

Julius Bär

Half-year Report **2012**
Julius Baer Group Ltd.

Half-year Report 2012 Julius Baer Group Ltd.

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Consolidated income statement

| | Note | H1 2012 CHF m | H1 2011 CHF m | H2 2011 CHF m | Change to H1 2011 in % |
|---|------|------------------|------------------|------------------|---------------------------|
| Interest income | | 368.2 | 350.8 | 285.8 | 5.0 |
| Interest expense | | 45.5 | 34.5 | 69.5 | 31.9 |
| Net interest income | 1 | 322.7 | 316.3 | 216.3 | 2.0 |
| Fee and commission income | | 566.5 | 601.0 | 536.3 | -5.7 |
| Commission expense | | 95.9 | 104.8 | 90.6 | -8.5 |
| Net fee and commission income | 2 | 470.7 | 496.3 | 445.7 | -5.2 |
| Net trading income | 3 | 52.2 | 86.0 | 182.7 | -39.3 |
| Other ordinary results | | 17.5 | -0.7 | 10.1 | - |
| Operating income | | 863.1 | 897.8 | 854.9 | -3.9 |
| Personnel expenses | 4 | 404.3 | 413.3 | 398.6 | -2.2 |
| General expenses | 5 | 160.8 | 228.2 | 216.1 | -29.5 |
| Depreciation of property and equipment | | 14.9 | 14.5 | 15.8 | 2.8 |
| Amortisation of customer relationships | | 45.7 | 45.6 | 46.4 | 0.2 |
| Amortisation of other intangible assets | | 16.8 | 15.3 | 40.0 | 9.8 |
| Operating expenses | | 642.5 | 717.0 | 716.9 | -10.4 |
| Profit before taxes | | 220.6 | 180.9 | 137.9 | 21.9 |
| Income taxes | | 44.9 | 33.5 | 27.2 | 34.0 |
| Net profit | | 175.7 | 147.4 | 110.8 | 19.2 |
| Attributable to: | | | | | |
| Shareholders of Julius Baer Group Ltd. | | 175.5 | 147.3 | 110.7 | 19.1 |
| Non-controlling interests | | 0.2 | 0.1 | 0.1 | - |
| | | 175.7 | 147.4 | 110.8 | 19.2 |
| Share information | | | | | |
| Basic net profit per registered share | | 0.9 | 0.7 | 0.5 | 25.7 |
| Diluted net profit per registered share | | 0.9 | 0.7 | 0.5 | 25.6 |

Consolidated statement of comprehensive income

| | H1 2012 CHF m | H1 2011 CHF m | H2 2011 CHF m | Change to H1 2011 in % |
|---|------------------|------------------|------------------|---------------------------|
| Net profit recognised in the income statement | 175.7 | 147.4 | 110.8 | 19.2 |
| Other comprehensive income (net of taxes): | | | | |
| Net unrealised gains/(losses) on financial investments available-for-sale | 62.4 | -7.2 | -28.9 | |
| Net realised (gains)/losses reclassified to the income statement on financial investments available-for-sale | 10.2 | 16.7 | 2.3 | |
| Hedging reserve for cash flow hedges | -2.1 | -0.8 | -4.4 | |
| Translation differences | -3.2 | -11.5 | 5.4 | |
| Other comprehensive income for the period recognised directly in equity | 67.3 | -2.8 | -25.5 | |
| Total comprehensive income for the period recognised in the income statement and in equity | 243.0 | 144.6 | 85.2 | |
| Attributable to: | | | | |
| Shareholders of Julius Baer Group Ltd. | 242.8 | 144.5 | 85.1 | |
| Non-controlling interests | 0.2 | 0.1 | 0.1 | |
| | 243.0 | 144.6 | 85.2 | |

