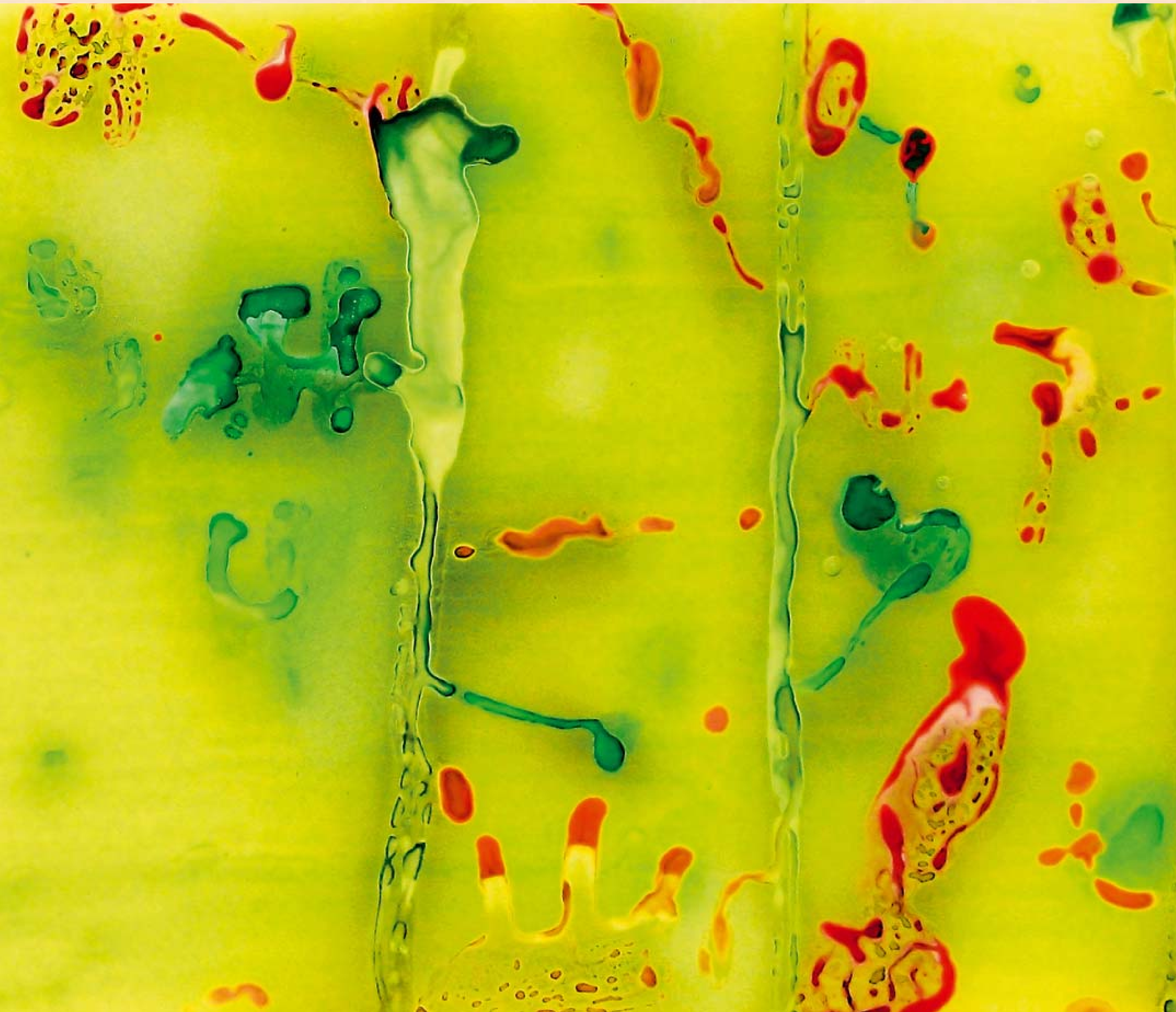
Julius Bär

Julius Baer Group
Business Review
First Half 2011



Key figures Julius Baer Group[1]

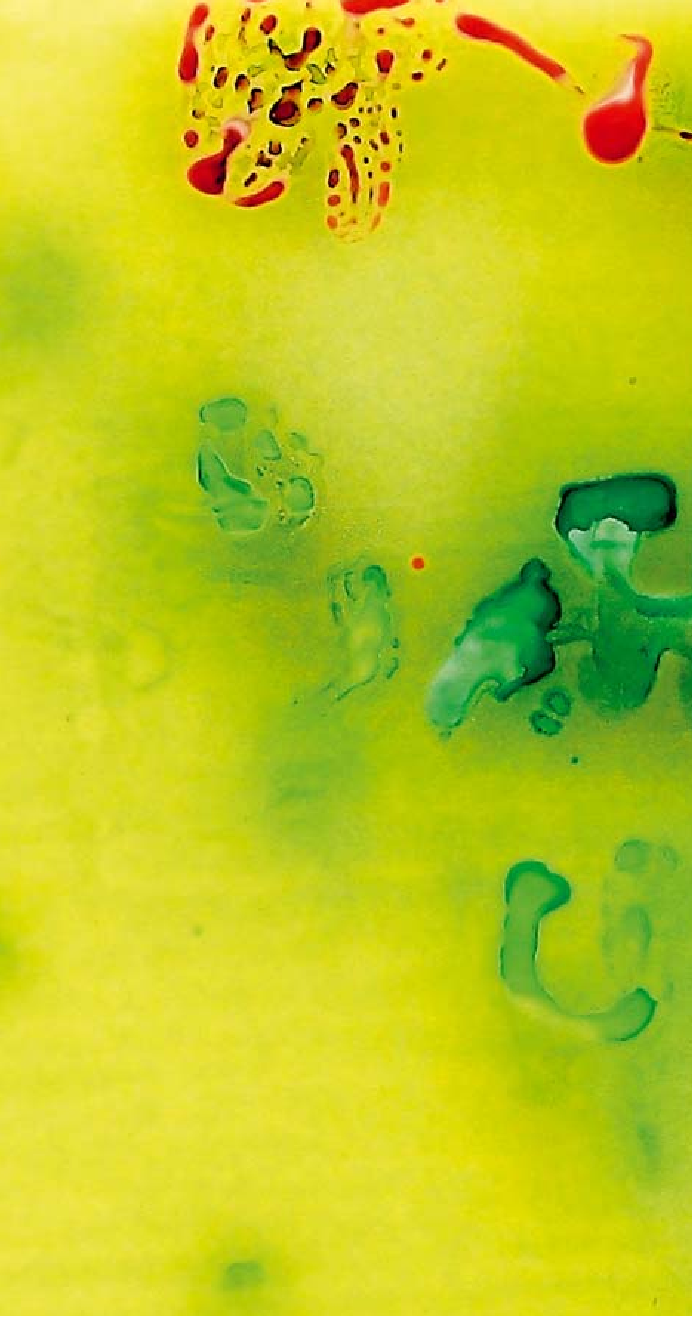
	H1 2011 CHF m	H1 2010 CHF m	H2 2010 CHF m	*Change to H1 2010 in %*
Consolidated income statement				
Operating income	897.8	916.4	878.0	-2.0
Operating expenses	667.0	593.9	598.0	12.3
Profit before taxes	230.8	322.5	280.0	-28.4
Net profit	196.3	261.0	242.9	-24.8
excluding Germany settlement[2]	247.5	261.0	242.9	-5.2
EPS for the half year (CHF)	0.96	1.27	1.18	-24.4
Cost/income ratio	67.6%	63.4%	67.6%	-
Pre-tax margin (basis points)	27.0	37.7	33.0	-

