Julius Bär

Julius Baer Group
Business Review
First Half 2009

Excellence in everything we do
is our key ambition.

Key figures[1]

Consolidated income statement	H1 2009 *CHF m*	H1 2008 *CHF m*	H2 2008 *CHF m*	*Change to H1 2008 in %*
Net interest income	280.8	221.1	257.5	27.0
Net fee and commission income	790.7	1 195.4	1 005.2	-33.9
Net trading income	164.8	177.7	175.2	-7.3
Other ordinary results	-12.7	7.9	-101.5	-
Operating income	**1 223.5**	**1 602.1**	**1 336.5**	**-23.6**
Personnel expenses	586.6	672.8	602.7	-12.8
General expenses[2]	216.0	253.6	273.1	-14.8
Depreciation and amortisation	29.7	23.0	31.3	29.1
Operating expenses	**832.4**	**949.4**	**907.1**	**-12.3**
Profit before taxes	**391.1**	**652.7**	**429.4**	**-40.1**
Income taxes	67.6	142.6	87.2	-52.6
Net profit	**323.5** [3]	**510.1**	**342.2** [3]	**-36.6**
Cost/income ratio[4]	67.0%	58.5%	65.3%	-
Pre-tax margin (basis points)	27.7	34.7	26.1	-
Tax rate	17.3%	21.8%	20.3%	-

Client assets (CHF bn)	30.06.09	30.06.08	31.12.08	*Change to 31.12.08 in %*
Assets under management	298.6	363.9	274.5	8.8
Average assets under management	282.7	375.9	329.5	-14.2
Net new money	3.4	10.3	-15.7	-
Assets under custody	68.1	74.7	63.6	7.1
Total client assets	366.7	438.6	338.2	8.4
Personnel				
Number of employees (FTE)	4 255	4 272	4 335	-1.8
of whom Switzerland	*2 699*	*2 790*	*2 825*	*-4.5*
of whom abroad	*1 556*	*1 482*	*1 510*	*3.0*
Moody's Rating Bank Julius Baer & Co. Ltd.	Aa3	Aa3	Aa3	

[1]Excluding integration and restructuring expenses as well as the amortisation of intangible assets in connection with the acquisition completed at the end of 2005 as well as a CHF 17.4 million one-off charge (net of taxes) related to the separation of the Private Banking and Asset Management businesses. Including these positions, the net profit for the first half of 2009 for the shareholders of Julius Baer Holding Ltd. amounted to CHF 218.6 million, after CHF 412.4 million for the first half of 2008.

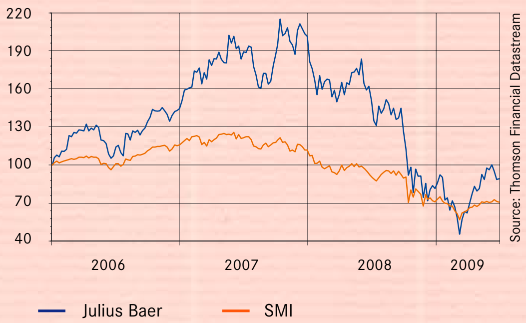
[2]Including valuation adjustments, provisions and losses

[3]Including non-controlling interests of CHF 0.1 million in H1 2009 and CHF 0.3 million in H2 2008

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

Consolidated balance sheet	**30.06.09** *CHF m*	30.06.08 *CHF m*	31.12.08 *CHF m*	*Change to 31.12.08 in %*
Total assets	46 011.1	43 612.9	46 240.0	-0.5
Loans to customers[1]	9 349.7	11 051.1	9 702.8	-3.6
Deposits from customers	27 366.6	22 318.9	25 301.1	8.2
Total equity	6 697.4	6 579.0	6 573.1	1.9
Eligible Tier 1 capital	2 373.8	2 273.7	2 121.4	11.9
BIS Tier 1 ratio	16.7%	13.8%	13.6%	-
Return on equity (ROE) for the half year[2]	17.7%	28.8%	19.1%	-

Performance of Julius Baer registered share (indexed)



Ticker symbols	
Reuters	BAER.VX
Bloomberg	BAER VX

Swiss securities number	2 975 865

Listing	
Switzerland	SIX Swiss Exchange, part of the Swiss Market Index SMI and the Swiss Leader Index SLI

Information per registered share	**30.06.09** *CHF*	30.06.08 *CHF*	31.12.08 *CHF*	*Change to 31.12.08 in %*
Book value[3]	32.6	31.8	32.0	1.9
EPS for the half year (change to H1 2008)	1.56	2.45	1.65	-36.1
Closing price as of	42.18	69.00	39.98	5.5
High price (in the half year)	47	94	72	-
Low price (in the half year)	21	68	33	-
Market capitalisation (CHF m)	8 716	14 561	8 437	3.3

Capital structure	**30.06.09**	30.06.08	31.12.08	*Change to 31.12.08 in %*
Number of registered shares	206 630 756 [4]	211 034 256	211 034 256	-2.1
Weighted average number of registered shares outstanding	206 725 656	208 318 233	206 993 552	-0.1
Share capital (CHF m)	10.3	10.6	10.6	-2.1

[1]Including lombard lending and mortgages to clients
[2]Net profit/average equity less goodwill
[3]Based on total equity
[4]After cancellation of 4 403 500 own shares from share buyback programme executed as per 23 June 2009

Front cover: Floor lamp Big Shadow designed by Marcel Wanders is reflected in “One hundred dreams without any insanity”, a two-part drawing on paper by Swiss artist Dominique Laemmli.

Content

“Separation of the private banking and asset management businesses will enable them to further strengthen their competitive positions.”

Dear Reader

Amid tentative signs of stabilising financial markets and economic prospects, Julius Baer performed well in the first six months of 2009, with all of our businesses contributing positively. The level of uncertainty and risk awareness among clients and market participants remained high, however, indicative of the profound and lasting changes induced by the financial crisis. Against this backdrop and in order to fully unlock the strategic potential of the Group’s two main businesses, Julius Baer announced its intention to separate its private banking and asset management operations.

This move will result in two independently listed companies, with Julius Baer Group Ltd. solely concentrating on providing high-quality services to private banking clients, and GAM Holding Ltd. focusing on active asset management. At the Extraordinary General Meeting held on 30 June 2009, shareholders approved the necessary steps to implement the transaction, which is expected to be completed at the end of the third quarter of 2009, subject to regulatory approvals. This new strategic direction is a consistent step into the future and at the same time will ensure utmost continuity for all stakeholders. The transaction will therefore be a key topic of the following pages, with the recent development of the two businesses already reported in terms of the future structure on a comparable basis, i.e., as if the transaction had occurred on 1 January 2008.