Consolidated balance sheet

| | Note | 30.06.2012 CHF m | 30.06.2011 CHF m | 31.12.2011 CHF m | Change to 31.12.11 in % |
|---|------|---------------------|---------------------|---------------------|----------------------------|
| Assets | | | | | |
| Cash | | 5 658.7 | 262.8 | 4 241.5 | 33.4 |
| Due from banks | 6 | 8 946.9 | 7 462.0 | 10 048.1 | -11.0 |
| Loans | 6 | 18 044.3 | 16 268.5 | 16 408.4 | 10.0 |
| Trading assets | | 3 771.2 | 3 199.1 | 4 920.2 | -23.4 |
| Derivative financial instruments | | 1 519.1 | 1 973.3 | 2 114.0 | -28.1 |
| Financial assets designated at fair value | | - | 1 001.9 | - | - |
| Financial investments available-for-sale | 7 | 13 230.5 | 14 484.1 | 12 168.0 | 8.7 |
| Investments in associates | | 45.7 | 51.0 | 48.5 | -5.8 |
| Property and equipment | | 361.0 | 362.4 | 366.1 | -1.4 |
| Goodwill and other intangible assets | | 1 671.0 | 1 767.4 | 1 706.9 | -2.1 |
| Accrued income and prepaid expenses | | 223.1 | 174.3 | 192.1 | 16.1 |
| Deferred tax assets | | 14.0 | 11.6 | 12.4 | 12.9 |
| Other assets | | 170.8 | 453.1 | 136.7 | 24.9 |
| Assets held for sale | | 546.5 | - | 565.8 | -3.4 |
| Total assets | | 54 202.8 | 47 471.5 | 52 928.7 | 2.4 |

| | 30.06.2012 <i>CHF m</i> | 30.06.2011 <i>CHF m</i> | 31.12.2011 <i>CHF m</i> | <i>Change to 31.12.11 in %</i> |
|--|-----------------------------------|----------------------------|----------------------------|------------------------------------|
| Liabilities and equity | | | | |
| Due to banks | 4 748.2 | 5 108.8 | 5 670.2 | -16.3 |
| Due to customers | 37 736.6 | 30 016.1 | 34 841.2 | 8.3 |
| Trading liabilities | 585.2 | 934.8 | 814.1 | -28.1 |
| Derivative financial instruments | 1 442.4 | 1 877.2 | 2 116.0 | -31.8 |
| Financial liabilities designated at fair value | 3 849.8 | 4 362.4 | 3 494.6 | 10.2 |
| Debt issued | 492.9 | 236.9 | 475.8 | 3.6 |
| Accrued expenses and deferred income | 247.3 | 246.9 | 322.8 | -23.4 |
| Current tax liabilities | 10.5 | 42.4 | 19.7 | -46.7 |
| Deferred tax liabilities | 119.2 | 116.9 | 117.2 | 1.7 |
| Provisions | 38.9 | 26.2 | 54.1 | -28.1 |
| Other liabilities | 181.4 | 107.4 | 127.4 | 42.4 |
| Liabilities held for sale | 546.3 | - | 565.4 | -3.4 |
| Total liabilities | 49 998.7 | 43 076.0 | 48 618.4 | 2.8 |
| Share capital | | | | |
| Share capital | 3.9 | 4.1 | 4.1 | -5.0 |
| Retained earnings | 4 352.7 | 4 607.9 | 4 717.2 | -7.7 |
| Other components of equity | -42.8 | -84.6 | -110.1 | 61.1 |
| Treasury shares | -1 111.6 | -133.7 | -302.9 | 63.2 |
| Equity attributable to shareholders of Julius Baer Group Ltd. | 4 202.2 | 4 393.7 | 4 308.3 | -2.5 |
| Non-controlling interests | 1.9 | 1.8 | 1.9 | - |
| Total equity | 4 204.1 | 4 395.5 | 4 310.2 | -2.5 |
| Total liabilities and equity | 54 202.8 | 47 471.5 | 52 928.7 | 2.4 |