	30.06.11	30.06.10	31.12.10	*Change to 31.12.10 in %*
Client assets (CHF bn)				
Assets under management	165.6	166.1	169.7	-2.4
Average assets under management	171.2	170.9	169.8	0.8
Net new money (change to 30.06.10)	4.9	3.3	5.5	49.8
Assets under custody	94.3	89.0	97.6	-3.4
Total client assets	260.0	255.1	267.3	-2.7
Consolidated balance sheet (CHF m)				
Total assets	47 471.5	47 371.4	46 286.6	2.6
Total equity	4 395.5	4 308.6	4 484.0	-2.0
BIS total capital ratio	22.0%	23.4%	24.3%	-
BIS tier 1 ratio	21.7%	22.8%	23.8%	-
Return on equity (ROE) annualised	12.1%	18.0%	15.3%	-
Personnel				
Number of employees (FTE)	3 684	3 534	3 578	3.0
of whom Switzerland	*2 793*	*2 747*	*2 763*	*1.1*
of whom abroad	*891*	*787*	*815*	*9.3*
Capital structure				
Number of registered shares	206 630 756	206 630 756	206 630 756	-
Weighted average number of registered shares outstanding	205 069 650	206 210 340	205 969 204	-
Share capital (CHF m)	4.1	4.1	4.1	-
Book value (CHF)	21.8	21.0	21.8	-0.1
Market capitalisation (CHF m)	7 176	6 397	9 050	-20.7
Moody's Rating Bank Julius Baer & Co. Ltd.	Aa3	Aa3	Aa3	

Listing	
Zurich, Switzerland	SIX Swiss Exchange, part of the Swiss Market Index SMI and the Swiss Leader Index SLI
Ticker symbols	
Bloomberg	BAER VX
Reuters	BAER.VX
Swiss securities number	10 248 496
Share buyback programme second trading line (BAERE)	12 664 577

[1]Excluding integration and restructuring expenses as well as the amortisation of intangible assets. Including these positions, the net profit attributable to shareholders decreased from CHF 184.8 million in the first half of 2010 to CHF 147.3 million in the first half of 2011, mainly due to the CHF 51 million net impact of the one-off Germany payment.

[2]On 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. This payment ended the investigations against Julius Baer and unknown employees regarding tax matters in Germany.



Front cover: *Untitled*, 2003; by Swiss artist Arnold Helbling, acrylic paint on mylar film, 43×56 cm; part of the Julius Baer Art Collection.

Julius Baer owns one of the largest corporate collections of Swiss contemporary art. As the works are not accessible to the public outside exhibitions, a fine and growing selection of them can be explored in the virtual museum at: www.museum.juliusbaer.com

Content

Dear Reader

With financial markets facing the turning point in monetary policy and assessing the impact of this on world economic growth and on unsettled sovereign debt issues, the first six months of 2011 were marked by elevated volatility and rising risk aversion, particularly towards the end of the period. The related currency shifts led to further substantial strengthening of the Swiss franc. As a result, translation effects continued to negatively influence our Group's asset base and profitability, much in contrast to the overall pleasing business momentum as measured in local currencies. Despite this limiting factor, the financial performance of our Group was resilient in the first half of 2011.

The uneven development in different markets and regions again validated our Group's strategy to broaden its presence in the world's promising growth markets while further unlocking the potential of its presence in European markets. And we achieved progress in both directions: With a strategic minority investment in leading Brazilian wealth manager GPS, Julius Baer secured access to one of the most attractive domestic wealth management markets worldwide, expanding its already significant presence in Latin America. In Switzerland, enhancement of the domestic offering was finalised and the Group's important home market was brought under single leadership. Our other key markets showed similar progress.

These initiatives were complemented by the further strengthening of important functions around the globe, either with managers from our vast internal pool of talent or by taking key external professionals on board. We continued to refine our product and service offering to address clients' local requirements even better and to increase their access to the ever-growing global investment universe. Our truly open and managed product platform again proved to be a key differentiating factor, much appreciated by clients and relationship managers alike, resulting in a gratifying net new money inflow of 6% annualised. Its impact, however, was countered by adverse market and particularly currency developments. Overall, this resulted in a decrease in client assets to CHF 260 billion, of which CHF 166 billion were assets under management.

“Despite the further strengthening of the Swiss franc, the financial performance of our Group was resilient in the first half of 2011.”

Despite solid operating performance, the Group’s adjusted net profit* decreased to CHF 196 million in the first half of 2011, mainly on the back of the further rise of the Swiss franc and reflecting the one-off payment of CHF 51 million after taxes to German authorities to settle legal proceedings. Excluding the latter, underlying net profit* would have declined by 5% to CHF 248 million. With a BIS tier 1 ratio of 21.7% at mid-year 2011, Julius Baer’s capitalisation continues to strongly exceed regulatory requirements. Based on this and given the substantial free cash flow of the Group, we launched a share buyback programme of up to CHF 500 million on 23 May 2011 and repurchased own shares in the amount of CHF 66 million through the end of June 2011. In parallel, we continued to invest in the organic growth of the Group and to closely monitor our key markets for external growth opportunities.

