

Julius Bär

Half-year Report **2011**  
Julius Baer Group Ltd.



## **Half-year Report 2011 Julius Baer Group Ltd.**

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## Consolidated income statement

	Note	H1 2011 CHF m	H1 2010 CHF m	H2 2010 CHF m	Change to H1 2010 in %
Interest income		350.8	277.7	241.8	26.3
Interest expense		34.5	32.5	31.6	6.2
Net interest income	1	316.3	245.2	210.2	29.0
Fee and commission income		601.0	601.0	596.1	-
Commission expense		104.8	109.1	107.6	-3.9
Net fee and commission income	2	496.3	491.9	488.5	0.9
Net trading income	3	86.0	163.1	169.3	-47.3
Other ordinary results		-0.7	16.3	10.0	-
<b>Operating income</b>		<b>897.8</b>	<b>916.4</b>	<b>878.0</b>	<b>-2.0</b>
Personnel expenses	4	413.3	424.6	399.1	-2.7
General expenses	5	228.2	184.5	191.5	23.7
Depreciation of property and equipment		14.5	13.1	15.3	10.7
Amortisation of customer relationships		45.6	42.6	49.0	7.0
Amortisation of other intangible assets		15.3	14.2	26.1	7.7
<b>Operating expenses</b>		<b>717.0</b>	<b>679.1</b>	<b>681.0</b>	<b>5.6</b>
<b>Profit before taxes</b>		<b>180.9</b>	<b>237.3</b>	<b>197.0</b>	<b>-23.8</b>
Income taxes		33.5	52.1	29.4	-35.7
<b>Net profit</b>		<b>147.4</b>	<b>185.2</b>	<b>167.6</b>	<b>-20.4</b>
Attributable to:					
Shareholders of Julius Baer Group Ltd.		147.3	184.8	167.2	-20.3
Non-controlling interests		0.1	0.4	0.4	-
		147.4	185.2	167.6	-20.4
<b>Share information</b>					
Basic net profit per registered share		0.7	0.9	0.8	-19.8
Diluted net profit per registered share		0.7	0.9	0.8	-20.1

## Consolidated statement of comprehensive income

	H1 2011 CHF m	H1 2010 CHF m	H2 2010 CHF m	Change to H1 2010 in %
<b>Net profit recognised in the income statement</b>	<b>147.4</b>	185.2	167.6	-20.4
Other comprehensive income (net of taxes):				
Net unrealised gains/(losses) on financial investments available-for-sale	-7.2	7.9	4.7	
Net realised (gains)/losses reclassified to the income statement on financial investments available-for-sale	16.7	8.9	9.4	
Hedging reserve for cash flow hedges	-0.8	0.9	0.1	
Translation differences	-11.5	-8.9	-20.4	
<b>Other comprehensive income for the period recognised directly in equity</b>	<b>-2.8</b>	8.8	-6.2	
<b>Total comprehensive income for the period recognised in the income statement and in equity</b>	<b>144.6</b>	194.0	161.4	
Attributable to:				
Shareholders of Julius Baer Group Ltd.	144.5	193.6	161.0	
Non-controlling interests	0.1	0.4	0.4	
	<b>144.6</b>	194.0	161.4	

## Consolidated balance sheet

	Note	30.06.2011 CHF m	30.06.2010 CHF m	31.12.2010 CHF m	Change to 31.12.10 in %
<b>Assets</b>					
Cash		262.8	1 514.7	1 121.3	-76.6
Due from banks	6	7 462.0	6 419.9	6 586.6	13.3
Loans	6	16 268.5	12 898.7	14 570.4	11.7
Trading assets		3 199.1	2 561.3	3 752.0	-14.7
Derivative financial instruments		1 973.3	2 777.8	2 713.1	-27.3
Financial assets designated at fair value		1 001.9	1 030.0	1 006.1	-0.4
Financial investments available-for-sale	7	14 484.1	17 289.4	13 885.1	4.3
Investments in associates		51.0	-	-	-
Property and equipment		362.4	371.6	371.8	-2.5
Goodwill and other intangible assets		1 767.4	1 842.8	1 797.8	-1.7
Accrued income and prepaid expenses		174.3	170.8	174.6	-0.2
Deferred tax assets		11.6	5.0	10.1	14.9
Other assets		453.1	489.4	297.6	52.3
<b>Total assets</b>		<b>47 471.5</b>	<b>47 371.4</b>	<b>46 286.6</b>	<b>2.6</b>