Consolidated statement of changes in equity

| | Share capital CHF m | Retained earnings ¹ CHF m |
|--|------------------------|--|
| At 1 January 2011 | 4.1 | 4 581.9 |
| Net profit | - | 147.3 |
| Unrealised gains/(losses) | - | - |
| Realised (gains)/losses reclassified to the income statement | - | - |
| Changes | - | - |
| Total other comprehensive income | - | - |
| Total comprehensive income | - | 147.3 |
| Dividends | - | -124.0 |
| Dividend income on own shares | - | 0.9 |
| Share-based payments expensed for the year | - | 10.0 |
| Share-based payments vested | - | -4.7 |
| Changes in derivatives on own shares | - | 2.4 |
| Acquisitions of own shares | - | - |
| Disposals of own shares | - | -6.0 |
| At 30 June 2011 | 4.1 | 4 607.9 |
| At 1 July 2011 | 4.1 | 4 607.9 |
| Net profit | - | 110.7 |
| Unrealised gains/(losses) | - | - |
| Realised (gains)/losses reclassified to the income statement | - | - |
| Changes | - | - |
| Total other comprehensive income | - | - |
| Total comprehensive income | - | 110.7 |
| Share-based payments expensed for the year | - | 9.3 |
| Share-based payments vested | - | -7.4 |
| Changes in derivatives on own shares | - | -3.6 |
| Acquisitions of own shares | - | - |
| Disposals of own shares | - | 0.4 |
| At 31 December 2011 | 4.1 | 4 717.2 |
| At 1 January 2012 | 4.1 | 4 717.2 |
| Net profit | - | 175.5 |
| Unrealised gains/(losses) | - | - |
| Realised (gains)/losses reclassified to the income statement | - | - |
| Changes | - | - |
| Total other comprehensive income | - | - |
| Total comprehensive income | - | 175.5 |
| Capital reduction | -0.2 | -352.1 |
| Dividends | - | -196.4 |
| Dividend income on own shares | - | 2.5 |
| Share-based payments expensed for the year | - | 15.4 |
| Share-based payments vested | - | -8.6 |
| Changes in derivatives on own shares | - | 1.8 |
| Acquisitions of own shares | - | - |
| Disposals of own shares | - | -2.6 |
| At 30 June 2012 | 3.9 | 4 352.7 |

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

| Other components of equity | | | | | | | |
|---|---|-------------------------------------|-----------------------------|--|---------------------------------------|--------------------------|--|
| Financial investments available-for-sale, net of taxes CHF m | Hedging reserve for cash flow hedges, net of taxes CHF m | Translation differences CHF m | Treasury shares CHF m | Equity attributable to shareholders of Julius Baer Group Ltd. CHF m | Non-controlling interests CHF m | Total equity CHF m | |
| -34.4 | -0.1 | -47.3 | -22.5 | 4 481.8 | 2.2 | 4 484.0 | |
| - | - | - | - | 147.3 | 0.1 | 147.4 | |
| -7.2 | -0.8 | - | - | -8.0 | - | -8.0 | |
| 16.7 | - | - | - | 16.7 | - | 16.7 | |
| - | - | -11.5 | - | -11.5 | - | -11.5 | |
| 9.5 | -0.8 | -11.5 | - | -2.8 | - | -2.8 | |
| 9.5 | -0.8 | -11.5 | - | 144.5 | 0.1 | 144.6 | |
| - | - | - | - | -124.0 | -0.5 | -124.5 | |
| - | - | - | - | 0.9 | - | 0.9 | |
| - | - | - | - | 10.0 | - | 10.0 | |
| - | - | - | 4.7 | - | - | - | |
| - | - | - | -1.0 | 1.4 | - | 1.4 | |
| - | - | - | -257.3 | -257.3 | - | -257.3 | |
| - | - | - | 142.4 | 136.4 | - | 136.4 | |
| -24.8 | -0.9 | -58.9 | -133.7 | 4 393.7 | 1.8 | 4 395.5 | |
| -24.8 | -0.9 | -58.9 | -133.7 | 4 393.7 | 1.8 | 4 395.5 | |
| - | - | - | - | 110.7 | 0.1 | 110.8 | |
| -28.9 | -4.4 | - | - | -33.3 | - | -33.3 | |
| 2.3 | - | - | - | 2.3 | - | 2.3 | |
| - | - | 5.4 | - | 5.4 | - | 5.4 | |
| -26.6 | -4.4 | 5.4 | - | -25.6 | - | -25.6 | |
| -26.6 | -4.4 | 5.4 | - | 85.1 | 0.1 | 85.2 | |
| - | - | - | - | 9.3 | - | 9.3 | |
| - | - | - | 7.4 | - | - | - | |
| - | - | - | 4.5 | 0.9 | - | 0.9 | |
| - | - | - | -211.5 | -211.5 | - | -211.5 | |
| - | - | - | 30.4 | 30.8 | - | 30.8 | |
| -51.4 | -5.3 | -53.4 | -302.9 | 4 308.3 | 1.9 | 4 310.2 | |
| -51.4 | -5.3 | -53.4 | -302.9 | 4 308.3 | 1.9 | 4 310.2 | |
| - | - | - | - | 175.5 | 0.2 | 175.7 | |
| 62.4 | -2.1 | - | - | 60.3 | - | 60.3 | |
| 10.2 | - | - | - | 10.2 | - | 10.2 | |
| - | - | -3.2 | - | -3.2 | - | -3.2 | |
| 72.6 | -2.1 | -3.2 | - | 67.3 | - | 67.3 | |
| 72.6 | -2.1 | -3.2 | - | 242.8 | 0.2 | 243.0 | |
| - | - | - | 352.3 | - | - | - | |
| - | - | - | - | -196.4 | -0.2 | -196.6 | |
| - | - | - | - | 2.5 | - | 2.5 | |
| - | - | - | - | 15.4 | - | 15.4 | |
| - | - | - | 8.6 | - | - | - | |
| - | - | - | -40.7 | -38.9 | - | -38.9 | |
| - | - | - | -312.0 | -312.0 | - | -312.0 | |
| - | - | - | 183.1 | 180.5 | - | 180.5 | |
| 21.2 | -7.4 | -56.6 | -111.6 | 4 202.2 | 1.9 | 4 204.1 | |

