financial Market Supervisory Authority (FINMA) and other regulators. Since then, legal entity purchases and asset transfers happened and will happen during the integration period which is expected to end in the first quarter of 2015. The actual amount of AuM transferred will depend on which of IWM’s clients ultimately agree to join the Group, which in turn also depends on whether the respective client’s financial advisors join the Group.

The income and expenses related to the AuM which are booked with the Group are recorded according to the Group’s accounting policies. In addition, the Group receives from Merrill Lynch & Co., Inc. the revenues related to the AuM reported (i.e. the AuM transferred to the Group but not yet booked by the Group) and is charged with platform and other central service costs by Merrill Lynch & Co., Inc. These revenues are recognised in commission income with the related cost expensed through other general expenses. Any other expenses are also recorded according to the Group’s accounting policies.

Purchase price
The consideration payable in USD to Merrill Lynch & Co., Inc. is 1.2% of AuM, payable as and when AuM are transferred to a Julius Baer booking platform. In addition, the Group will pay CHF-for-CHF for any net asset value of the companies and businesses that are transferred in the acquisition, as and when the companies and businesses to which the net asset value is attributable are transferred.

Financing of the transaction
The Group put the following funding in place at a level that is sufficient to support the acquisition of AuM:

- the issuance of the consideration shares out of authorised share capital to Merrill Lynch & Co., Inc. in the amount of CHF 243 million at a predetermined share price;
- the issuance of shares through a public rights offering in the amount of CHF 492 million in October 2012;
- existing excess capital in the amount of CHF 488 million; and
- the issuance of perpetual tier 1 subordinated bonds in the amount of CHF 250 million in September 2012.

Consideration is to be transferred as follows:

- first USD 150 million in cash;
- subsequent USD 500 million payable 50% in cash and 50% in shares of Julius Baer Group Ltd.; and
- remainder in cash.

Status as at 30 June 2014
As at 30 June 2014, AuM in the amount of CHF 54.5 billion have been transferred to the Group, whereof CHF 44.6 billion have been booked with the Group and therefore have been paid for.

The transaction so far resulted in the recognition of goodwill and intangible assets (customer relationships) in the amount of CHF 621.8 million. This amount consists of the following components:

- the contractual consideration of 1.2% of the AuM booked;
- adjustments due to the remeasurement to fair value of the assets acquired and the liabilities assumed in the process of the purchase price allocation;
- the increase in the fair value as compared to the contractually agreed value of USD 35.20 for the shares of Julius Baer Group Ltd. provided as part of the consideration; and
- foreign exchange fluctuations.
Therefore, the actual purchase price of CHF 777.4 million was paid for goodwill and intangible assets and net asset values of the acquired legal entities.

In addition, the transfer of the IWM businesses in Hong Kong, Singapore, Switzerland, Guernsey, Monaco, Israel, the Netherlands, Ireland and Jersey started and the respective asset migration process was initiated and in some cases also finalised. The legal entities as well as the business acquired have been fully integrated into the existing Group structure (including rebranding of the continued legal entities). Therefore the Group is not able to disclose any income statement impacts of the acquired business on the Group’s financial statements.

So far, the assets and liabilities of the acquired IWM entities and businesses were recorded provisionally as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Purchase price</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>in cash</strong></td>
<td><strong>in shares of Julius Baer Group Ltd.</strong></td>
</tr>
<tr>
<td>30.06.2014</td>
<td><strong>524.5</strong> CHF m</td>
<td><strong>252.9</strong> CHF m</td>
</tr>
<tr>
<td>31.12.2013</td>
<td><strong>498.1</strong> CHF m</td>
<td><strong>212.2</strong> CHF m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>777.4</strong> CHF m</td>
<td><strong>710.2</strong> CHF m</td>
</tr>
</tbody>
</table>

### Assets acquired

<table>
<thead>
<tr>
<th>Description</th>
<th>30.06.2014</th>
<th>31.12.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>271.5</td>
<td>271.5</td>
</tr>
<tr>
<td>Due from banks</td>
<td>7,327.7</td>
<td>6,749.5</td>
</tr>
<tr>
<td>Loans(^2)</td>
<td>3,750.9</td>
<td>3,403.5</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>All other assets</td>
<td>118.0</td>
<td>60.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,468.2</strong></td>
<td><strong>10,485.3</strong></td>
</tr>
</tbody>
</table>

### Liabilities assumed

<table>
<thead>
<tr>
<th>Description</th>
<th>30.06.2014</th>
<th>31.12.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to banks</td>
<td>3,030.3</td>
<td>2,794.3</td>
</tr>
<tr>
<td>Due to customers</td>
<td>8,078.1</td>
<td>7,388.5</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>25.2</td>
<td>24.9</td>
</tr>
<tr>
<td>All other liabilities</td>
<td>179.1</td>
<td>121.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,312.7</strong></td>
<td><strong>10,329.5</strong></td>
</tr>
</tbody>
</table>