	<b>30.06.2011</b> <i>CHF m</i>	30.06.2010 <i>CHF m</i>	31.12.2010 <i>CHF m</i>	<i>Change to 31.12.10 in %</i>
<b>Liabilities and equity</b>				
Due to banks	<b>5 108.8</b>	4 222.3	4 251.8	20.2
Due to customers	<b>30 016.1</b>	30 054.2	28 846.7	4.1
Trading liabilities	<b>934.8</b>	732.2	800.9	16.7
Derivative financial instruments	<b>1 877.2</b>	2 991.0	2 772.4	-32.3
Financial liabilities designated at fair value	<b>4 362.4</b>	4 094.4	4 160.6	4.9
Debt issued	<b>236.9</b>	244.8	240.2	-1.4
Accrued expenses and deferred income	<b>246.9</b>	258.4	349.5	-29.4
Current tax liabilities	<b>42.4</b>	12.4	44.8	-5.4
Deferred tax liabilities	<b>116.9</b>	110.1	121.9	-4.1
Provisions	<b>26.2</b>	40.3	32.2	-18.6
Other liabilities	<b>107.4</b>	302.7	181.5	-40.8
<b>Total liabilities</b>	<b>43 076.0</b>	43 062.8	41 802.6	3.0
<b>Share capital</b>				
Share capital	<b>4.1</b>	4.1	4.1	-
Retained earnings	<b>4 607.9</b>	4 413.6	4 581.9	0.6
Other components of equity	<b>-84.6</b>	-75.6	-81.8	-3.4
Treasury shares	<b>-133.7</b>	-35.4	-22.5	-494.2
Equity attributable to shareholders of Julius Baer Group Ltd.	<b>4 393.7</b>	4 306.8	4 481.8	-2.0
Non-controlling interests	<b>1.8</b>	1.9	2.2	-18.2
<b>Total equity</b>	<b>4 395.5</b>	4 308.6	4 484.0	-2.0
<b>Total liabilities and equity</b>	<b>47 471.5</b>	47 371.4	46 286.6	2.6

## Consolidated statement of changes in equity

	Share capital CHF m	Retained earnings <sup>1</sup> CHF m
At 1 January 2010	4.1	4 312.9
Net profit attributable to shareholders of Julius Baer Group Ltd.	-	184.8
Net profit attributable to non-controlling interests	-	-
Unrealised gains/(losses)	-	-
Realised (gains)/losses reclassified to the income statement	-	-
Changes	-	-
Dividends	-	-82.7
Treasury shares and own equity derivative activity	-	-1.4
Changes in derivatives on own shares	-	-
Acquisitions of own shares	-	-
Disposals of own shares	-	-
At 30 June 2010	4.1	4 413.6
At 1 July 2010	4.1	4 413.6
Net profit attributable to shareholders of Julius Baer Group Ltd.	-	167.2
Net profit attributable to non-controlling interests	-	-
Unrealised gains/(losses)	-	-
Realised (gains)/losses reclassified to the income statement	-	-
Changes	-	-
Treasury shares and own equity derivative activity	-	1.1
Changes in derivatives on own shares	-	-
Acquisitions of own shares	-	-
Disposals of own shares	-	-
At 31 December 2010	4.1	4 581.9
<b>At 1 January 2011</b>	<b>4.1</b>	<b>4 581.9</b>
Net profit attributable to shareholders of Julius Baer Group Ltd.	-	147.3
Net profit attributable to non-controlling interests	-	-
Unrealised gains/(losses)	-	-
Realised (gains)/losses reclassified to the income statement	-	-
Changes	-	-
Dividends	-	-124.0
Treasury shares and own equity derivative activity	-	2.6
Changes in derivatives on own shares	-	-
Acquisitions of own shares	-	-
Disposals of own shares	-	-
<b>At 30 June 2011</b>	<b>4.1</b>	<b>4 607.9</b>