Consolidated statement of cash flows (condensed)

| | H1 2012 <i>CHF m</i> | H1 2011 <i>CHF m</i> | H2 2011 <i>CHF m</i> |
|---|-------------------------|-------------------------|-------------------------|
| Cash and cash equivalents at the beginning of the period | 17 317.3 | 13 263.1 | 13 355.5 |
| Cash flow from operating activities after taxes | 1 478.4 | 799.4 | 4 158.3 |
| Cash flow from investing activities | -1 942.7 | -874.6 | -251.9 |
| Cash flow from financing activities | 7.8 | -43.8 | 193.1 |
| Effects of exchange rate changes | -1.2 | 211.4 | -137.7 |
| Cash and cash equivalents at the end of the period | 16 859.6 | 13 355.5 | 17 317.3 |

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 month ended, 30 June 2012 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 of 31 December 2011 with the exception of the recently adopted accounting pronouncements.

Starting 1 January 2012, the following new or revised accounting standards are in force or have been early applied and are relevant to the Group:

- Disclosures – Transfer of Financial Assets (Amendments to IFRS 7)

The adoption of this amendment had no significant impact on the interim reporting.

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 20 July 2012. There were no significant events to report until this date.

| | Exchange rates as at | | | Average exchange rates | | |
|---------|----------------------|------------|------------|------------------------|---------|--------|
| | 30.06.2012 | 30.06.2011 | 31.12.2011 | H1 2012 | H1 2011 | 2011 |
| USD/CHF | 0.9465 | 0.8420 | 0.9351 | 0.9250 | 0.8910 | 0.8805 |
| EUR/CHF | 1.2012 | 1.2208 | 1.2139 | 1.2030 | 1.2680 | 1.2310 |
| GBP/CHF | 1.4846 | 1.3519 | 1.4533 | 1.4650 | 1.4480 | 1.4170 |

Information on the consolidated income statement

1 Net interest income

| | H1 2012 CHF m | H1 2011 CHF m | H2 2011 CHF m | Change to H1 2011 in % |
|---|------------------|------------------|------------------|---------------------------|
| Interest income on amounts due from banks | 16.2 | 16.3 | 22.8 | -0.6 |
| Interest income on loans | 143.3 | 129.6 | 146.5 | 10.6 |
| Interest income on money market instruments | 9.2 | 20.8 | 17.9 | -55.8 |
| Interest income on financial investments available-for-sale | 79.7 | 63.7 | 70.5 | 25.1 |
| Dividend income on financial investments available-for-sale | 2.8 | 2.2 | - | 27.3 |
| Interest income on trading portfolios | 26.5 | 21.5 | 23.7 | 23.3 |
| Dividend income on trading portfolios | 90.5 | 96.8 | 4.5 | -6.5 |
| Total interest income | 368.2 | 350.8 | 285.8 | 5.0 |
| Interest expense on amounts due to banks | 2.2 | 4.9 | 3.9 | -55.1 |
| Interest expense on amounts due to customers | 33.6 | 25.6 | 61.2 | 31.3 |
| Interest expense on debt issued | 9.6 | 4.1 | 4.3 | 134.1 |
| Total interest expense | 45.5 | 34.5 | 69.5 | 31.9 |
| Total | 322.7 | 316.3 | 216.3 | 2.0 |

