

Press Release

from Julius Baer Holding Ltd.

Zurich, 23 July 2008

Presentation of 2008 half-year results for the Julius Baer Group

With net profit of CHF 510 million*, Julius Baer managed to achieve the same result as in the first half of 2007 despite weak markets and a strong Swiss franc - Achieved net new money of CHF 10 billion

- Despite the challenging market environment, the Julius Baer Group achieved a net profit of CHF 510 million* in the first half of 2008, just 2% below the CHF 518 million of the first half of 2007. Earnings per share (EPS) rose by 5% to CHF 2.45.
- Due to the appreciation of the Swiss franc and the weak equity and debt markets, assets under management declined to CHF 364 billion, 10% lower than at the end of 2007. Net new money contributed CHF 10 billion overall, with Private Banking attracting CHF 8 billion.
- The investment in future growth continued successfully, as reflected in further key hirings and the opening of new locations.
- As a result of its exclusive focus on the wealth management business, Julius Baer did not experience any losses related to the credit and liquidity crisis.

"The Julius Baer Group has managed to strike the right balance between stepping up its investment in the future, given the extraordinarily favourable circumstances for growing Bank Julius Baer's global franchise, and protecting the Group's profitability. Whilst the weak equity and debt markets as well as the strong Swiss franc have reduced our asset base, with an impact on our profits, Bank Julius Baer has benefited from our pure-play wealth management strategy, as evidenced by the significant net new money inflows the Bank has achieved," sums up Johannes A. de Gier, Group CEO.

Balancing growth and profitability in a challenging market environment

Assets under management of the Julius Baer Group amounted to CHF 364 billion on 30 June 2008, down 10% from CHF 405 billion at the end of 2007. Net new money totalling CHF 10 billion was more than offset by the negative market performance of CHF 32 billion and a negative currency impact of CHF 19 billion. In addition, *assets under custody* increased by 9% to CHF 75 billion.

Operating income was 2% lower at CHF 1,602 million compared to the first half of 2007. As a result of the decreased asset levels and subdued client activity, net fee and commission income declined by 9% to CHF 1,195 million. Net interest income rose by CHF 53 million or 32% to CHF 221 million following the increased lending to private clients, higher deposits as well as higher margins. Net trading income increased by 28% to CHF 178 million, primarily driven by foreign exchange trading.

Operating expenses at CHF 949 million were slightly lower than last year (CHF 960 million), aided by a positive currency impact and despite continued investments in growth. Personnel expenses were down 2% at CHF 673 million as the impact of the 10% year-on-year staff increase, from 3,869 to 4,272, was offset by lower performance-related compensation accruals and a positive currency impact. General expenses, including valuation adjustments, provisions and losses, remained unchanged at CHF 254 million, even with the continued business expansion of Bank Julius Baer. All in all, the *cost/income ratio* increased slightly to 58.5% after 57.5% in the first half of 2007.

*Excluding integration and restructuring expenses as well as amortisation of intangible assets. Including these positions, the net profit for the first half of 2008 amounted to CHF 412 million, after CHF 424 million for the first half of 2007.

Profit before taxes declined by 3% to CHF 653 million. After deduction of taxes amounting to CHF 143 million, representing a tax rate of 22%, *net profit* reached CHF 510 million*, just 2% down from H1 2007. Following share buyback programmes, *EPS* increased by 5% to CHF 2.45. As part of the current share buyback programme (2008-2010) of up to CHF 2 billion, 1,565,000 shares in the total amount of CHF 112.4 million had been repurchased as of 22 July 2008.

Total assets were down by CHF 3.3 billion at CHF 43.6 billion at the end of June 2008, mainly driven by the lower level of client deposits and structured products volume as compared to the end of 2007. Total equity rose by CHF 160 million to CHF 6.6 billion, and the BIS Tier 1 capital by CHF 313 million to CHF 2.3 billion. With a *BIS Tier 1 ratio* of 13.8% under Basel II (year-end 2007: 12.9% under Basel I), the Julius Baer Group continues to enjoy a very solid financial base. *Return on equity* was at 28.8% compared to 27.9% in the first half of 2007.