Despite market headwinds and regulatory changes, our Group continued to thrive across the globe. This is largely owed to our employees’ shared drive to excel. For this commitment to excellence, they deserve our sincerest thanks. We also thank our clients and shareholders for their continued trust and support.

Raymond J. Baer
Chairman

Boris F.J. Collardi
Chief Executive Officer

* Excluding integration and restructuring expenses as well as the amortisation of intangible assets, cf. footnote to the key figures

Financial performance in First Half 2011

Dieter A. Enkelmann, Chief Financial Officer

Julius Baer's financial results for the first six months of 2011 were heavily influenced by the further strong rise of the Swiss franc, weighing on both the Group's asset base and profitability. Assets under management declined by 2% to CHF 166 billion, masking substantial net new money inflows of CHF 5 billion, or 6% annualised. The negative currency impact and the one-off Germany payment caused adjusted net profit* to decline to CHF 196 million (CHF 248 million excluding this payment, down 5%). Operationally, however, the Group progressed well in the first half of 2011.

Total client assets amounted to CHF 260 billion at the end of June 2011. Assets under management decreased by 2%, or CHF 4 billion, to CHF 166 billion compared with CHF 170 billion at the end of 2010. The slight decrease in AuM was the result of net new money of CHF 5 billion being offset by a significant negative currency impact of CHF 8 billion due to the further decline in the value of the euro and especially the US dollar against the Swiss franc as well as a marginally negative market performance of CHF 1 billion. All regions delivered positive net new money, with again a significant contribution from the growth markets. The onshore German business was very successful in attracting new clients, helped by the additional team that came on board in January. Assets under custody amounted to CHF 94 billion, after CHF 98 billion at the end of 2010, a decrease of 3%.

Operating income fell by 2% year on year to CHF 898 million, on the back of essentially unchanged average AuM and a decline in the gross margin to 105 bps. While this was 2 bps lower than in the first half of 2010, the gross margin did improve slightly from the second half 2010 level of 103 bps. Net fee and commission income grew by 1% to CHF 496 million. Net interest income increased by 29% to CHF 316 million, mainly on higher dividend income on trading portfolios, which for accounting reasons is booked under interest income. Excluding the trading portfolios-related dividend income, which increased from CHF 59 million in the first half of 2010 to CHF 97 million in the first half of 2011, underlying net interest income increased by 18% to CHF 220 million, driven mainly by an increase in loan volumes. Net trading income decreased by 47% to CHF 86 million, mainly due to the aforementioned dividend reporting impact. When readjusted on the same basis as for net interest income above, the underlying net trading income fell by 18% to CHF 183 million, mainly as a result of lower client-related foreign exchange trading volumes. Other

* Cf. footnote to the table on the next page

Consolidated income statement[1]

	H1 2011 CHF m	H1 2010 CHF m	H2 2010 CHF m	Change to H1 2010 in %
Net interest income	316.3	245.2	210.2	29.0
Net fee and commission income	496.3	491.9	488.5	0.9
Net trading income	86.0	163.1	169.3	-47.3
Other ordinary results	-0.7	16.3	10.0	-
Operating income	**897.8**	916.4	878.0	-2.0
Personnel expenses	411.2	400.0	390.8	2.8
General expenses[2]	225.6	167.1	177.5	35.0
Depreciation and amortisation	30.2	26.8	29.6	12.7
Operating expenses	**667.0**	593.9	598.0	12.3
Profit before taxes	**230.8**	322.5	280.0	-28.4
Income taxes	34.6	61.5	37.1	-43.7
Net profit	**196.3**	261.0	242.9	-24.8
excluding Germany settlement[3]	247.5	261.0	242.9	-5.2
Attributable to:				
Shareholders of Julius Baer Group Ltd.	196.2	260.6	242.5	-24.7
Non-controlling interests	0.1	0.4	0.4	-
EPS for the half year (CHF)	0.96	1.27	1.18	-24.4
Key performance ratios				
Cost/income ratio[4]	67.6%	63.4%	67.6%	-
Gross margin (basis points)	104.9	107.2	103.4	-
Pre-tax margin (basis points)	27.0	37.7	33.0	-
Tax rate	15.0%	19.1%	13.3%	-

	30.06.11 CHF bn	30.06.10 CHF bn	31.12.10 CHF bn	Change to 31.12.10 in %
Client assets				
Assets under management	165.6	166.1	169.7	-2.4
Change through net new money (change to 30.06.10)	*4.9*	*3.3*	*5.5*	*49.8*
Change through market and currency appreciation	*-9.0*	*-4.4*	*-1.8*	-
Change through acquisition	-	*13.6*	*-0.0*	-
Assets under custody	94.3	89.0	97.6	-3.4
Total client assets	**260.0**	255.1	267.3	-2.7
Average assets under management	**171.2**	170.9	169.8	0.8

[1]Excluding integration and restructuring expenses as well as the amortisation of intangible assets. Including these positions, the net profit attributable to shareholders decreased from CHF 184.8 million in the first half of 2010 to CHF 147.3 million in the first half of 2011, mainly due to the CHF 51 million net impact of the one-off Germany payment.

[2]Including valuation adjustments, provisions and losses

[3]On 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. This payment ended the investigations against Julius Baer and unknown employees regarding tax matters in Germany.

[4]Operating expenses less valuation adjustments, provisions and losses/operating income

ordinary results totalled a negative CHF 1 million, compared to a positive CHF 16 million in the first half of 2010.

“With a BIS tier 1 ratio of 21.7%, the Julius Baer Group continues to enjoy a very solid capital base.”

Operating expenses went up by 12% year on year to CHF 667 million, mainly as a consequence of the one-off Germany payment. Excluding the impact of this payment, the underlying operating expenses increased by 1% to CHF 602 million. The total number of employees climbed by 4% year on year to 3 684, which includes 794 relationship managers, a net increase of 62 from a year ago and of 42 since the end of 2010. As a result of the expanded staff base, personnel expenses grew by 3% to CHF 411 million. General expenses, including valuation adjustments, provisions and losses, rose by 35% to CHF 226 million, mainly due to the one-off Germany payment. Excluding this latter item, the underlying general expenses fell by 4% to CHF 160 million.