2 Net fee and commission income

| | H1 2012 CHF m | H1 2011 CHF m | H2 2011 CHF m | Change to H1 2011 in % |
|--|------------------|------------------|------------------|---------------------------|
| Investment fund fees | 53.5 | 58.7 | 49.6 | -8.9 |
| Fiduciary commissions | 6.8 | 9.3 | 9.8 | -26.9 |
| Portfolio and other management fees | 306.2 | 307.3 | 297.6 | -0.4 |
| Total fee and commission income from asset management | 366.5 | 375.3 | 357.0 | -2.3 |
| Income from brokerage and securities underwriting | 174.5 | 199.3 | 154.7 | -12.4 |
| Commission income on lending activities | 2.9 | 2.6 | 2.0 | 11.5 |
| Commission income on other services | 22.6 | 23.9 | 22.6 | -5.4 |
| Total fee and commission income | 566.5 | 601.0 | 536.3 | -5.7 |
| Commission expense | 95.9 | 104.8 | 90.6 | -8.5 |
| Total | 470.7 | 496.3 | 445.7 | -5.2 |

3 Net trading income

| | H1 2012 CHF m | H1 2011 CHF m | H2 2011 CHF m | Change to H1 2011 in % |
|--------------------|------------------|------------------|------------------|---------------------------|
| Debt instruments | 2.5 | 7.7 | 8.2 | -67.5 |
| Equity instruments | -82.6 | -85.6 | -11.2 | -3.5 |
| Foreign exchange | 132.2 | 163.9 | 185.6 | -19.3 |
| Total | 52.2 | 86.0 | 182.7 | -39.3 |

4 Personnel expenses

| | H1 2012 CHF m | H1 2011 CHF m | H2 2011 CHF m | Change to H1 2011 in % |
|--------------------------------------|------------------|------------------|------------------|---------------------------|
| Salaries and bonuses | 323.5 | 334.9 | 314.1 | -3.4 |
| Contributions to staff pension plans | 33.0 | 30.7 | 22.3 | 7.5 |
| Other social security contributions | 27.9 | 27.7 | 23.9 | 0.7 |
| Share-based payments | 15.4 | 13.5 | 9.4 | 14.1 |
| Other personnel expenses | 4.5 | 6.5 | 29.0 | -30.8 |
| Total | 404.3 | 413.3 | 398.6 | -2.2 |

5 General expenses

| | H1 2012 CHF m | H1 2011 CHF m | H2 2011 CHF m | Change to H1 2011 in % |
|--|------------------|-------------------|------------------|---------------------------|
| Occupancy expense | 26.5 | 25.9 | 26.9 | 2.3 |
| IT and other equipment expense | 24.7 | 26.2 | 23.8 | -5.7 |
| Information, communication and advertising expense | 57.9 | 53.2 | 57.9 | 8.8 |
| Service expense, fees and taxes | 61.3 | 61.2 | 65.0 | 0.2 |
| Valuation allowances, provisions and losses | -10.7 | 61.1 ¹ | 27.3 | - |
| Other general expenses | 1.1 | 0.5 | 15.2 | 120.0 |
| Total | 160.8 | 228.2 | 216.1 | -29.5 |

¹On 14 April 2011, it was announced that German authorities and Julius Baer had agreed on a one-off payment by the latter of EUR 50 million to end the investigations against Julius Baer and unknown employees regarding tax matters in Germany.