Bank Julius Baer continues to attract significant net new money

Assets under management in the segment *Bank Julius Baer (Private Banking and Investment Products)* declined by CHF 12 billion or 5% to CHF 222 billion in the first half of 2008. Net new money contributed a healthy CHF 12 billion, representing an annualised growth rate of 10%, while market and currency performance had a negative impact of CHF 24 billion. Operating income increased by 3% to CHF 977 million year on year, and operating expenses rose by 9% to CHF 587 million as a result of continued investments in front-related areas. As a consequence, profit before taxes for Bank Julius Baer declined by 4% to CHF 390 million. Assets under management of the *Private Banking* division were 5% lower at CHF 148 billion despite significant net new money of CHF 8 billion to which all regions contributed, again with a major share from growth markets, Asia in particular. Assets under management in the *Investment Products* division fell by 5% to CHF 74 billion, with net new money amounting to CHF 3 billion.

Assets under management in the segment *Asset Management (GAM and Artio Global)* declined by CHF 29 billion or 17% to CHF 142 billion in the first half of 2008, mainly as a result of negative market performance and the currency impact on assets under management as reported in Swiss francs, which had a combined negative impact of CHF 28 billion. At the end of June 2008, *GAM* had CHF 68 billion of assets under management, and *Artio Global*, the US asset management business to be IPO-ed when market conditions allow, CHF 74 billion, with the latter continuing to attract substantial net new money. During this highly challenging period for leveraged hedge fund style investments, *GAM* experienced net outflows but was able to improve its margins from H1 2007 levels. The segment's operating income fell by 8% to CHF 594 million, and operating expenses dropped by 13% to CHF 316 million. As a consequence, profit before taxes was down 3% to CHF 278 million.

The documents accompanying the results conference (presentation, Business Review First Half 2008, Half-year Report 2008 and press release) are available at www.juliusbaer.com.

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The periodic **Interim Management Statement** will be released on **11 November 2008**, and the **2008 annual results** of the Julius Baer Group on **6 February 2009**.

About Julius Baer

Julius Baer is the leading dedicated wealth manager in Switzerland. The Group, which has roots dating to the nineteenth century, concentrates exclusively on private banking and asset management for sophisticated private and institutional clients. With more than 4,200 employees worldwide, the Group managed assets in excess of CHF 360 billion at the end of June 2008. The Julius Baer Group's global presence comprises more than 30 locations in Europe, North America, Latin America and Asia, including Zurich (head office), Buenos Aires, Dubai, Frankfurt, Geneva, Hong Kong, London, Lugano, Milan, Moscow, New York, Singapore and Tokyo. Bank Julius Baer and GAM, a global asset manager focused on active and alternative wealth management, are the key companies of the Group. The registered shares of Julius Baer Holding Ltd. are listed on the SWX Swiss Exchange and form part of the Swiss Market Index (SMI) which comprises the 20 largest and most liquid stocks.

For more information: www.juliusbaer.com

Key figures

	H1 2007 ¹ CHF m	H2 2007 ¹ CHF m	H1 2008 ¹ CHF m	Change to H1 2007 in %
Consolidated income statement				
Net interest income	167.6	155.3	221.1	31.9
Net fee and commission income	1 312.5	1 442.2	1 195.4	-8.9
Net trading income	138.3	159.9	177.7	28.5
Other ordinary results	16.2	56.9	7.9	-51.2
Operating income	1 634.5	1 814.5	1 602.1	-2.0
Personnel expenses	684.5	724.6	672.8	-1.7
General expenses ²	254.2	293.6	253.6	-0.2
Depreciation and amortisation	21.1	22.2	23.0	9.0
Operating expenses	959.8	1 040.4	949.4	-1.1
Profit before taxes	674.7	774.1	652.7	-3.3
Income taxes	156.7	155.5	142.6	-9.0
Net profit	518.0	618.6	510.1	-1.5
Return on equity (ROE) ³	27.9%	37.2%	28.8%	-
Cost/Income ratio ⁴	57.5%	56.0%	58.5%	-
Assets under management				
Assets under management (CHF bn)	405.5	405.1	363.9	-10.2
Personnel				
Number of employees (FTE)	3 869	4 099	4 272	-
Capital structure				
Number of registered shares	223 256 478	223 256 478	211 034 256	-5.5
Share capital	11.2	11.2	10.6	-5.5
Consolidated balance sheet				
	30.06.07 CHF m	31.12.07 CHF m	30.06.08 CHF m	Change to 31.12.07 in %
Total assets	41 727.4	46 918.8	43 612.9	-7.0
Total equity	6 103.0	6 418.7	6 579.0	2.5
BIS Tier 1 capital	1 670.7	1 961.3	2 273.7	15.9
BIS Tier 1 ratio ⁵	12.9%	12.9%	13.8%	-
Information per registered share				
	30.06.07 CHF	31.12.07 CHF	30.06.08 CHF	Change to 31.12.07 in %
EPS for the half year (change to H1 2007)	2.34	2.87	2.45	4.6
Market price	88	94	69	-26.3
Moody's Rating Bank Julius Baer & Co. Ltd.	Aa3	Aa3	Aa3	