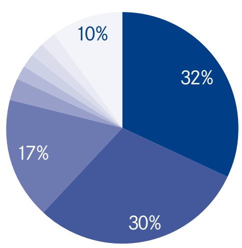
The large majority of expenses are in Swiss francs, whereas operating income – similar to AuM – has a strong foreign currency exposure, especially to the euro and the US dollar. Mainly as a result of the strong Swiss franc, and to a lesser extent due to the decline in the gross margin, the cost/income ratio increased to 67.6%, compared to 63.4% in the first half of 2010.

Accordingly, including the one-off Germany payment, profit before taxes declined by 28% year on year to CHF 231 million. Income taxes decreased to CHF 35 million, representing a tax rate of 15%. As a result, adjusted net profit* declined to CHF 196 million, and earnings per share to CHF 0.96.

Excluding the impact of the one-off Germany payment, the underlying profit before taxes fell by 8% to CHF 296 million; income taxes decreased to CHF 49 million, representing a tax rate of 16.4%; the underlying net profit* declined by CHF 13 million, or 5%, to CHF 248 million; and the underlying earnings per share decreased to CHF 1.21.

As in previous years, in the analysis and discussion of the results in the Business Review, operating expenses exclude integration and restructuring expenses as well as the amortisation of intangible assets related to acquisitions. Including these items, as pre-

Breakdown of assets under management by currency as at 30 June 2011
(30 June 2010)



- EUR 32% *(33%)*
- USD 30% *(32%)*
- CHF 17% *(17%)*
- GBP 3% *(4%)*
- SGD 2% *(2%)*
- HKD 2% *(1%)*
- RUB 2% *(1%)*
- CAD 2% *(2%)*
- Other 10% *(8%)*

* Cf. footnote to the table on the previous page

Consolidated balance sheet

	30.06.11 CHF m	30.06.10 CHF m	31.12.10 CHF m	Change to 31.12.10 in %
Assets				
Due from banks	7 462.0	6 419.9	6 586.6	13.3
Loans to customers[1]	16 268.5	12 898.7	14 570.4	11.7
Trading assets	3 199.1	2 561.3	3 752.0	-14.7
Financial investments available-for-sale	14 484.1	17 289.4	13 885.1	4.3
Goodwill and other intangible assets	1 767.4	1 842.8	1 797.8	-1.7
Other assets	4 290.4	6 359.3	5 694.7	-24.7
Total assets	**47 471.5**	47 371.4	46 286.6	2.6
Liabilities and equity				
Due to banks	5 108.8	4 222.3	4 251.8	20.2
Deposits from customers	30 016.1	30 054.2	28 846.7	4.1
Financial liabilities designated at fair value	4 362.4	4 094.4	4 160.6	4.9
Other liabilities	3 588.7	4 691.9	4 543.4	-21.0
Total liabilities	43 076.0	43 062.8	41 802.6	3.0
Equity attributable to shareholders of Julius Baer Group Ltd.	4 393.7	4 306.8	4 481.8	-2.0
Non-controlling interests	1.8	1.9	2.2	-18.2
Total equity	4 395.5	4 308.6	4 484.0	-2.0
Total liabilities and equity	**47 471.5**	47 371.4	46 286.6	2.6
Key performance ratios				
Loan-to-deposit ratio	0.54	0.43	0.51	-
Leverage ratio[2]	18.1	19.2	17.2	-
Book value per registered share outstanding (CHF)[3]	21.8	21.0	21.8	-0.1
Return on equity (ROE) annualised[4]	12.1%	18.0%	15.3%	-
BIS statistics				
Risk-weighted assets	**13 326.9**	11 836.6	12 060.5	10.5
BIS total capital ratio	**22.0%**	23.4%	24.3%	-
Eligible tier 1 capital	**2 896.4**	2 695.3	2 873.4	0.8
BIS tier 1 ratio	**21.7%**	22.8%	23.8%	-

[1]Mostly lombard lending and mortgages to clients
[2]Total assets/tangible equity
[3]Based on total equity
[4]Net profit/average equity less goodwill

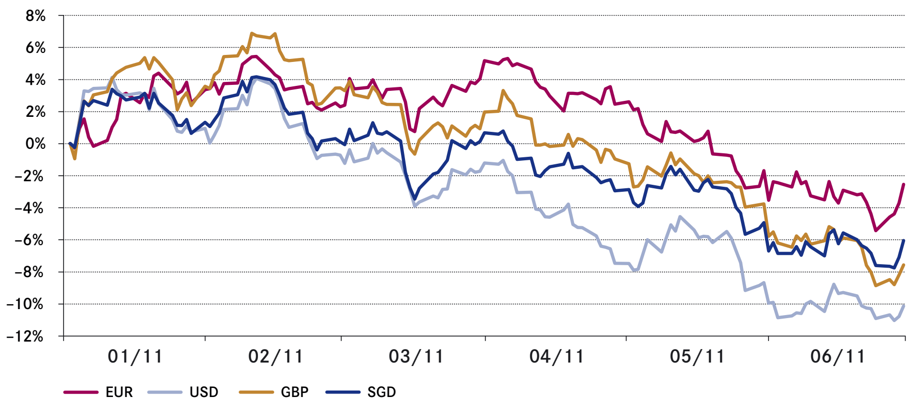
sented in the unadjusted IFRS results in the Half-year Report, net profit was CHF 147 million in the first half of 2011, after CHF 185 million in the first half of 2010. This decrease is mainly due to the CHF 51 million net impact of the one-off Germany payment and the adverse currency movements, partly offset by the much lower integration and restructuring costs in relation to the ING Bank (Switzerland) Ltd transaction, which closed in January 2010. Excluding the one-off Germany payment, the unadjusted IFRS net profit would have been CHF 199 million.