Information on the consolidated balance sheet

6a Due from banks

| | 30.06.2012 CHF m | 30.06.2011 CHF m | 31.12.2011 CHF m | Change to 31.12.11 in % |
|-----------------------------|----------------------------|---------------------|---------------------|----------------------------|
| Due from banks | 8 952.2 | 7 470.9 | 10 053.9 | -11.0 |
| Allowance for credit losses | -5.3 | -8.9 | -5.9 | -10.2 |
| Total | 8 946.9 | 7 462.0 | 10 048.1 | -11.0 |

6b Loans

| | 30.06.2012 CHF m | 30.06.2011 CHF m | 31.12.2011 CHF m | Change to 31.12.11 in % |
|-----------------------------|----------------------------|---------------------|---------------------|----------------------------|
| Loans | 13 085.1 | 12 376.5 | 11 915.9 | 9.8 |
| Mortgages | 5 036.8 | 3 946.2 | 4 579.0 | 10.0 |
| Subtotal | 18 121.9 | 16 322.7 | 16 494.9 | 9.9 |
| Allowance for credit losses | -77.6 | -54.2 | -86.5 | -10.3 |
| Total | 18 044.3 | 16 268.5 | 16 408.4 | 10.0 |

6c Allowance for credit losses

| | H1 2012 | | H1 2011 | | H2 2011 | |
|---|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
| | Specific CHF m | Collective CHF m | Specific CHF m | Collective CHF m | Specific CHF m | Collective CHF m |
| Balance at the beginning of the period | 65.1 | 27.3 | 37.2 | 25.5 | 36.1 | 27.0 |
| Increase in allowance for credit losses | 2.0 | - | 1.9 | 1.5 | 26.4 | 0.3 |
| Decrease in allowance for credit losses | -10.6 | -1.0 | - | - | -0.5 | - |
| Translation differences and other adjustments | 0.1 | - | -3.0 | - | 3.1 | - |
| Balance at the end of the period | 56.6 | 26.3 | 36.1 | 27.0 | 65.1 | 27.3 |

6d Impaired loans

| | 30.06.2012 CHF m | 30.06.2011 CHF m | 31.12.2011 CHF m | Change to 31.12.11 in % |
|--------------------------------------|----------------------------|---------------------|---------------------|----------------------------|
| Gross loans | 60.0 | 63.8 | 103.1 | -41.8 |
| Specific allowance for credit losses | -56.6 | -36.1 | -65.1 | -13.1 |
| Net loans | 3.4 | 27.7 | 38.0 | -91.1 |

7a Financial investments available-for-sale

| | 30.06.2012 <i>CHF m</i> | 30.06.2011 <i>CHF m</i> | 31.12.2011 <i>CHF m</i> | <i>Change to 31.12.11 in %</i> |
|---------------------------------|-----------------------------------|----------------------------|----------------------------|------------------------------------|
| Money market instruments | 2 510.1 | 6 043.2 | 3 421.3 | -26.6 |
| Government and agency bonds | 1 921.2 | 2 259.4 | 1 732.6 | 10.9 |
| Financial institution bonds | 5 343.2 | 3 824.2 | 4 430.3 | 20.6 |
| Corporate bonds | 3 381.7 | 2 226.6 | 2 509.4 | 34.8 |
| Debt instruments | 10 646.1 | 8 310.2 | 8 672.3 | 22.8 |
| <i>of which quoted</i> | 9 814.7 | 7 778.8 | 7 994.6 | 22.8 |
| <i>of which unquoted</i> | 831.4 | 531.4 | 677.7 | 22.7 |
| Equity instruments | 74.3 | 130.7 | 74.5 | -0.3 |
| <i>of which quoted</i> | 0.1 | 8.9 | 0.1 | - |
| <i>of which unquoted</i> | 74.2 | 121.8 | 74.4 | -0.3 |
| Total | 13 230.5 | 14 484.1 | 12 168.0 | 8.7 |

7b Financial investments available-for-sale – Credit ratings

| | | | 30.06.2012 <i>CHF m</i> | 30.06.2011 <i>CHF m</i> | 31.12.2011 <i>CHF m</i> |
|---|-----------------------|----------------|-----------------------------------|----------------------------|----------------------------|
| Debt instruments by credit rating classes (excluding money market instruments) | Fitch, S&P | Moody's | | | |
| 1-2 | AAA – AA- | Aaa – Aa3 | 8 065.0 | 6 464.5 | 6 420.0 |
| 3 | A+ – A- | A1 – A3 | 2 144.0 | 1 605.9 | 2 000.6 |
| 4 | BBB+ – BBB- | Baa1 – Baa3 | 213.4 | 124.9 | 139.1 |
| 5-7 | BB+ – CCC- | Ba1 – Caa3 | 104.6 | 35.0 | 56.1 |
| 8-9 | CC – D | Ca – C | - | 2.6 | - |
| Unrated | | | 119.1 | 77.3 | 56.5 |
| Total | | | 10 646.1 | 8 310.2 | 8 672.3 |