Based on these pro forma financial figures, the first half of 2009 saw the two future groups coping well with the still challenging business environment. Julius Baer Group Ltd., with its main operating entity Bank Julius Baer & Co. Ltd. under the leadership of Boris F. J. Collardi, continued to attract net new private banking assets, albeit at a somewhat slower pace

compared to last year. GAM Holding Ltd., comprising GAM, Artio Global and Julius Baer's portfolio of investment funds, institutional mandate and Private Label Funds businesses (JBAM), achieved a marked improvement in asset flows.

Total client assets of the Julius Baer Group amounted to CHF 367 billion by mid-year 2009. Assets under management totalled CHF 299 billion, up from CHF 275 billion at the end of 2008. This increase reflects the recovery of most investment categories in the second quarter, with exchange rates continuing to be the most volatile influencing factor. In addition, assets under custody amounted to CHF 68 billion. Average assets under management remained well below last year's levels, however, and continued to weigh on operating income, outweighing our businesses' relentless efforts to contain costs. This resulted in a lower net profit* for our shareholders of CHF 324 million for the first half of 2009, down 37% year on year.

I am convinced the separation will be highly beneficial for our two businesses. It will enable them to further strengthen the competitive positions in their respective business fields and thus to emerge among the winners once the current financial and economic crisis has been overcome. I am very grateful for the overwhelming support Julius Baer and the proposed transaction received from shareholders, clients and employees alike, and I thank you for also extending this trust to Julius Baer Group Ltd. and GAM Holding Ltd. going forward.

Raymond J. Baer
Chairman

* Excluding integration and restructuring expenses, the amortisation of intangible assets as well as one-off charges, cf. footnote 1 to the key figures

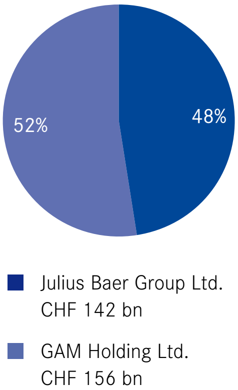
Separation
of Julius Baer

On 20 May 2009, Julius Baer announced its intention to separate the Group's private banking and asset management businesses into two fully independent Groups of companies, both individually listed on the SIX Swiss Exchange (SIX). Having been approved by the Extraordinary General Meeting, the transaction is expected to be completed at the end of the third quarter of 2009, subject to regulatory approvals.

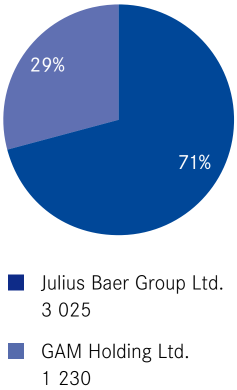
The proposed separation will increase both businesses' ability to deliver their full strategic potential, enhance their transparency and market visibility, while at the same time ensure utmost operational and management continuity.

Julius Baer Group Ltd., whose main operating entity Bank Julius Baer & Co. Ltd. is rated Aa3 by Moody's, will continue to be the leading pure-play Swiss private banking group with a strong brand. Thanks to its truly global presence it will continue to focus on providing high-quality wealth management services to high-end private banking clients. In addition, Julius Baer Group Ltd.'s "open architecture" model will give it access to leading in-house and external specialists, allowing for an unrestricted choice of the best services and products available for the benefit of its clients. Following completion of the transaction, Julius Baer Group Ltd. will have increased

Assets under management by company



Number of employees by company (FTE*)



* Full-time equivalents

flexibility to pursue internal and external growth opportunities. It will maintain a solid balance sheet, high solvency levels and a strong capital base. Its bearer shares will be part of the Swiss Market Index, consisting of the 20 largest and most liquid Swiss stocks.

GAM Holding Ltd., comprising GAM, Artio Global and Julius Baer's portfolio of investment funds, institutional mandate and Private Label Funds businesses (JBAM), will be an independent, leading active asset manager and focus on creating and distributing investment products, funds and alternative investments. It will concentrate on accelerating the development of its institutional client base and continue to cultivate a strong private client base. With increased flexibility as an independent company, GAM Holding Ltd. intends to forge new partnerships and increase its global presence, particularly in the institutional segment, while maintaining its existing relationship with Julius Baer Group private clients. The intention to IPO Artio Global in 2009 is maintained, subject to market conditions. The shares of GAM Holding Ltd. will be part of all Middle Index baskets of mid-cap companies traded on the SIX.

Both new groups will be independent in terms of leadership, strategy, financial structure and organisational set-up, retaining their current separate management teams. In connection with the transaction, the Private Label Funds business, currently part of the Bank Julius Baer reporting segment, will be transferred to GAM Holding Ltd. The combined effects of this and other adjustments are reflected in the pro forma financial figures discussed on the following pages.

As a result of and automatically following completion of the transaction, the owner of one share of the current Julius Baer Holding Ltd. will ultimately own two shares: one in Julius Baer Group Ltd. and one in GAM Holding Ltd., representing the same proportionate interest in the underlying businesses as prior to the transaction.

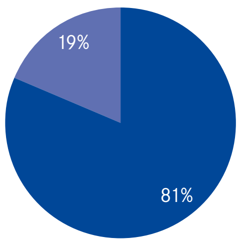
Moody's confirms Aa3-rating

In its *Issuer Comment* of 22 May 2009, Moody's commented the transaction and its implications: "Moody's Investors Service says that the 20 May announcement by Julius Baer Holding (not rated) that it is separating its private banking and asset management businesses – currently under Julius Baer Holding – into two independently listed companies does not affect the Aa3/P-1/B-ratings or the stable outlook of the rated entity Bank Julius Baer & Co. Ltd."

Julius Baer in **First Half 2009**

Dieter A. Enkelmann, Group CFO

Breakdown of total client assets under management



Assets under Management CHF 299 bn

Assets under Custody CHF 68 bn

Given the clear focus of our businesses, their strong position with clients and the active approach to coping with the still demanding business environment, Julius Baer performed well in the first six months of 2009. All businesses continued to show a positive contribution. Assets under management increased by 9% to CHF 299 billion in the first half-year of 2009. With average assets under management 25% lower year on year, operating income declined by 24%. Operating expenses were managed down by 12%, in line with targets, resulting in adjusted consolidated net profit* decreasing by 37% to CHF 324 million in the first half of 2009.