¹ Excluding integration and restructuring expenses as well as amortisation of intangible assets. Including these positions, the net profit for the first half of 2008 amounted to CHF 412.4 million, after CHF 424.3 million for the first half of 2007.

² Including valuation adjustments, provisions and losses

³ Net profit/average equity less goodwill

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

⁵ According to Basel I as per mid-year as well as year-end 2007 and Basel II as per mid-year 2008

Segment key figures

	H1 2007 CHF m	H2 2007 CHF m	H1 2008 CHF m	Change to H1 2007 in %
Bank Julius Baer				
Operating income	946.1	980.4	976.9	3.3
Operating expenses	537.7	572.2	586.5	9.1
Profit before taxes	408.4	408.2	390.4	-4.4
Cost/income ratio	56.6%	56.8%	59.1%	-
Assets under management (CHF bn)				
Average assets under management (CHF bn)	227.6	233.9	221.8	-2.5
Average assets under management (CHF bn)	218.6	231.7	224.4	2.7
Gross margin (bp)	86.6	84.6	87.1	-
Pre-tax margin (bp)	37.4	35.2	34.8	-
Private Banking division				
Operating income	732.0	796.4	763.4	4.3
Operating expenses	453.5	474.2	476.4	5.0
Profit before taxes	278.5	322.2	287.0	3.1
Cost/income ratio	61.5%	57.7%	61.4%	-
Assets under management (CHF bn)				
Average assets under management (CHF bn)	153.3	156.3	148.3	-3.3
Average assets under management (CHF bn)	145.9	156.0	149.3	2.4
Gross margin (bp)	100.4	102.1	102.2	-
Pre-tax margin (bp)	38.2	41.3	38.4	-
Investment Products division				
Operating income	214.1	184.0	213.5	-0.3
Operating expenses	84.2	98.0	110.1	30.8
Profit before taxes	129.9	86.0	103.4	-20.4
Cost/income ratio	39.6%	52.9%	51.1%	-
Assets under management (CHF bn)				
Average assets under management (CHF bn)	74.3	77.6	73.5	-1.0
Average assets under management (CHF bn)	72.7	75.7	75.1	3.3
Gross margin (bp)	58.9	48.6	56.9	-
Pre-tax margin (bp)	35.7	22.7	27.5	-
Asset Management				
Operating income	648.5	781.1	594.2	-8.4
Operating expenses	362.9	398.6	315.8	-13.0
Profit before taxes	285.6	382.5	278.4	-2.5
Cost/income ratio	55.5%	50.9%	52.6%	-
Assets under management (CHF bn)				
Average assets under management (CHF bn)	177.9	171.1	142.0	-20.2
Average assets under management (CHF bn)	162.8	175.4	151.5	-7.0
Gross margin (bp)	79.7	89.0	78.4	-
Gross margin ex performance fees (bp)	78.6	78.2	77.8	-
Pre-tax margin (bp)	35.1	43.6	36.8	-
Group Functions				
Operating income	39.9	53.0	31.0	-22.3
Operating expenses	59.2	69.6	47.1	-20.4
Profit before taxes	-19.3	-16.6	-16.1	-16.6