<sup>1</sup> Retained earnings include the capital reserves of Bank Julius Baer & Co. Ltd. and the share premium 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	
-65.2	-1.1	-18.1	-42.6	4 190.1	1.7	4 191.8	
-	-	-	-	184.8	-	184.8	
-	-	-	-	-	0.4	0.4	
7.9	0.9	-	-	8.8	-	8.8	
8.9	-	-	-	8.9	-	8.9	
-	-	-8.9	-	-8.9	-	-8.9	
-	-	-	-	-82.7	-0.3	-83.0	
-	-	-	-	-1.4	-	-1.4	
-	-	-	22.6	22.6	-	22.6	
-	-	-	-105.4	-105.4	-	-105.4	
-	-	-	90.0	90.0	-	90.0	
-48.4	-0.2	-27.0	-35.4	4 306.8	1.9	4 308.6	
-48.4	-0.2	-27.0	-35.4	4 306.8	1.9	4 308.6	
-	-	-	-	167.2	-	167.2	
-	-	-	-	-	0.4	0.4	
4.7	0.1	-	-	4.8	-	4.8	
9.4	-	-	-	9.4	-	9.4	
-	-	-20.4	-	-20.4	-	-20.4	
-	-	-	-	1.1	-	1.1	
-	-	-	3.9	3.9	-	3.9	
-	-	-	-37.1	-37.1	-	-37.1	
-	-	-	46.1	46.1	-	46.1	
-34.4	-0.1	-47.3	-22.5	4 481.8	2.2	4 484.0	
-34.4	-0.1	-47.3	-22.5	4 481.8	2.2	4 484.0	
-	-	-	-	147.3	-	147.3	
-	-	-	-	-	0.1	0.1	
-7.2	-0.8	-	-	-8.0	-	-8.0	
16.7	-	-	-	16.7	-	16.7	
-	-	-11.5	-	-11.5	-	-11.5	
-	-	-	-	-124.0	-0.5	-124.5	
-	-	-	-	2.6	-	2.6	
-	-	-	-1.0	-1.0	-	-1.0	
-	-	-	-257.3	-257.3	-	-257.3	
-	-	-	147.1	147.1	-	147.1	
-24.8	-0.9	-58.9	-133.7	4 393.7	1.8	4 395.5	

## Consolidated statement of cash flows (condensed)

	<b>H1 2011</b> <i>CHF m</i>	H1 2010 <i>CHF m</i>	H2 2010 <i>CHF m</i>
Cash and cash equivalents at the beginning of the period	<b>13 263.1</b>	18 390.5	16 896.6
Cash flow from operating activities after taxes	<b>799.4</b>	621.7	-3 877.0
Cash flow from investing activities	<b>-874.6</b>	-2 261.9	13.1
Cash flow from financing activities	<b>-43.8</b>	-12.7	90.9
Effects of exchange rate changes	<b>211.4</b>	159.0	139.4
<b>Cash and cash equivalents at the end of the period</b>	<b>13 355.5</b>	16 896.6	13 263.1

## 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 2011 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 2010 with the exception of the recently adopted accounting pronouncements.

Starting 1 January 2011, the following new or revised accounting standards are in force or have been early applied and are relevant to the Group:

- Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14)
  - IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments
  - Improvements to IFRSs
- The adoption of these changes 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 21 July 2011. There were no significant events to report until this date.
- IAS 24 – Related Party Disclosures
  - Classification of Rights Issues (Amendment to IAS 32 – Financial Instruments: Presentation)

	Exchange rates as at			Average exchange rates		
	30.06.2011	30.06.2010	31.12.2010	H1 2011	H1 2010	2010
USD/CHF	<b>0.8420</b>	1.0784	0.9321	<b>0.8910</b>	1.0820	1.0365
EUR/CHF	<b>1.2208</b>	1.3209	1.2505	<b>1.2680</b>	1.4210	1.3690
GBP/CHF	<b>1.3519</b>	1.6133	1.4594	<b>1.4480</b>	1.6430	1.5985