Assets under management totalled CHF 299 billion at the end of June 2009, up by 9% from CHF 275 billion at year-end 2008. This increase of CHF 24 billion reflects net new money inflows of CHF 3.4 billion, the recovery of most investment categories in the second quarter, adding CHF 12 billion, a positive currency impact of CHF 7 billion and the acquisition of Augustus Asset Managers Ltd., which contributed CHF 1.9 billion. Together with assets under custody of CHF 68 billion, up 7% compared to year-end 2008, total consolidated client assets amounted to CHF 367 billion at the end of June 2009.

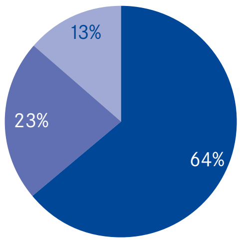
On a pro forma basis, reflecting the future structure as if the two operating entities had already been separated on 1 January 2008, the future Julius Baer Group Ltd. (private banking, excluding the Private Label Funds business) managed assets of CHF 142 billion, up by 12% compared to year-end 2008, and the future GAM Holding Ltd. (asset management, including the Private Label Funds business) managed assets of CHF 156 billion, up by 6%. While net new money contributed CHF 4 billion or 6% annualised in the first half of 2009 at Julius Baer Group Ltd., net outflows at GAM Holding Ltd. slowed considerably compared to the second half of 2008, amounting to CHF 0.5 billion.

Consolidated operating income fell by 24% to CHF 1 224 million year on year as a result of 25% lower average assets under management year on year. Net fee and commission income declined by 34% to CHF 791 million, due to the lower average asset levels, the changing asset mix and clients' continued strong preference for liquidity and reluctance to engage in market-related activity. Net interest income rose by 27% to CHF 281 million thanks to higher average deposit levels as well as higher interest margins, and despite a slight decrease in

* Cf. footnote 1 to the key figures

“The transaction will increase the investment flexibility of shareholders to select their preferred business model.”

Breakdown of consolidated net income by main line items, first half 2009



- Fee and Commission CHF 791 m
- Interest CHF 281 m
- Trading CHF 165 m

lending to private clients. With foreign exchange trading income rising slightly and on the back of lower net income from equity trading, net trading income decreased by 7% to CHF 165 million.

Consolidated operating expenses declined by 12% to CHF 832 million year on year as a result of efforts to actively manage down the Group’s cost base. While the total number of employees declined by 2% to 4 255, personnel expenses fell by 13% to CHF 587 million as a result of a renewed lowering of performance-related compensation accruals. General expenses, including valuation adjustments, provisions and losses, were down by 15% to CHF 216 million, primarily on the back of lower expenses for IT and marketing. Nevertheless, and as a consequence of operating income declining faster than operating expenses, the consolidated cost/income ratio increased to 67.0% for the first half of 2009 from 58.5% a year ago.

Accordingly, consolidated profit before taxes declined by 40% to CHF 391 million year on year. Taxes amounted to CHF 68 million, representing a lower effective tax rate of 17% versus 22% for the first half of 2008. Adjusted consolidated net profit* was therefore down by 37% to CHF 324 million. EPS showed a smaller decline of 36% to CHF 1.56 due to the lower share count following last year’s buyback. The share buyback programme was terminated as part of the proposed separation that was approved by the Extraordinary General Meeting on 30 June 2009.

Consolidated total balance sheet assets showed virtually no change at mid-year, amounting to CHF 46.0 billion. Client deposits went up by CHF 2.1 billion to CHF 27.4 billion, again reflecting clients’ defensive investment stance as well as positive currency translation effects. Lombard lending and mortgages granted to clients (as part of the line item loans to customers) declined slightly year on year, resulting in a continued conservative loan-to-deposit ratio of 0.34 versus 0.38 at year-end 2008, underlining the sound liquidity situation of the Group, a comforting factor much appreciated by clients. Eligible Tier 1 capital grew to CHF 2.4 billion by mid-year 2009. With a BIS Tier 1 ratio of 16.7% under Basel II, the capitalisation remains very strong.

Julius Baer Group Ltd.

Boris F. J. Collardi

Leading pure-play Swiss private banking group Julius Baer Group Ltd.*, consisting of Julius Baer's entire private banking activities, weathered the still demanding market environment well. Thanks to its client-centric approach, broad global presence and comprehensive service offering, the Group was able to attract net new money of CHF 4 billion or 6% annualised in the first six months of 2009, both in core and growth markets. While assets under management increased by 12% to CHF 142 billion compared to year-end 2008, average assets under management were 10% lower year on year. Net profit for shareholders thus declined by 13% to CHF 246 million in the first half of 2009 compared to the same period last year.

Total client assets of Julius Baer Group Ltd. rose by 10% to CHF 211 billion in the six months ended 30 June 2009. Assets under management totalled CHF 142 billion, an increase of 12% or CHF 15 billion compared to year-end 2008. However, average assets under management remained 10% below last year's levels, amounting to CHF 134 billion by mid-year. Net new money inflows both from established and growth markets remained healthy and contributed CHF 4 billion or 6% annualised, yet fell short of last year's record levels. As a result of a more favourable financial market environment and the weakening of the Swiss franc against major currencies, market and currency performance added CHF 8 billion and CHF 3 billion respectively. In addition, assets under custody were up by 7% to CHF 68 billion compared to year-end 2008.

Operating income of Julius Baer Group Ltd. fell by 9% to CHF 817 million year on year. Net fee and commission income declined by 22% to CHF 393 million as a result of 10% lower average assets under management year on year, the changed asset mix and lower client-driven transaction volume, partly compensated by higher net interest income, which rose by 31% to CHF 285 million thanks to higher average deposit levels and higher interest margins. Following an exceptionally strong contribution in the first half of 2008, net trading income decreased by 12% to CHF 151 million.