The Group continued to manage its balance sheet conservatively and maintained a very solid capital base. From the end of 2010, total assets increased by 3% to CHF 47.5 billion. Over the same period, client deposits rose by CHF 1.2 billion to CHF 30.0 billion, and lombard lending and mortgages increased by CHF 1.7 billion to CHF 16.3 billion, thus resulting in a loan-to-deposit ratio of 0.54. Total equity decreased by 2% to CHF 4.4 billion, and BIS tier 1 capital increased by CHF 23 million to CHF 2.9 billion. This limited increase in BIS tier 1 capital reflects the impacts of the recently launched share buyback programme and the May 2011 acquisition of a 30% strategic participation in Brazilian wealth manager GPS. With a strong BIS tier 1 ratio of 21.7% the Julius Baer Group continues to enjoy a very solid capital base. For the medium term, the Julius Baer Group will target a BIS total capital ratio of at least 16% and a BIS tier 1 ratio of at least 12%.

Julius Baer has no direct treasury exposure to Greek, Italian, Spanish, Portuguese or Irish sovereign credit. Furthermore, there is also no direct treasury exposure to credit from Greek, Portuguese and Irish banks, and only very limited exposure to credit of strong Spanish and Italian banks, mostly short-term commercial paper.

The previously announced share buyback programme of up to 5% of shares outstanding on 31 December 2010, for a maximum of CHF 500 million and scheduled to run until the 2012 Ordinary Annual General Meeting of shareholders, was launched on 23 May 2011. At the end of June, 1 872 500 own shares had been bought back at a total value of CHF 66 million.

Key currencies vs. CHF – H1 2011



Business development in First Half 2011

In the period under review, the Julius Baer Group achieved further progress in implementing its growth strategy around the globe. In parallel, it further strengthened its organisation and continued to refine its product and service offering. Despite the further rise of the Swiss franc, the financial performance of the Group was resilient in the first half of 2011.

After getting off to a good start in 2011, financial markets increasingly felt the knock-on effects of the escalating sovereign debt crisis, particularly in the euro zone. This led to substantial currency shifts and a further strong rise of the Swiss franc. This exogenous factor clouded an otherwise solid operating performance of the Group across the globe.

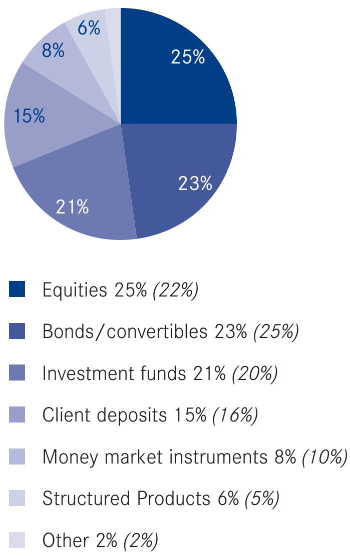
Global economic development continued to be characterised by a growing dominance of the newly industrialised economies. This trend was also reflected in faster growing wealth creation in these markets compared to the developed world. And this trend is set to continue. In a joint research study by Hong Kong-based CLSA (Credit Lyonnais Securities Asia) and Julius Baer to be published at the end of August 2011, the wealth of Asian high net worth individuals is expected to triple to USD 16 trillion in the five years to 2015 while the number of such individuals should more than double. A similar development is evident in Latin America, albeit on a smaller scale.

This diverging development of markets and regions in the first six months of 2011 again validated Julius Baer's two-pronged growth strategy which is concentrated on capturing the strong wealth creation dynamics of growth markets and on further adapting the business model and service offering to the changes occurring in the European markets. The Group, with Bank Julius Baer & Co. Ltd. as its main operating entity, achieved progress in both directions in the period under review.

Steady progress across activities

Given the many uncertainties facing financial markets, volatility remained at elevated levels, with risk aversion particularly starting to rise as of May 2011. The continued strength of the Swiss franc had a strongly negative effect on both the level of assets managed by Julius Baer and the Group's profitability.

Breakdown of assets under management by asset mix as at 30 June 2011
(30 June 2010)



Assets under management amounted to CHF 166 billion at the end of June 2011, down 2% from the end of 2010. The positive effect from net new money inflows amounting to CHF 5 billion, or 6% annualised, was more than offset by a significant negative currency impact of CHF 8 billion due to the further decline in the value of the euro and especially the US dollar as well as a negative market performance of CHF 1 billion.

As the Swiss government proceeded with a number of international negotiations which are of importance for Switzerland as a financial centre, Julius Baer kept a close eye on the developments and initiated a number of strategic projects to ensure readiness for the treaties expected to come. The Bank also continued to enhance its risk management and compliance framework as well as the training of its client-facing staff.

The total number of employees grew by 3% to 3 684 in the first half of 2011. Attracting and retaining highly qualified relationship managers remained a key cornerstone of the Group's growth strategy. While their performance continued to be assessed on an ongoing basis, their total number rose to 794 from 752 at the end of 2010.

In order to further strengthen the Bank's organisation, Bernhard Hodler, Member of the Executive Boards of Julius Baer Group and Bank Julius Baer, was appointed as the Bank's new Chief Operating Officer (COO) effective 1 April 2011. By streamlining vital functions and bundling them into the newly created COO area, Julius Baer is continuing to align the Bank's business model with the changing private banking landscape and to provide the framework and resources for the implementation of its growth strategy: identifying opportunities for increased efficiency and to align projects, budgets, resources and timelines with the overall strategy. This also includes review of the current IT strategy to consider the possible introduction of a package software solution.

Switzerland

Effective 1 July 2011, the hitherto regionally managed private client business in Switzerland was brought under the single leadership of Yves Robert-Charrue, who was serving as Head of the Bank's Investment Solutions Group (ISG). This step aims at fully exploiting the attractive growth potential of the Group's important home market by further leveraging the Bank's already strong pan-Swiss presence and the recently upgraded product and service platform dedicated to the particular requirements of Swiss-domiciled clients (cf. box on page 13). As a consequence, the leadership of ISG will be assumed by Hans F. Lauber, who will join the Bank on 1 September 2011.

> "We aim at fully exploiting Switzerland's attractive growth potential."

The opening of the Ascona branch at the end of May was a further step in Julius Baer's growth strategy, adding another contact point to the country's Italian-speaking, strongly international region of Ticino. To meet the demand from Swiss-domiciled clients, a dedicated discretionary mandate with a clear focus on Switzerland was introduced.