## Information on the consolidated income statement

### 1 Net interest income

	H1 2011 CHF m	H1 2010 CHF m	H2 2010 CHF m	Change to H1 2010 in %
Interest income on amounts due from banks	16.3	14.9	16.1	9.4
Interest income on loans	129.6	117.5	121.8	10.3
Interest income on money market instruments	20.8	20.1	22.8	3.5
Interest income on financial investments available-for-sale	63.7	62.6	69.0	1.8
Dividend income on financial investments available-for-sale	2.2	2.3	-	-4.3
Interest income on trading portfolios	21.5	1.3	4.7	-
Dividend income on trading portfolios	96.8	59.0	7.3	64.1
<b>Total interest income</b>	<b>350.8</b>	<b>277.7</b>	<b>241.8</b>	<b>26.3</b>
Interest expense on amounts due to banks	4.9	6.8	4.8	-27.9
Interest expense on amounts due to customers	25.6	21.6	22.7	18.5
Interest expense on debt issued	4.1	4.1	4.1	-
<b>Total interest expense</b>	<b>34.5</b>	<b>32.5</b>	<b>31.6</b>	<b>6.2</b>
<b>Total</b>	<b>316.3</b>	<b>245.2</b>	<b>210.2</b>	<b>29.0</b>

### 2 Net fee and commission income

	H1 2011 CHF m	H1 2010 CHF m	H2 2010 CHF m	Change to H1 2010 in %
Investment fund fees	58.7	59.6	52.9	-1.5
Fiduciary commissions	9.3	9.6	9.8	-3.1
Portfolio and other management fees	307.3	301.5	299.0	1.9
<b>Total fee and commission income from asset management</b>	<b>375.3</b>	<b>370.7</b>	<b>361.7</b>	<b>1.2</b>
Income from brokerage and securities underwriting	199.3	210.4	202.5	-5.3
Commission income on lending activities	2.6	1.8	3.0	44.4
Commission income on other services	23.9	18.1	29.0	32.0
<b>Total fee and commission income</b>	<b>601.0</b>	<b>601.0</b>	<b>596.1</b>	<b>-</b>
Commission expense	104.8	109.1	107.6	-3.9
<b>Total</b>	<b>496.3</b>	<b>491.9</b>	<b>488.5</b>	<b>0.9</b>

### 3 Net trading income

	H1 2011 CHF m	H1 2010 CHF m	H2 2010 CHF m	Change to H1 2010 in %
Debt instruments	7.7	2.7	5.4	-
Equity instruments <sup>1</sup>	-85.6	-25.6	14.4	-
Foreign exchange	163.9	186.0	149.5	-11.9
<b>Total</b>	<b>86.0</b>	<b>163.1</b>	<b>169.3</b>	<b>-47.3</b>

<sup>1</sup>Dividend income related to trading instruments is recognised in Net interest income (see Note 1).

### 4 Personnel expenses

	H1 2011 CHF m	H1 2010 CHF m	H2 2010 CHF m	Change to H1 2010 in %
Salaries and bonuses	334.9	334.2	314.5	0.2
Contributions to staff pension plans	30.7	31.1	37.4	-1.3
Other social security contributions	27.7	26.0	27.4	6.5
Share-based payments	13.5	11.7	8.7	15.4
Other personnel expenses	6.5	21.6	11.2	-69.9
<b>Total</b>	<b>413.3</b>	<b>424.6</b>	<b>399.1</b>	<b>-2.7</b>

### 5 General expenses

	H1 2011 CHF m	H1 2010 CHF m	H2 2010 CHF m	Change to H1 2010 in %
Occupancy expense	25.9	26.8	28.4	-3.4
IT and other equipment expense	26.2	27.4	28.2	-4.4
Information, communication and advertising expense	53.2	55.1	63.0	-3.4
Service expense, fees and taxes	61.2	61.8	59.2	-1.0
Valuation adjustments, provisions and losses	61.1 <sup>1</sup>	12.9	11.9	-
Other general expenses	0.5	0.5	0.7	-
<b>Total</b>	<b>228.2</b>	<b>184.5</b>	<b>191.5</b>	<b>23.7</b>

<sup>1</sup>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.