Operating expenses of Julius Baer Group Ltd. were actively reduced by 5% to CHF 530 million. The headcount was slightly lower at 3 025 (-1%) compared to year-end 2008, but higher

* Cf. footnote 1 to the tables on pages 9 and 10

Julius Baer Group Ltd.[1] **Consolidated income statement**	**H1 2009** *CHF m*	H1 2008 *CHF m*	H2 2008 *CHF m*	*Change* *to H1 2008 in %*
Net interest income	284.7	217.4	245.2	31.0
Net fee and commission income	393.0	504.3	463.5	-22.1
Net trading income	151.2	171.9	169.8	-12.0
Other ordinary results	-12.2	4.5	-106.1	-
Operating income	**816.7**	**898.1**	**772.4**	**-9.1**
Personnel expenses	357.0	395.6	348.1	-9.8
General expenses[2]	150.7	147.6	192.6	2.1
Depreciation and amortisation	21.9	15.3	21.8	43.1
Operating expenses	**529.6**	**558.5**	**562.5**	**-5.2**
Profit before taxes	**287.1**	**339.6**	**210.0**	**-15.5**
Income taxes	41.5	57.9	42.7	-28.3
Net profit	**245.6** [3]	**281.7**	**167.3** [3]	**-12.8**
Cost/income ratio[4]	63.0%	61.2%	69.4%	-
Gross margin (basis points)	121.6	120.2	108.7	-
Pre-tax margin (basis points)	42.8	45.5	29.5	-
Tax rate	14.5%	17.0%	20.3%	-

Client assets (CHF bn)	**30.06.09**	30.06.08	31.12.08	*Change* *to 31.12.08 in %*
Assets under management	142.4	148.4	127.6	11.6
Change through net new money	*3.8*	*8.4*	*8.8*	-
Change through market appreciation	*11.0*	*-16.6*	*-29.7*	-
Average assets under management	134.3	149.4	142.2	-5.5
Assets under custody	68.1	74.7	63.6	7.0
Total client assets	210.5	223.1	191.2	10.1

[1] Pro forma information showing all financial figures calculated as if the transaction occurred on 1 January 2008 and assuming that CHF 225 million of preferred securities will be transferred to Julius Baer Group Ltd. Excluding integration and restructuring expenses as well as the amortisation of intangible assets.

[2] Including valuation adjustments, provisions and losses

[3] Including non-controlling interests of CHF 0.1 million in H1 2009 and CHF 0.3 million in H2 2008

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

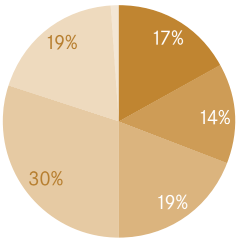
Julius Baer Group Ltd.[1]	**30.06.09** *CHF m*	30.06.08 *CHF m*	31.12.08 *CHF m*	*Change to 31.12.08 in %*
Consolidated balance sheet				
Total assets	42 409.0	-	42 538.9	-0.3
Loans to customers[2]	9 481.9	-	9 876.8	-4.0
Deposits from customers	27 712.0	-	25 564.6	8.4
Total equity	3 678.5 [3]	-	3 521.6 [3]	4.5
BIS Tier 1 ratio[4]	16.4%	-	14.4%	-
Return on equity (ROE)[5]	20.0%	-	20.2%	-
Personnel				
Number of employees (FTE)	3 025	2 977	3 060	-1.1

[1] Pro forma information showing all financial figures calculated as if the transaction occurred on 1 January 2008 and assuming that CHF 225 million of preferred securities will be transferred to Julius Baer Group Ltd. Excluding integration and restructuring expenses as well as the amortisation of intangible assets.
[2] Including lombard lending and mortgages to clients
[3] Including non-controlling interests of CHF 1.2 million as of 30 June 2009 and of CHF 1.4 million as of 31 December 2008
[4] In case the CHF 225 million of preferred securities will not be transferred to Julius Baer Group Ltd., the BIS Tier 1 ratio would have been 12.8% at the end of 2008 and 14.8% at the end of June 2009.
[5] Net profit/average equity less goodwill

on average year on year. Selective broadening of the relationship manager base caused the net total number to increase by 17 to 636 while mid- and back-office staffing was reduced. Mainly driven by lower performance-related compensation accruals, personnel expenses decreased by 10% to CHF 357 million. General expenses, including valuation adjustments, provisions and losses, remained broadly stable at CHF 151 million (+2%).

As a consequence, profit before taxes declined by 16% to CHF 287 million year on year. After deducting taxes of CHF 42 million, representing a lower tax rate of 15% compared to 20% at the end of 2008, the adjusted pro forma net profit of Julius Baer Group Ltd. amounted to CHF 246 million, down by 13% year on year. The cost/income ratio increased to 63.0% for the first half of 2009 from 61.2% a year ago, and the pre-tax margin was down to 42.8 basis points from 45.5 basis points a year ago.

Breakdown of assets under management by asset mix



- Client Deposits
- Money Market Instruments
- Funds
- Bonds/Convertibles
- Equities
- Other 1%

On a pro forma basis, total balance sheet assets remained essentially stable at CHF 42.4 billion at the end of June 2009. With a BIS Tier 1 ratio of 16.4% under Basel II, Julius Baer Group Ltd. continues to enjoy a very solid financial base.

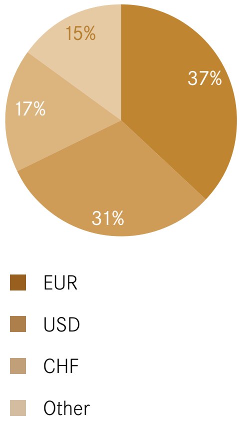
Private banking at its purest

Julius Baer Group Ltd. is the leading pure-play Swiss private banking group with a strong brand. It focuses on providing clients with custom-made solutions to best suit their individual needs. Julius Baer Group Ltd.'s "open architecture" model gives it access to in-house and external specialists in all relevant areas, allowing for an enhanced and unrestricted choice of the best services and products available for the benefit of its clients. Additional services include foreign exchange and securities trading, custody and execution services.

Throughout the first six months of 2009, the business environment continued to be challenging, with financial markets exhibiting irrational behaviour and the regulatory environment becoming exceptionally unpredictable. As a result, clients showed a preference for more conservative investment vehicles and reduced trading activities, particularly during the first quarter. Despite these circumstances, Julius Baer Group Ltd. finished the first half of 2009 with positive business development in all five of its geographic regions.

Supported by attractive business opportunities and the strategic fit of the recruited teams, additional offices were opened during the first half of 2009 in Brig, Switzerland, as well as in Lima, Peru, and Caracas, Venezuela. There are plans to open offices also in Chile and Munich, Germany, by the end of 2009. As a result of a thorough location review, the closing of offices in Mexico and Colombia was initiated.

Breakdown of assets under management by currency



In order to further strengthen the Bank's position in the important Italian wealth management market, Julius Baer announced the acquisition of Alpha SIM at the end of May 2009. This Milan-based operation, which focuses on serving high net-worth individuals (HNWIs) and manages assets of around CHF 600 million, will be integrated into Julius Baer's current private client business in Milan, Julius Baer SIM.