### Goodwill and other intangible assets related to legal entity acquisitions and to business transfers

<table>
<thead>
<tr>
<th>Description</th>
<th>30.06.2014</th>
<th>31.12.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>356.6</td>
<td>318.7</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>265.2</td>
<td>235.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>621.8</strong></td>
<td><strong>554.4</strong></td>
</tr>
</tbody>
</table>

\(^1\) The figures disclosed for 31 December 2013 have not been adjusted and are not provisional anymore.

\(^2\) At the acquisition date, the gross contractual amount of loans acquired was CHF 3,404 million.
Apart from the acquisition of Merrill Lynch’s International Wealth Management business (see page 27f. for details), the following transactions were executed:

**TFM Asset Management Ltd.**
On 17 April 2013, the Group acquired 60% of TFM Asset Management Ltd. (‘TFM’), a Swiss-registered independent asset management company with a branch in Tokyo. TFM specialises in discretionary asset management services for HNW Japanese and Swiss private clients and holds investment advisory and investment management licences granted by the Japanese FSA. The Group received options to acquire additional interests in TFM at a predetermined relative price which will be exercisable three years after the initial acquisition.

**WMPartners Wealth Management Ltd.**
On 15 November 2013, the Group acquired Zurich-based WMPartners Wealth Management Ltd. (WMPartners), a leading independent asset manager in Switzerland. The purchase price was fully funded by existing excess capital of the Group.

**PINVESTAR AG**
On 15 November 2013, the Group acquired PINVESTAR AG, a holding company with the main asset being the 27.5% interest in Infidar Investment Advisory Ltd. (Infidar), which was not owned by the Group yet (the non-controlling interest). The purchase price was fully funded by existing excess capital of the Group. PINVESTAR AG does not constitute a business; therefore, the transaction does not qualify as a business combination, but rather as a purchase of assets and liabilities of the holding company.

On 1 April 2014, the merger of the Group’s fully owned independent wealth management companies Infidar and WMPartners was completed. The new company will operate under the name of WMPartners Wealth Management Ltd. The merger had no impact on the Group’s consolidated financial statements.

**GPS Investimentos e Participações S.A.**
On 25 March 2014, the Group acquired an additional 50% interest in São Paulo-based GPS Investimentos e Participações S.A., which includes GPS Planejamento Financeiro Ltda. and CFO Administração de Recursos Ltda. (‘GPS’). This transaction increases the Group’s participation in GPS to 80% from the 30% acquired in May 2011. On 25 March, the Group paid half of the consideration in the amount of CHF 55.8 million in cash for this additional interest which was fully funded by existing excess capital of the Group. In addition, the Group agreed on two additional payments on 25 March 2015 and 2016, respectively. As part of the transaction, the Group realised a gain in the amount of CHF 14.8 million on the revaluation to fair value of the 30% interest previously held as an investment in associates, which was recognised in other ordinary results. The Group also holds a forward contract to acquire the remaining 20% interest in GPS at a predetermined relative price.

GPS is specialised in discretionary portfolio management and advisory services. The acquisition supports the Group’s strategic intention to build its wealth management business in one of the most attractive and promising domestic wealth management markets. GPS will continue to operate under its well established and respected brand.

For the six month ended 30 June 2014, GPS recorded CHF 16.5 million operating income and CHF 6.7 million net profit. Since its acquisition on 25 March 2014, GPS contributed CHF 8.0 million operating income and CHF 3.1 million net profit to the Group’s results.
As of the reporting date, the acquisition accounting for the business combination has not yet been completed, including the determination of the cash-generating unit. The assets and liabilities of GPS were recorded provisionally as follows:

<table>
<thead>
<tr>
<th></th>
<th>Fair value CHF m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase price</strong></td>
<td></td>
</tr>
<tr>
<td>in cash</td>
<td>55.8</td>
</tr>
<tr>
<td>contribution of the 30% interest (at fair value)</td>
<td>66.9</td>
</tr>
<tr>
<td>deferred purchase price (liabilities)</td>
<td>55.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>178.5</td>
</tr>
<tr>
<td><strong>Assets acquired</strong></td>
<td>12.7</td>
</tr>
<tr>
<td><strong>Liabilities assumed</strong></td>
<td>13.2</td>
</tr>
<tr>
<td><strong>Goodwill and other intangible assets and non-controlling interests</strong></td>
<td>179.0</td>
</tr>
</tbody>
</table>
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