## Information on the consolidated balance sheet

### 6a Due from banks

	30.06.2011 CHF m	30.06.2010 CHF m	31.12.2010 CHF m	Change to 31.12.10 in %
Due from banks	<b>7 470.9</b>	6 430.8	6 596.3	13.3
Allowance for credit losses	<b>-8.9</b>	-10.9	-9.7	-8.2
<b>Total</b>	<b>7 462.0</b>	6 419.9	6 586.6	13.3

### 6b Loans

	30.06.2011 CHF m	30.06.2010 CHF m	31.12.2010 CHF m	Change to 31.12.10 in %
Loans	<b>12 376.5</b>	9 855.3	10 991.4	12.6
Mortgages	<b>3 946.2</b>	3 097.5	3 631.9	8.7
Subtotal	<b>16 322.7</b>	12 952.8	14 623.4	11.6
Allowance for credit losses	<b>-54.2</b>	-54.1	-52.9	2.5
<b>Total</b>	<b>16 268.5</b>	12 898.7	14 570.4	11.7

### 6c Allowance for credit losses

	Specific CHF m	H1 2011 Collective CHF m	Specific CHF m	H1 2010 Collective CHF m	Specific CHF m	H2 2010 Collective CHF m
<b>6c Allowance for credit losses</b>						
Balance at the beginning of the period	<b>37.2</b>	<b>25.5</b>	42.3	23.2	40.0	25.0
Write-offs	-	-	-9.3	-	-0.3	-
Increase in allowance for credit losses	<b>1.9</b>	<b>1.5</b>	6.3	1.8	2.5	0.5
Decrease in allowance for credit losses	-	-	-0.1	-	-0.4	-
Translation differences and other adjustments	<b>-3.0</b>	-	0.8	-	-4.6	-
<b>Balance at the end of the period</b>	<b>36.1</b>	<b>27.0</b>	40.0	25.0	37.2	25.5

## 6d Impaired loans

	30.06.2011 CHF m	30.06.2010 CHF m	31.12.2010 CHF m	Change to 31.12.10 in %
Gross loans	63.8	69.1	63.2	0.9
Specific allowance for credit losses	-36.1	-40.0	-37.2	-3.0
<b>Net loans</b>	<b>27.7</b>	29.1	26.0	6.5

## 7a Financial investments available-for-sale

	30.06.2011 CHF m	30.06.2010 CHF m	31.12.2010 CHF m	Change to 31.12.10 in %
<b>Money market instruments</b>	<b>6 043.2</b>	9 170.3	5 993.1	0.8
Government and agency bonds	2 259.4	3 235.0	2 517.6	-10.3
Financial institution bonds	3 824.2	2 906.3	3 368.6	13.5
Corporate bonds	2 226.6	1 818.9	1 858.8	19.8
<b>Debt instruments</b>	<b>8 310.2</b>	7 960.2	7 745.0	7.3
of which listed	7 778.8	7 453.6	7 323.5	6.2
of which unlisted	531.4	506.6	421.5	26.1
<b>Equity instruments</b>	<b>130.7</b>	158.9	147.0	-11.1
of which listed	8.9	30.7	15.2	-41.4
of which unlisted	121.8	128.2	131.9	-7.7
<b>Total</b>	<b>14 484.1</b>	17 289.4	13 885.1	4.3

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

			<b>30.06.2011</b> <i>CHF m</i>	30.06.2010 <i>CHF m</i>	31.12.2010 <i>CHF m</i>
<b>Debt instruments by credit rating classes (excluding money market instruments)</b>					
	<b>Fitch, S&amp;P <sup>1</sup></b>	<b>Moody's <sup>1</sup></b>			
1-2	AAA – AA-	Aaa – Aa3	<b>6 464.5</b>	6 300.0	5 843.2
3	A+ – A-	A1 – A3	<b>1 605.9</b>	1 368.1	1 709.4
4	BBB+ – BBB-	Baa1 – Baa3	<b>124.9</b>	140.5	131.6
5-7	BB+ – CCC-	Ba1 – Caa3	<b>35.0</b>	39.2	31.6
8-9	CC – D	Ca – C	<b>2.6</b>	-	-
Unrated			<b>77.3</b>	112.4	29.2
<b>Total</b>			<b>8 310.2</b>	7 960.2	7 745.0

<sup>1</sup>This document may contain information obtained from third parties, including ratings from rating agencies such as Standard & Poor's, Moody's, Fitch and other similar rating agencies. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third party. Third-party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third-party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the market value of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.