Given the growing size and importance of the Bank's Asian operations, the Regional Head of Asia and the Middle East has relocated from Zurich to Singapore, thus underlining the further growth potential and its firm commitment to these dynamic regions.

While reducing the overall pace of adding staff during the first six months of 2009, the selective broadening of the relationship manager base saw the total net number of experienced relationship managers rising to 636 from 619 at the end of 2008. The many hiring opportunities will be closely examined in the second half of 2009, with the aim at continuously improving the quality and breadth of the relationship manager base while leveraging recent hirings.

Various cost management measures initiated in 2008, primarily targeting the mid- and back-office functions, started to show tangible results during the first half of 2009. While these measures left the Bank's efficiency unaffected, they more than offset the additional expenses incurred due to the expansion of client-facing staff during the same period.

Relentless strive for service excellence

In the period under review, realignment of the former Investment Products division into the new Investment Solutions Group was completed successfully. The resulting structure allows for comprehensive support of the relationship managers by experienced product specialists, for the benefit of the Bank's clients and their diverse counselling and investment requirements.

In this context, the Investment Advisory offering and services were repositioned to ensure high-quality advice and a constant flow of best-in-class investment ideas. The discretionary mandate offering for ultra-high-net-worth (UHNW) clients was also enhanced.

To further strengthen the position of Bank Julius Baer as a provider of outstanding investment advice, Venkatraman Anantha-Nageswaran (known as Dr. VAN) was appointed as the Bank's new Chief Investment Officer in March of 2009. In this function, Dr. VAN has been successfully steering the Bank's investment policy. Additionally, to provide clients with regular insights from research specialists, two new flagship research publications (*Insights* and *Horizons*) were introduced analysing financial market developments.

In a step to even further enhance the level of clients' banking experience, the client reception and meeting zone at the Head Office in Zurich was considerably expanded. The newly designed space was opened in late June and embodies discrete elegance.

In recognition of the continued strive for excellence, Bank Julius Baer has been acknowledged with a number of awards. It claimed the top prize in a mystery shopping competition conducted by renowned Swiss economic magazine *Bilanz*, evaluating the quality of private banking client advice. The same publication ranked Julius Baer among the top dozen most valuable Swiss brands. Additionally, *Asiamoney* named Julius Baer the "Best Boutique Bank" in Asia-Pacific for the second year in a row.

Separately, Julius Baer was also distinguished by *Bilanz* as the company with the best corporate governance among the 20 blue chip companies listed in the SMI.

Various business units contributed positively to the overall performance. The External Asset Manager business, a core activity of Bank Julius Baer, further expanded its leading position in Switzerland. Ongoing investments into this segment will ensure excellent service going forward.

The Global Custody business grew successfully, driven by consistent market demand. Bank Julius Baer, a leading provider of Global Custody services in Switzerland, was entrusted with CHF 68 billion of assets under custody at the end of June 2009. Thanks to its comprehensive range of services, including customised solutions for the settlement of stock exchange transactions worldwide as well as securities administration, tailored reporting and safekeeping, Julius Baer Custodian Service is well positioned for further growth.

The Markets unit kept the risk exposure at low levels in the period under review while substantially increasing the Bank's market share in the Swiss listed derivatives market (it ranks third, with a 10% market share). The Structured Products unit saw client interest begin to re-emerge in the second quarter, with a particular focus on structured products based on interest rates and fixed income instruments. At the same time, foreign exchange business activity slowed down from the heady pace experienced in the second half of 2008, as volatility decreased and larger client flows also waned as a consequence.

Prior Corporate Segment Bank Julius Baer

The following table summarises the key financial figures for the corporate segment Bank Julius Baer, one of the Group's two main operating units constituting the segment reporting structure prior to the separation. It encompasses all businesses that will be part of Julius Baer Group Ltd. going forward plus the Private Label Funds business intended to be part of GAM Holding Ltd. following completion of the transaction. These figures are for reference purposes only and do not contain any adjustments related to the separation as included in the pro forma financial information.

Bank Julius Baer	**H1 2009** *CHF m*	H1 2008 *CHF m*	H2 2008 *CHF m*	*Change to H1 2008 in %*
Income statement				
Operating income	761.6	870.8	807.5	-12.5
Operating expenses	496.5	526.9	522.4	-5.8
Profit before taxes	**265.1**	**343.9**	**285.1**	**-22.9**
Cost/income ratio	64.0%	59.5%	61.9%	-
Assets under management (CHF bn, change to 31.12.08)	**177.4**	**185.4**	**159.0**	**11.6**
Change through net new money	*5.9*	*12.3*	*9.5*	-
Change through market appreciation	*12.5*	*-20.3*	*-35.9*	-
Average assets under management (CHF bn)	167.6	186.0	177.1	-9.9
Gross margin (basis points)	90.9	93.6	91.2	-
Pre-tax margin (basis points)	31.6	37.0	32.2	-
Number of employees (FTE)	**2 975**	**2 925**	**3 009**	**1.7**

Excluding integration and restructuring expenses as well as the amortisation of intangible assets. Including these positions, the profit before taxes for the first half of 2009 amounted to CHF 228.1 million, after CHF 299.2 million for the first half of 2008.

GAM Holding Ltd.

David M. Solo

Leading active asset manager GAM Holding Ltd.*, including GAM, Artio Global, and Julius Baer's portfolio of investment funds, institutional mandate and Private Label Fund businesses (JBAM), achieved a marked improvement in net money flows compared to the second half of 2008 amid signs of stabilising financial markets and a gradual return to more risk-tolerant investment patterns by investors. Assets under management rose by 6% to CHF 156 billion compared to year-end 2008. However, with 34% lower average assets under management year on year net profit declined by 66% to CHF 78 million in the first half of 2009 compared to the same period last year.

A breakdown of the assets under management showed that CHF 49 billion was managed by GAM, CHF 51 billion by Artio Global and CHF 63 billion under JBAM (including Augustus-advised fund assets distributed by JBAM). The total increase of 6% or CHF 9 billion compared to year-end 2008 was attributable to net outflows slowing to CHF 0.5 billion, positive market performance of CHF 4 billion and favourable currency translation effects resulting from the weakening of the Swiss franc, of CHF 4 billion. In addition, the acquisition of Augustus Asset Managers Ltd. by GAM at the end of May 2009 added CHF 1.9 billion to total net assets under management, noting that the CHF 156 billion total excludes any double count of Augustus funds distributed by JBAM that are shown in both segments, JBAM and GAM. Parallel to investors' risk appetite gradually returning to more balanced levels, the effects of pronounced redemptions at the height of market turmoil late last year largely ended by mid-year at GAM, yet resulting in net money outflows for the period overall. Net money inflows into JBAM's broad range of investment funds accelerated in the second quarter and they stayed at healthy levels in its Private Label Funds business. Thanks to its outstanding long-term track record and large institutional investor base, Artio Global was able to record net new money inflows for the first half year.