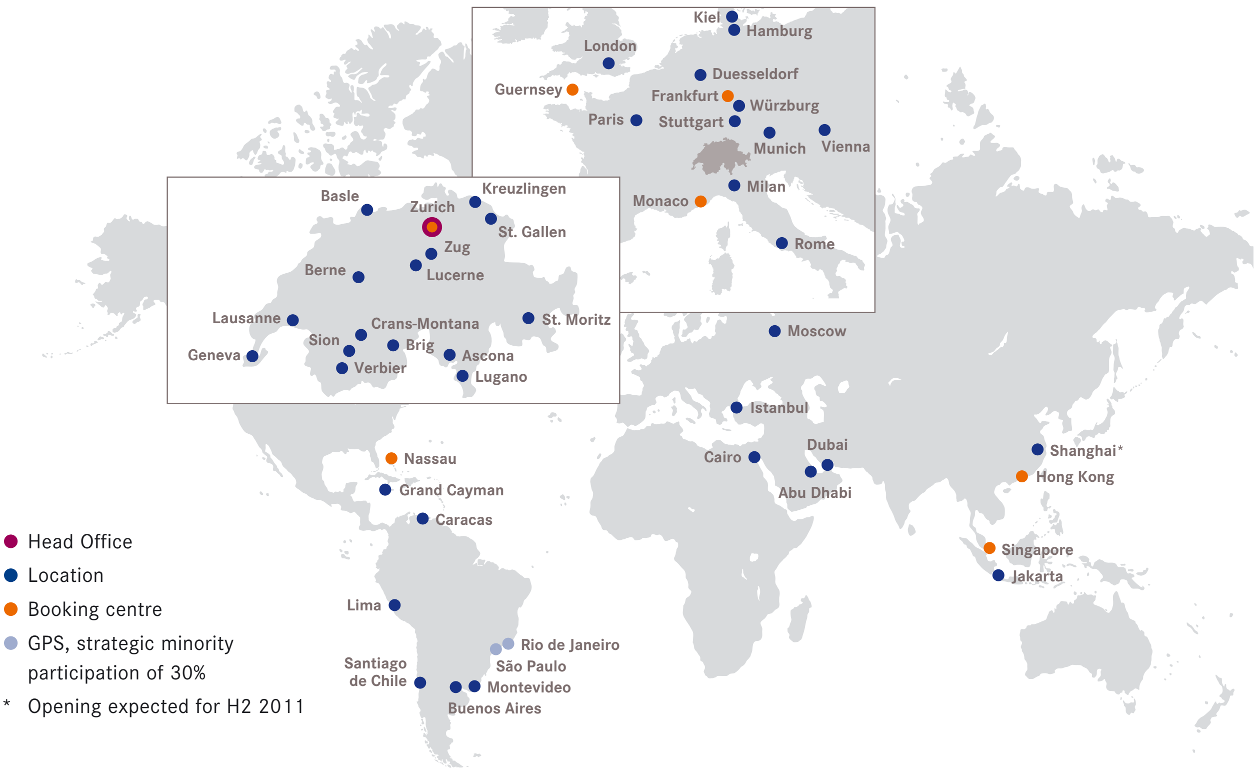
Julius Baer's important business with external asset managers (EAMs) maintained its strong market standing. Julius Baer offers the full range of investment and advisory services to independent asset managers, primarily from its main desks in Switzerland and Singapore. In order to capitalise on the growing importance of Asia for EAMs, this promising region is now served by a new team based in Hong Kong. Further investments were made in staff, IT and compliance to keep up with market demand and to ensure excellent service during all stages of an independent asset manager's business life.

Europe

In Europe, a number of steps have been taken to significantly expand the Bank's services for its clients in selected strategic locations. In Germany, Julius Baer established offices in Kiel and Würzburg and strengthened its locations in Frankfurt, Hamburg and Stuttgart by adding more than a dozen relationship managers. As a result of this and the related organisational strengthening of the Group's local operations, the onshore German business was very successful in attracting new clients, resulting in substantial net new money inflows.

On 14 April 2011, German authorities and Julius Baer agreed on a one-off payment by the latter of EUR 50 million. This ended the investigations against Julius Baer and unknown employees regarding undeclared assets of persons who are subject to taxation in Germany, allowing Julius Baer to continue to fully concentrate on building and further expanding its business with German clients.

In Italy, the new office of Julius Baer SIM S.p.A. in Rome was officially opened in May 2011. This new location focuses on providing investment advice and wealth management, complementing the already existing presence in Milan.



Asia
Firmly established as the Group's second home market, Asia is also an important part of the ever-growing global investment universe. As a result of the continuous rapid growth, local management functions and organisational structures have been further strengthened.

In China, the Bank was granted a QFII investment quota of USD 100 million – the only such allowance given to a private bank. Based on this quota, Julius Baer plans to launch a China Fund soon, thus allowing clients to directly access the growing domestic China market. This new fund will complement the recently expanded renminbi (RMB)-denominated product offering, including RMB conversion services, savings and fixed deposit accounts, RMB-denominated unit trusts, currency-linked investments and bonds. And with the representative office in Shanghai expected to be established in the second half of 2011, Julius Baer is well on track to pave the way for the Group to further grow its business with Chinese domestic clients.

Furthermore, Asian strategies such as Asia Fixed Income and Asia Equity were made available also on the Swiss booking platform and recommendations were constantly enhanced through solutions allowing the clients to participate in the growth of other Asian countries and themes.

Eastern Mediterranean and Middle East (EMME)
Managing its business out of locations in Dubai, Abu Dhabi, Cairo and Istanbul, the Bank has established an excellent reputation in the EMME region and continued to attract inflows from high net worth individuals there in the period under review. In order to further leverage the Group's presence in the region as well as client's access to best-in-class information on wealth management products and services, the region was brought under new leadership based in Geneva, the strategic centre of Julius Baer's Middle East business.

"Brazil is one of the world's most promising domestic markets and a strategic target of our Group."