Capital ratios

| | 30.06.2012 <i>CHF m</i> | 30.06.2011 <i>CHF m</i> | 31.12.2011 <i>CHF m</i> |
|---|-----------------------------------|----------------------------|----------------------------|
| Risk-weighted positions | | | |
| Credit risk | 8 675.7 | 8 773.5 | 8 716.6 |
| Non-counterparty-related risk | 534.6 | 540.3 | 529.9 |
| Market risk | 853.3 | 1 145.3 | 671.5 |
| Operational risk | 2 871.3 | 2 867.8 | 2 892.5 |
| Total | 12 934.9 | 13 326.9 | 12 810.5 |
| Eligible capital | | | |
| Eligible tier 1 capital | 2 765.9 | 2 896.4 | 2 788.5 |
| <i>of which hybrid tier 1 capital¹</i> | 225.0 | <i>225.0</i> | <i>225.0</i> |
| Eligible tier 1 and tier 2 capital | 3 056.4 | 2 930.9 | 3 067.3 |
| <i>of which lower tier 2 capital²</i> | 243.1 | - | <i>242.1</i> |
| | | | |
| BIS tier 1 ratio | 21.4% | 21.7% | 21.8% |
| BIS total capital ratio | 23.6% | 22.0% | 23.9% |

¹The hybrid tier 1 capital consists of preferred securities issued by Julius Baer Capital (Guernsey) I Limited.

²The lower tier 2 capital consists of subordinated unsecured bonds issued by Julius Baer Group Ltd.

Assets under management

| | 30.06.2012 <i>CHF m</i> | 30.06.2011 <i>CHF m</i> | 31.12.2011 <i>CHF m</i> | <i>Change to 31.12.11 in %</i> |
|--|-----------------------------------|----------------------------|----------------------------|------------------------------------|
| Assets with discretionary mandate | 25 931 | 24 235 | 24 422 | 6.2 |
| Other assets under management | 152 876 | 141 404 | 145 898 | 4.8 |
| Total assets under management (including double counting)¹ | 178 807 | 165 639 | 170 320 | 5.0 |
| <i>of which double counting</i> | 2 478 | 2 674 | 2 491 | -0.5 |

| | H1 2012 <i>CHF m</i> | H1 2011 <i>CHF m</i> | H2 2011 <i>CHF m</i> | |
|--|--------------------------------|-------------------------|-------------------------|-----|
| Change through net new money | 5 450 | 4 934 | 5 262 | |
| Change through market and currency impacts | 3 037 | -8 965 | -581 | |
| Client assets | 268 888 | 259 972 | 258 113 | 4.2 |

¹On 3 May 2011, the Group acquired 30% of São Paulo-based GPS Investimentos e Participações S.A. Assets under management of this company are not consolidated by the Group and are therefore not included in these numbers.

Method of calculation

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

Purchase of associate

On 3 May 2011, Julius Baer Group acquired 30% of São Paulo-based GPS Investimentos e Participações S.A., which includes GPS Planejamento Financeiro Ltda. and CFO Administração de Recursos Ltda. ("GPS"). The Group paid a total consideration of CHF 52.2 million in cash. The Group also received options to acquire additional interests in GPS at a predetermined relative price. The options will be exercisable two to four years after the initial acquisition.

GPS is specialised in discretionary portfolio management and advisory services. The minority participation is treated as a strategic investment and the future close co-operation will further add growth momentum for GPS. In addition, 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.

Disposal group held for sale

The assets and liabilities held for sale at 30 June 2012 (CHF 546.5 million and CHF 546.3 million, respectively) relate to the expected disposal of the business of investment contracts where the beneficiary bears all the related risks and rewards from the

investments. Previously the amounts were included in financial assets designated at fair value and financial liabilities designated at fair value, respectively. The portfolio is concentrated in Julius Baer Life (Bahamas) Ltd.

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The English version is prevailing.

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The Julius Baer Group is present in over 40 locations worldwide. From Zurich (Head Office), Dubai, Frankfurt, Geneva, Hong Kong, London, Lugano, Milan, Monaco, Montevideo, Moscow, Shanghai to Singapore.