Operating income of GAM Holding Ltd. fell by 39% to CHF 448 million year on year as a result of 34% lower average assets under management year on year and declining gross margins driven by a changed asset mix. Active management of its cost base has seen operating expenses of GAM Holding Ltd. decline by 19% to CHF 344 million year on

* Cf. footnote 1 to the tables on pages 17 and 18

GAM Holding Ltd.[1] Consolidated income statement	H1 2009 CHF m	H1 2008 CHF m	H2 2008 CHF m	Change to H1 2008 in %
Net interest income	-3.9	3.7	12.4	-205.4
Net fee and commission income	406.3	699.9	565.9	-41.9
Net trading income	13.5	5.8	5.3	132.8
Other ordinary results	31.8	27.2	48.9	16.9
Operating income	**447.7**	**736.6**	**632.5**	**-39.2**
Personnel expenses	229.7	277.1	254.6	-17.1
General expenses[2]	106.0	138.7	148.9	-23.6
Depreciation and amortisation	7.9	7.7	9.5	2.6
Operating expenses	**343.6**	**423.5**	**413.0**	**-18.9**
Profit before taxes	**104.0**	**313.1**	**219.5**	**-66.8**
Income taxes	26.1	84.7	44.6	-69.2
Net profit	**77.9**	**228.4**	**175.0**	**-65.9**
Cost/income ratio[3]	77.2%	57.0%	64.1%	-
Gross margin (basis points)	60.3	65.0	67.5	-
Gross margin excl. performance fees (basis points)	60.1	64.6	67.4	-
Pre-tax margin (basis points)	14.0	27.6	23.4	-
Tax rate	25.1%	27.1%	20.3%	-

Client assets (CHF bn)	30.06.09	30.06.08	31.12.08	Change to 31.12.08 in %
Assets under management	156.2	215.4	146.9	6.3
Change through net new money	*-0.5*	*1.9*	*-24.5*	-
Change through market appreciation	*7.9*	*-34.9*	*-44.0*	-
Change through acquisition	*1.9*	-	-	-
Average assets under management	148.4	226.5	187.3	-20.7

[1] Pro forma information showing all financial figures calculated as if the transaction occurred on 1 January 2008. Excluding integration and restructuring expenses as well as the amortisation of intangible assets.

[2] Including valuation adjustments, provisions and losses

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

GAM Holding Ltd.[1] Consolidated balance sheet	30.06.09	30.06.08	31.12.08	*Change to 31.12.08 in %*
Total assets	3 877.6	-	4 194.2	-7.5
Total equity	3 018.9	-	3 030.3	-0.4
Return on equity (ROE)[2]	13.3%	-	38.0%	-
Personnel				
Number of employees (FTE)	1 230	1 295	1 275	-3.5

[1]Pro forma information showing all financial figures calculated as if the transaction occurred on 1 January 2008. Excluding integration and restructuring expenses as well as the amortisation of intangible assets.
[2]Net profit/average equity less goodwill

year. Despite the addition of 50 staff joining as a result of the acquisition of Augustus Asset Managers Ltd. by GAM, overall the number of employees declined by 4% to 1 230 year on year, which together with lower performance-related compensation accruals, has resulted in personnel expenses declining by 17% to CHF 230 million. Reduced levels of marketing- and IT-related expenses have contributed to general expenses (including valuation adjustments, provisions and losses) declining by 24% to CHF 106 million.

As a consequence, profit before taxes declined by 67% to CHF 104 million year on year. After deducting taxes of CHF 26 million, representing a tax rate of 25%, consistent with the year ended 2008, the adjusted pro forma net profit of GAM Holding Ltd. amounted to CHF 78 million, down 66% year on year. The cost/income ratio increased to 77.2% for the first half of 2009 from 57.0% a year ago, and the pre-tax margin reduced to 14.0 basis points from 27.6 basis points a year ago.

On a pro forma basis, total balance sheet assets amounted to CHF 3.9 billion at the end of June 2009, 8% or CHF 0.3 billion lower than at the end of 2008.

Turning challenges into opportunities

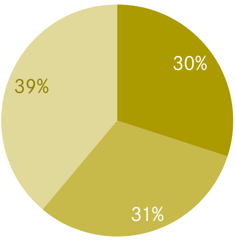
Although markets have seen some degree of stabilisation in recent months, repercussions from the extreme events of late 2008 have continued to be felt during 2009. Nevertheless, returns from hedge funds showed signs of stabilising during the first quarter despite ongoing pressure from redemptions deferred from last year as a result of notice periods. The beginning of the second quarter brought a sharp rebound in equities, which gave way to some consolidation amid persisting volatility as the initial enthusiasm about improving economic prospects waned.

The current market environment of heightened volatility, mis-priced assets and high risk premiums plays to the strengths of active asset managers. We believe the next few years are likely to reaffirm the value of active and alternative investment over passive indexing, and we expect the industry's top, active long-only and hedge managers to generate strong returns going forward. Industry consolidation also creates the potential for firms with strong track records and differentiating risk controls to benefit from significant growth once investor confidence returns.

Although investors remain broadly cautious, risk appetite has shown some signs of improvement during the second quarter, accompanied by a return to more normal investment behaviour and influenced by the still considerable cash holdings of many investors. In this context, JBAM saw renewed interest in its attractive range of commodity and fixed income funds while Artio Global benefited again from its strong investor base. It is still intended to launch an IPO of Artio Global in 2009, subject to market conditions.

At the end of May, GAM acquired London-based Augustus Asset Managers Ltd., which specialises in fixed income and foreign exchange investment. This acquisition expanded GAM's investment expertise and is a valuable addition to the asset management businesses, particularly given investors' increased interest in these types of strategies and the strong performance of Augustus' products.

Breakdown of assets under management by business areas of GAM Holding Ltd.