Latin America
Julius Baer successfully serves the Latin American market from its locations in Buenos Aires, Santiago de Chile, Lima, Montevideo and Caracas. On 3 May 2011, Julius Baer highlighted its clear strategic intention to build its business in Brazil, the continent's single largest and one of the world's most attractive and promising domestic wealth management markets: It acquired a 30% minority stake in GPS, the largest independent domestic wealth manager. The São Paulo-based Group of companies has approximately USD 5 billion (BRL 8.5 billion) of assets under management and has enjoyed very strong growth over the last ten years.

Russia, Central & Eastern Europe
In this strategically important market, an array of opportunities is currently being explored for further development and expansion of the Bank's business there. As a result of Julius Baer's rising

reputation in this region, net new money inflows have been very pleasing since the beginning of the year.

Julius Baer's scope of investment, advisory and execution competence

Overall, the first six months of 2011 were marked by a varying mix of confidence and persistent reluctance, mostly owed to the many still unresolved consequences of the financial crisis. Against this backdrop, the Group's clients continued to benefit from Julius Baer's comprehensive advisory competence and a vast and growing product and investment universe.

Research and Investment Advisory
The highly dynamic development of markets and economies resulted in a very busy period for Research in its effort to keep internal and external clients informed at all times. In parallel, the thematic research under the umbrella of Next Generation, focusing on the topics of growth, planet and people, was ramped up. In particular, the second Investment Conference (focused on planet for the first time) was held in January 2011.

Assets under management in Investment Advisory Mandates continued to grow strongly in the first half of 2011 on the back of continued high quality advice. Relationship managers benefited from the launch of a new information platform, enabling the efficient generation of investment proposals and account reviews.

Investment Advisory Mandates were launched for clients served out of Guernsey and Milan. Access to our

Julius Baer further strengthens its home market Switzerland

Despite the growing and nowadays largest international presence of all Swiss private banks, Switzerland has remained Julius Baer's home market since 1890. Its highly valued virtues and typical Swiss characteristics still form the basis of our corporate culture.

In contrast to its small geographic size, Switzerland possesses a rich and diverse regional and cultural identity beyond its four official languages. Boasting high levels of wealth concentration and banking sophistication, it is an attractive market. This is why Julius Baer has established a comprehensive pan-Swiss network of now 16 locations over the past years and further tailored Bank Julius Baer's offering to the specific requirements of Swiss-domiciled clients with a dedicated domestic discretionary mandate, specialised financial planning services and comprehensive residential mortgage solutions, among others.

As a final step, Julius Baer established a single market region 'Switzerland' effective 1 July 2011. This will help the Bank to leverage its strong brand recognition and to grow and gain market share. To guarantee proximity to clients, the new Region Switzerland consists of five individual market areas. Yet the ultimate aspiration has remained unchanged: to be the first-call private bank in Switzerland.

investment specialists in Asia for the Group's European clientele was strengthened through the build-up of a dedicated team.

Managed accounts and solutions
Discretionary Mandates showed healthy inflows as a result of clients' trust and the continued competitive performance figures achieved in the first half of 2011. The newly introduced Combined Mandates Solutions, allowing clients to allocate assets to a variety of mandates, proved particularly successful. A number of mandates which combine local focus with local investment expertise have been launched for Switzerland and Asia.

Demand for Asymmetric Return Solutions grew from strength to strength following their launch in July 2010 due to their focus on capital preservation during periods of significant market swings. They offer utmost flexibility, strict risk management, liquidity, transparency and regulation.

The Bank further strengthened its fund research capabilities based on its unique open, managed product platform approach. The existing global fund offering was complemented by the introduction of in-house fund advisory specialists, allowing for optimised know-how transfer and advice to relationship managers, investment advisors and portfolio managers.

Wealth & Tax Planning
Supporting the Group's growth in Europe, Latin America and Asia, Julius Baer's Wealth & Tax Planning unit further developed its advisory capabilities for high net worth clients and families. Given the ongoing regulatory changes in numerous jurisdictions, the demand for holistic and comprehensive advice to cover ever more complex client situations steadily increased. Extending the already broad in-house know-how, Wealth & Tax Planning added dedicated specialists for all of the Bank's strategic markets and continued building up a unique global partner network in the areas of wealth, tax and estate planning.

Markets & Custody
The Markets unit focuses on trade execution and product structuring as well as on foreign exchange, precious metals and securities trading services for the Group's private banking clients and certain direct client segments. The volatile markets resulted in higher client trading volumes in precious metals, which compensated for reduced client activity in currency trading and lower equity trading volumes.

The demand for structured products remained subdued but improved compared to 2010. In recognition of its consistent service and market making, Julius Baer was named "Best Market Maker – Investment Products" by the Swiss Derivative Awards 2011.

Julius Baer is a leading provider of global custody services in Switzerland and was entrusted with CHF 94 billion of assets under custody at the end of June 2011. By leveraging its offering with many of the Group's areas of expertise, such as FX trading and securities lending, the global custody business increasingly serves as a one-stop shop for the mutual benefit of its clients and the Group's cross-selling efforts.

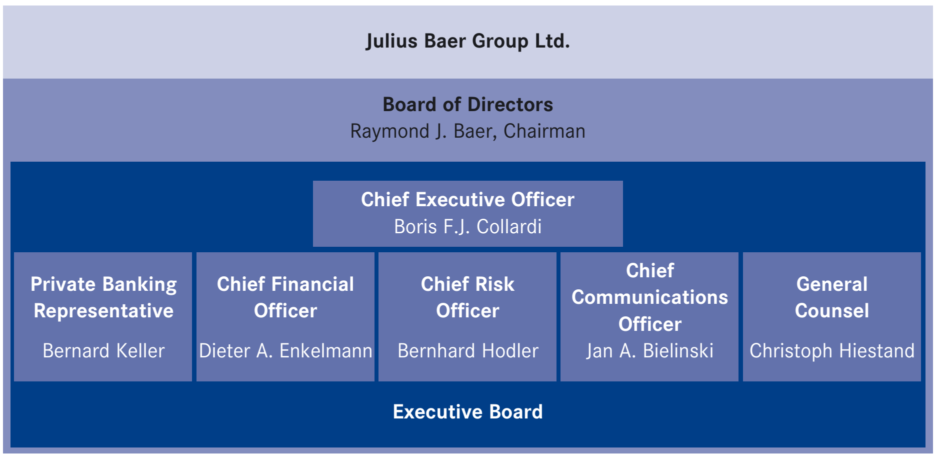
Julius Baer
the Company

“Julius Baer – big enough to matter, small enough to care.”