## Capital ratios

	<b>30.06.2011</b> <i>CHF m</i>	30.06.2010 <i>CHF m</i>	31.12.2010 <i>CHF m</i>
<b>Risk-weighted positions</b>			
Credit risk	<b>8 773.5</b>	7 951.1	8 115.9
Non-counterparty-related risk	<b>540.3</b>	514.7	534.1
Market risk <sup>1</sup>	<b>1 145.3</b>	421.8	514.2
Operational risk	<b>2 867.8</b>	2 949.0	2 896.3
<b>Total</b>	<b>13 326.9</b>	<b>11 836.6</b>	<b>12 060.5</b>
<b>Eligible capital</b>			
Eligible tier 1 capital	<b>2 896.4</b>	2 695.3	2 873.4
<i>of which hybrid tier 1 capital<sup>2</sup></i>	<b>225.0</b>	<i>225.0</i>	<i>225.0</i>
Eligible tier 1 and tier 2 capital	<b>2 930.9</b>	2 766.5	2 933.6
BIS tier 1 ratio	<b>21.7%</b>	22.8%	23.8%
BIS total capital ratio	<b>22.0%</b>	23.4%	24.3%

<sup>1</sup>The calculated risk-weighted assets for market risk more than doubled compared to 31 December 2010 mainly due to regulatory changes in force as at 1 January 2011.

<sup>2</sup>The hybrid tier 1 capital consists of preferred securities issued by Julius Baer Capital (Guernsey) I Limited.

## Assets under management

	<b>30.06.2011</b> <i>CHF m</i>	30.06.2010 <i>CHF m</i>	31.12.2010 <i>CHF m</i>	<i>Change to 31.12.10 in %</i>
Assets with discretionary mandate	<b>24 235</b>	23 784	22 955	5.6
Other assets under management	<b>141 404</b>	142 279	146 715	-3.6
<b>Total assets under management (including double counting)</b>	<b>165 639</b>	166 063	169 670	-2.4
<i>of which double counting</i>	<b>2 674</b>	3 057	2 851	-6.2

  

	<b>H1 2011</b> <i>CHF m</i>	H1 2010 <i>CHF m</i>	H2 2010 <i>CHF m</i>
Change through net new money	<b>4 934</b>	3 293	5 460
Change through market and currency appreciation	<b>-8 965</b>	-4 390	-1 805
Change through acquisition	-	13 558 <sup>1</sup>	-48 <sup>1</sup>
Client assets	<b>259 972</b>	255 096	267 313

<sup>1</sup>On 15 January 2010, the Group acquired ING Bank (Switzerland) Ltd.

### 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 subsidiary

On 15 January 2010, Julius Baer Group acquired ING Bank (Switzerland) Ltd, a fully owned subsidiary of ING Group NV, including its subsidiaries in Monaco and Jersey. The Group paid a total consideration of CHF 499.1 million in cash. The purchase price was fully funded by existing excess capital of the Group. ING Bank (Switzerland) Ltd, which was active in pri-

vate banking business, has been fully integrated into Bank Julius Baer & Co. Ltd. At the time of acquisition, the assets under management amounted to CHF 13.5 billion.

The assets and liabilities of the acquired entity were recorded as follows:

	Fair value CHF m
<b>Assets</b>	
Cash	265.2
Due from banks	1 745.9
Loans	1 185.5
Financial investments available-for-sale	350.0
Customer relationships	163.0
Goodwill	4.3
Deferred tax assets	3.3
All other assets	83.2
<b>Total assets</b>	<b>3 800.5</b>
<b>Liabilities and equity</b>	
Due to banks	1 118.4
Due to customers	2 053.4
Deferred tax liabilities	33.0
All other liabilities	96.5
Total liabilities	3 301.4
Total equity	499.1
<b>Total liabilities and equity</b>	<b>3 800.5</b>

The transaction resulted in goodwill of CHF 4.3 million, which represents expected synergies and growth opportunities from the combined private banking activities. Other intangible assets recog-

nised consist of CHF 163.0 million for existing customer relationships of the acquired entity, which are amortised over an expected useful life of ten years.

## Purchase of associate

On 3 May 2011, Julius Baer Group acquired 30 percent of São Paulo-based GPS Investimentos e Participações S.A., which includes GPS Planejamento Financeiro Ltda. and CFO Administração de Recursos Ltda. (“GPS”). GPS is specialised in discre-

tionary 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.



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This Half-year Report also appears in German.  
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 to Singapore.