- GAM
  CHF 49 bn
- Artio Global
  CHF 51 bn
- JBAM
  CHF 63 bn*

* Including Augustus-advised fund assets distributed by JBAM

GAM

Although the events of the past year have clearly taken their toll on the hedge fund industry, GAM's strong focus on risk control and liquidity management has helped to protect performance, particularly during the worst of the market drawdowns, and places GAM in a strong position relative to competitors. While the typical industry redemption pattern led GAM to experience net outflows in the first half year, largely stemming from redemptions placed in the fourth quarter of 2008, favourable market and currency development as well as the acquisition of Augustus Asset Managers Ltd. caused assets under management to increase by 17% to CHF 49 billion in the first half of 2009.

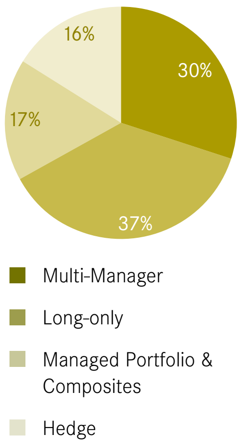
Historic returns in GAM's funds of hedge funds business show that active managers typically produce their best outperformance after periods of drawdown. Indeed, despite widespread liquidation and trading difficulties, GAM's core Multi-Manager strategies have succeeded in delivering positive results during both quarters of 2009.

In the private client business, GAM's Absolute Return strategies have successfully delivered on their investment objectives year to date despite the volatility of the markets. Within managed portfolios, increased focus has recently been placed on credit strategies given the many opportunities available in this area, and this has worked well thus far.

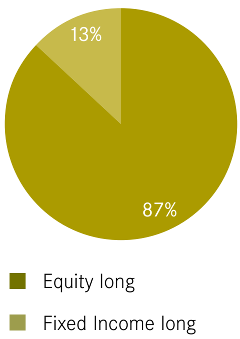
On the long only-side, where the investment environment has been particularly challenging, a number of GAM's funds have succeeded in delivering top-quartile performance this year. With risk appetite returning, these funds continue to attract inflows, particularly in Europe and Asia. Activity across the institutional sector is also showing signs of improvement, with investors less reluctant to re-invest in risky assets. US institutional clients, for example, continue to allocate capital to GAM's multi-strategy funds of hedge funds, and in Japan there is particular interest in GAM's leading trading strategies.

GAM's focus remains centred on a strong, well-diversified product range that offers access to the industry's leading investment talent and meets client needs throughout the investment cycle. To that end, its unique culture, combined with its strong reputation and track record, make GAM a compelling proposition for high-calibre investment managers.

GAM: assets under management by product type



Artio Global: assets under management by product type



The acquisition of specialist investor Augustus demonstrates GAM's commitment to providing its clients with a range of interesting, well-managed products that can offer strong risk-adjusted returns over the medium-to-long term.

Artio Global

Assets under management increased to CHF 51 billion in the first half, a 6% increase compared to the end of 2008 due to a combination of positive quarterly total net money inflows, market appreciation and favourable currency translation effects resulting from the weakening Swiss franc.

It was a difficult first half year for Artio Global's flagship international equity strategies, which make up the bulk of its assets under management. Defensive positioning, which benefited relative performance in 2008, became a considerable obstacle during the first half of 2009 as sentiment towards the banking sector and emerging markets turned markedly and rapidly positive.

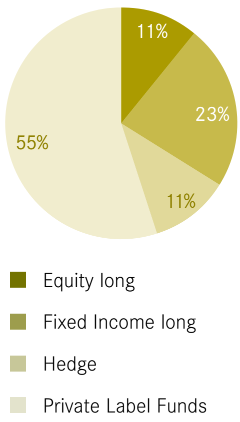
In line with its largely institutional client base however, Artio Global's international equity team invests for long-term performance, which despite these near-term headwinds remains impressive and continues to rank favourably amongst its peers. In March, Artio Global was named "Equity Manager of the Year" by Money Management Letter (a publication of Institutional Investor, Inc.), citing its "ability to detect impending problems through a treacherous year."

With credit identified as an attractive asset class by investors, strong interest in Artio Global's high-grade and high-yield fixed income strategies continued in the first half of the year. This, coupled with strong long-term performance, favourably positions both strategies to capture future flows.

Additionally, Artio Global's suite of US equity products reach their three-year anniversary shortly after the end of the first half; an important milestone that has the potential to encourage a greater number of investors to consider its US micro-cap, small-cap, mid-cap and multi-cap strategies.

Amid challenging market conditions, Artio Global remains competitively positioned and continues to focus on strengthening and growing its business.

JBAM: assets under management by product type



JBAM

While optimising its organisational structure and product offerings to meet evolving industry and client requirements, JBAM achieved a sound first half of the year. The unit's assets, managed in the form of Julius Baer branded funds, institutional mandates and its Private Label Funds business, totalled CHF 63 billion (including Augustus-advised fund assets distributed by JBAM) at the end of June 2009, an increase of 10% from the end of 2008, driven by favourable net new money inflows, particularly impressive in the second half of the semester, and positive market performance.

JBAM's strong positioning relative to its peers was reflected in the Lipper Fund Report, with Julius Baer recording the highest inflows of all Swiss fund management companies for three consecutive months (starting in March). In terms of its specific products, the JB Physical Gold Fund, JB Local Emerging Bond Fund, JB Global Convert Bond Fund, JB Global High Yield Bond Fund and the JB Absolute Return Bond Fund were among the top contributors to net new money during the first six months of the year.

The Private Label Funds business also had a strong performance, from both existing and new clients, during the first half of 2009. As a result, total assets managed in Private Label Funds rose by 11% to CHF 35 billion, when compared to the end of 2008.

JBAM continues to adapt its product range to suitably addressing investors' needs for core as well as selected satellite products. Gaining portfolio exposure to secular trends such as the New Economic World Order (emerging markets), commodities, life science, energy and infrastructure is considered as important as generating market-independent positive returns with specific products.

Another key building block of the unit is its broad distribution network. About 1 000 distribution contracts in over 20 countries are evidence of the unit's strong position as an internationally recognised asset manager. The wholesale team attracted significant inflows in the UK, as well as in Chile, Spain, Luxembourg and Austria. In addition, new partnerships have been established in the Nordics, Greece, Austria and Dubai.