Julius Baer Group Ltd. is the leading Swiss private banking group, with the renowned Bank Julius Baer & Co. Ltd. as its principal operating company. The Julius Baer Group combines a comprehensive service offering, a broad international presence and a treasured Swiss heritage into a unique private banking experience for discerning clients from around the globe. Our complete independence in each and every aspect of our business – from our focused business model and sound financial foundation to our dedicated investment management, open and actively managed product platform, and proprietary research – makes us a trusted partner of choice.

Private banking has been our core business and our passion for the past 120 years. This single-mindedness is evident in every detail. Our relationships with private clients, family offices and independent asset managers are built on partnership, continuity and mutual trust. Comprehensive advice and experienced relationship managers form the basis for individually tailored solutions. To ensure that contact with our clients is based on optimal linguistic and cultural localisation, the client-facing organisation follows geographic markets or market areas.

“Know your client” is not just a slogan for us, but an imperative driving us each day to meet and exceed the expectations of our discerning clientele, for generations of clients. Hence, our relationship managers endeavour to understand their clients’ financial needs as well as their private and cultural considerations. There is no substitute for being in close contact with clients. With 3 684 employees in over 40 locations in more than 20 countries, and booking centres including Switzerland, Germany, Monaco, Singapore and Hong Kong, we are a truly international private bank.



Around the globe, we can draw on a vast pool of dedicated experts in all areas of contemporary wealth management. Our highly dedicated employees, including over 790 relationship managers, are available around the clock to serve our clientele. They manage and monitor the assets placed in our care, analyse the financial markets and world events, identify trends, and devise innovative investment strategies and solutions based on these insights.

Perfectly matching our independent investment stance, the Julius Baer Group's unique, truly open and managed product platform provides us with access to in-house as well as leading external specialists and leverages on the vast on-the-ground research in Asia, allowing for an unrestricted choice of the best services and products available for the benefit of our clients.

Well positioned and well regarded

The Julius Baer Group is also one of the leading publicly listed financial companies in Switzerland. As a financial holding company, it unites under its umbrella all the specialised companies essential to providing our international clientele with a full array of modern wealth management services. The largest of these companies and the main operating entity of the Group is Bank Julius Baer & Co. Ltd., headquartered in Zurich.

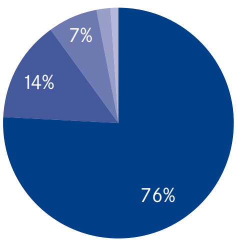
The shares of Julius Baer Group Ltd. are listed on the SIX Swiss Exchange. They form part of the Swiss Market Index (SMI), which comprises the 20 largest and most liquid blue chip companies traded on the SIX Swiss Exchange, as well as the Swiss Leader Index (SLI). The market capitalisation as at 30 June 2011 was CHF 7.2 billion.

The international rating agency Moody's assigns an Aa3 long-term obligations rating to Bank Julius Baer & Co. Ltd., together with the highest possible rating for short-term debt, Prime-1. In addition, Moody's assigns an A1 issuer rating to Julius Baer Group Ltd.

Employer of choice

As part of our goal to remain employer of choice and to complement Julius Baer Academy's comprehensive training offerings for employees, Julius Baer launched a leadership development programme for senior managers, which allows them to improve their understanding of how their own behaviour and that of others affects the functioning of their organisation. In the period under review, Julius Baer continued to attract senior professionals in all functions of the Bank's value

Julius Baer employees (FTE) by geography as at 30 June 2011
(30 June 2010)



- Switzerland 76% *(77%)*
- Asia-Pacific 14% *(13%)*
- Rest of Europe 7% *(7%)*
- Americas 2% *(2%)*
- Middle East and Africa 1% *(1%)*

chain. In order to address the implications of rising life expectancy in time and thus to ensure the financial health and attractiveness of the Bank's Swiss pension scheme, it was decided to reduce the conversion rate effective 1 January 2012. In parallel, the savings contributions will be increased, the larger part borne by the company.

Julius Baer community engagement

As part of our engagement in cultural events and long-standing commitments in the arts and in classical music, thus fostering young talents, Julius Baer continued to back the Swiss Exhibition Award and the |Art|42 Basel, supported the Prix de Lausanne (ballet) and sponsored a new production of Bellini's tragic opera Norma at the Zurich Opera House. Going into summer, it will again support the Verbier Festival and its Chamber Orchestra, as well as the Lucerne Festival at the Piano in autumn.

In the field of sport, Julius Baer acted as a sponsor of the Cartier International Dubai Polo Challenge in the United Arab Emirates, the Winter Polo Audi Gold Cup in Cortina, and the Audi Polo Awards in London. Additionally, the Julius Baer Beach Polo World Cup in Sylt and a golf cup in Würzburg (both in Germany) have been initiated.

Julius Baer Foundation enables school education with the construction of a roof rail

Until 2009, mothers and children in the mountainous outback of Bali had to carry drinking water into their villages to secure survival in long marches that took several hours every day. As a result, parents lacked income to pay the school fees and children could not attend school.

With the help of the Future for Children Foundation and donations from the Julius Baer Foundation, a massive roof rail construction has been built in the village, which collects enough water during the rainy season so that it also lasts during the dry months, making water carrying unnecessary. Instead, the mothers have started a production site for hats and baskets made of palm leaves. With the income generated, the mothers can now pay the school fees, thus allowing their children to get proper education.

Origins and scope of the Julius Baer Foundation

The Julius Baer Foundation was established in 1965 on the occasion of the 75th anniversary of the Bank. Over the years, both the scope of activities and the geographic reach have changed. Today, the topic of youth is the main guiding principle, inspiring projects in Switzerland and around the world. During the first half year of 2011, the Foundation continued to support eight ongoing charity projects on four continents.

Important dates

Publication of Interim Management Statement: 14 November 2011
Publication of 2011 annual results: 6 February 2012
Date of 2012 Ordinary Annual General Meeting: 11 April 2012

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The Half-year Report 2011 of Julius Baer Group Ltd. is available at www.juliusbaer.com.

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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 to Singapore.