Prior Corporate Segment Asset Management

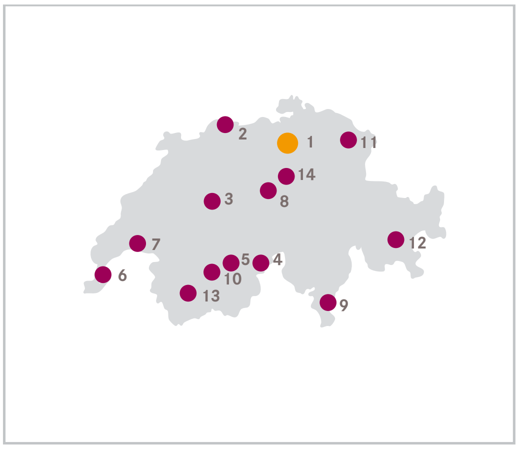
The following table summarises the key financial figures for the corporate segment Asset Management, one of the Group's two main operating units constituting the segment reporting structure prior to the separation. It encompasses all businesses that will be part of GAM Holding Ltd. going forward with the exception of the Private Label Funds business hitherto reported in the corporate segment Bank Julius Baer. These figures are for reference purposes only and do not contain any adjustments related to the separation as included in the pro forma financial information.

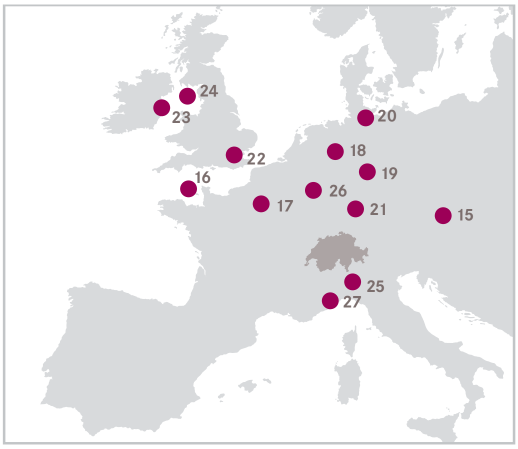
Asset Management	**H1 2009** *CHF m*	H1 2008 *CHF m*	H2 2008 *CHF m*	*Change to H1 2008 in %*
Income statement				
Operating income	399.9	700.4	552.3	-42.9
Operating expenses	299.6	375.6	350.6	-20.2
Profit before taxes	**100.3**	**324.8**	**201.7**	**-69.1**
Cost/income ratio	75.5%	53.2%	62.1%	-
Assets under management (CHF bn, change to 31.12.08)	**121.3**	**178.5**	**115.6**	**4.9**
Change through net new money	*-2.5*	*-2.1*	*-25.1*	-
Change through market appreciation	*6.3*	*-31.1*	*-37.8*	-
Change through acquisition	*1.9*	-	-	-
Average assets under management (CHF bn)	115.2	189.9	152.4	-39.4
Gross margin (basis points)	69.5	73.8	72.5	-
Gross margin excl. performance fees (basis points)	69.1	73.2	72.3	-
Pre-tax margin (basis points)	17.4	34.2	26.5	-
Number of employees (FTE)	**1 218**	**1 283**	**1 261**	**-5.1**

Excluding integration and restructuring expenses as well as the amortisation of intangible assets. Including these positions, the profit before taxes for the first half of 2009 amounted to CHF 49.9 million, after CHF 268.1 million for the first half of 2008.

Contacts

● Head Office ● Local office





			Private Banking	Asset Management	
				JBAM	GAM
Europe					
Switzerland	1	Zurich (Head Office)	+41 58 888 1111	+41 58 888 6000 (Funds)	+41 44 388 3030
				+41 58 888 4477 (PLF)	
	2	Basle	+41 58 889 4400		
	3	Berne	+41 58 889 5555		
	4	Brig	+41 58 889 7500		
	5	Crans-Montana	+41 58 889 7000		
	6	Geneva	+41 58 885 3838	+41 58 889 6311	
	7	Lausanne	+41 58 889 3400		
	8	Lucerne	+41 58 889 7900		
	9	Lugano	+41 58 885 8111	+41 58 888 5662	
	10	Sion	+41 58 889 3838		
	11	St. Gallen	+41 58 889 7700		
	12	St. Moritz	+41 58 889 7600		
	13	Verbier	+41 58 889 7100		
	14	Zug	+41 58 889 7800		
Austria	15	Vienna	+43 1 535 72 02 00	+41 58 888 6041	
Channel Islands	16	Guernsey	+44 148 172 6618		
France	17	Paris	+33 1 53 43 90 58	+41 58 889 6311	
Germany	18	Duesseldorf	+49 211 56940 200		
	19	Frankfurt	+49 69 90743 500	+49 69 90743 530	
	20	Hamburg	+49 40 570064 400		
	21	Stuttgart	+49 711 28470 700		
Great Britain	22	London	+44 207 166 8100	+44 207 166 8176	+44 207 493 9990
Ireland	23	Dublin			+353 1 609 3900
Isle of Man	24	Douglas			+44 1624 632632
Italy	25	Milan	+39 02 928 716 11	+39 02 928 716 00	
Luxembourg	26	Luxembourg		+352 2 64844 70	
Monaco	27	Monaco	+377 9797 7777		
Russia	28	Moscow	+7 495 662 33 20		
Turkey	29	Istanbul	+90 212 368 8213		

			Private Banking	Asset Management JBAM/ Artio Global	Asset Management GAM
Americas					
USA	30	Los Angeles		+1 310 282 0200*	+1 310 231 8723
	31	New York		+1 212 297 3600*	+1 212 407 4600
Argentina	32	Buenos Aires	+54 1 152 720 820		
Bahamas	33	Nassau	+1 242 394 91 00		
Bermuda	34	Hamilton			+1441 295 5825
Canada	35	Toronto		+1 416 862 2237*	
Cayman Islands	36	Grand Cayman	+1 345 949 7212	+1 345 949 7212	
Peru	37	Lima	+51 1 442 2236		
Uruguay	38	Montevideo	+598 2 600 5050		
Venezuela	39	Caracas	+58 212 264 0041		
Asia/Pacific					
Indonesia	40	Jakarta	+62 21 2555 7500	+852 2899 4851	
Japan	41	Tokyo		+852 2899 4851	+81 3 5219 8800
PR of China	42	Hong Kong	+852 2899 4788	+852 2899 4851	+852 2525 0015
Singapore	43	Singapore	+65 6827 1999	+852 2899 4851	
Middle East/Africa					
Egypt	44	Cairo	+20 2 2 480 1718		
United Arab Emirates	45	Abu Dhabi	+971 2 66 73 903		
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The Half-year Report 2009 of Julius Baer Holding Ltd. is available at www.juliusbaer.com.

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