

**BELLEVUE GROUP**  
Half-year report 2010



## Consolidated income statement

CHF 1 000	6 months ending 30.06.10	6 months ending 31.12.09	6 months ending 30.06.09	Δ to 30.06.09
Interest income	1 035	1 297	1 259	-224
Dividend income	2 386	6	1 402	+984
Interest expense	-53	-1	-34	-19
<b>Net interest income</b>	<b>3 368</b>	<b>1 302</b>	<b>2 627</b>	<b>+741</b>
Fee and commission income	24 994	27 964	22 900	+2 094
Fee and commission expense	-140	-108	-135	-5
<b>Net fee and commission income</b>	<b>24 854</b>	<b>27 856</b>	<b>22 765</b>	<b>+2 089</b>
Securities trading	-1 079	852	629	-1 708
Foreign exchange trading	31	269	299	-268
<b>Net trading income</b>	<b>-1 048</b>	<b>1 121</b>	<b>928</b>	<b>-1 976</b>
Income from financial assets	0	0	-203	+203
Income from other financial assets at fair value	-237	2 289	1 846	-2 083
Income from associated companies	25	0	0	+25
Other ordinary income	281	201	384	-103
Other ordinary expense	-3	-3	-3	+0
<b>Other income</b>	<b>66</b>	<b>2 487</b>	<b>2 024</b>	<b>-1 958</b>
<b>Total operating income</b>	<b>27 240</b>	<b>32 766</b>	<b>28 344</b>	<b>-1 104</b>
Personnel expenses	-14 225	-15 947	-12 411	-1 814
Other operating expenses	-9 040	-10 713	-9 658	+618
Depreciation	-1 340	-35 817	-3 466	+2 126
Valuation adjustments and provisions	0	-74 064	0	+0
<b>Total operating expenses</b>	<b>-24 605</b>	<b>-136 541</b>	<b>-25 535</b>	<b>+930</b>
<b>Profit before tax</b>	<b>2 635</b>	<b>-103 775</b>	<b>2 809</b>	<b>-174</b>
Taxes	-1 024	7 127	-1 226	+202
<b>Group net profit</b>	<b>1 611</b>	<b>-96 648</b>	<b>1 583</b>	<b>+28</b>
Basic earnings per share (CHF)	0.15	-9.24	0.15	+0.00
Diluted earnings per share (CHF)	0.15	-9.24	0.15	+0.00

## Consolidated statement of comprehensive income

CHF 1 000	6 months ending 30.06.10	6 months ending 31.12.09	6 months ending 30.06.09	Δ to 30.06.09
<b>Group net profit in the income statement</b>	<b>1 611</b>	<b>-96 648</b>	<b>1 583</b>	<b>+28</b>
<b>Gains / losses recognised directly in equity</b>				
Currency translation adjustments	40	-117	-44	+84
Change in unrealized gains and losses on financial instruments	492	12 503	-101	+593
Gains and losses on financial instruments transferred to the income statement	0	-203	203	-203
<b>Total comprehensive income recognised in the income statement and in equity</b>	<b>2 143</b>	<b>-84 465</b>	<b>1 641</b>	<b>+502</b>

## Consolidated balance sheet

CHF 1 000	Note	30.06.10	31.12.09	30.06.09	Δ to 31.12.09
<b>Assets</b>					
Cash		107 311	327 321	206 086	-220 010
Due from banks		104 682	45 029	91 762	+59 653
Due from clients		46 537	26 321	81 498	+20 216
Trading portfolio assets		2 838	449	1 389	+2 389
Positive replacement values		13 576	15 797	21 322	-2 221
Other financial assets at fair value	2.1	94 683	90 827	81 539	+3 856
Accrued income and prepaid expenses		3 669	6 695	3 436	-3 026
Financial investments	2.2	80 588	90 019	87 045	-9 431
Associated companies		2 658	0	0	+2 658
Property and equipment		1 252	190	201	+1 062
Goodwill and other intangible assets		110 231	111 490	216 968	-1 259
Current tax assets		5 303	886	1 393	+4 417
Deferred tax assets		746	820	0	-74
Other assets		2 185	2 338	2 446	-153
<b>Total assets</b>		<b>576 259</b>	<b>718 182</b>	<b>795 085</b>	<b>-141 923</b>
<b>Liabilities</b>					
Due to banks		30 558	8 217	40 148	+22 341
Due to customers		214 551	335 531	294 984	-120 980
Negative replacement values		13 310	14 695	21 236	-1 385
Accrued expenses and deferred income		6 390	9 015	4 153	-2 625
Current tax liabilities		1 990	3 713	4 003	-1 723
Deferred tax liabilities		6 949	7 238	11 755	-289
Provisions		6 815	6 815	1 721	+0
Other liabilities		1 865	228	1 700	+1 637
<b>Total liabilities</b>		<b>282 428</b>	<b>385 452</b>	<b>379 700</b>	<b>-103 024</b>
<b>Shareholders' equity</b>					
Share capital	2.4	1 050	1 050	1 050	+0
Capital reserves		27 250	27 250	27 250	+0
Unrealized gains and losses on financial instruments		12 792	12 402	102	+390
Currency translation adjustments		-121	-161	-113	+40
Retained earnings		254 125	293 561	389 135	-39 436
Treasury shares	2.5	-1 265	-1 372	-2 039	+107
<b>Total shareholder's equity</b>		<b>293 831</b>	<b>332 730</b>	<b>415 385</b>	<b>-38 899</b>
<b>Total liabilities and shareholders' equity</b>		<b>576 259</b>	<b>718 182</b>	<b>795 085</b>	<b>-141 923</b>

# Statement of shareholder's equity

CHF 1 000	2010	2009
<b>Share capital</b>		
On January 1	1 050	1 050
Change in share capital	0	0
<b>On June 30</b>	<b>1 050</b>	<b>1 050</b>
<b>Capital reserves</b>		
On January 1	27 250	27 250
Change during period under review	0	0
<b>On June 30</b>	<b>27 250</b>	<b>27 250</b>
<b>Currency translation adjustments</b>		
On January 1	-161	-69
Change during period under review	40	-44
<b>On June 30</b>	<b>-121</b>	<b>-113</b>
<b>Retained earnings</b>		
On January 1	293 561	428 111
Group net profit	1 611	1 583
Dividend	-41 880	-41 802
Income from the sale of own shares and derivatives on own shares	23	5
Employee stock ownership plan	789	1 274
Reclassification of non realised P/L due to IFRS 9	102	0
Other effects	-81	-36
<b>On June 30</b>	<b>254 125</b>	<b>389 135</b>
<b>Unrealized gains and losses on available-for-sale financial instruments</b>		
Balance as of January 1	12 402	0
Change in unrealized gains and losses	492	-101
Gains and losses transferred to the income statement	0	203
Reclassification of non realised P/L due to IFRS 9	-102	0
<b>On June 30</b>	<b>12 792</b>	<b>102</b>
<b>Treasury shares</b>		
On January 1	-1 372	-1 701
Purchases	-6 669	-7 868
Disposals	6 776	7 530
<b>On June 30</b>	<b>-1 265</b>	<b>-2 039</b>
<b>Total shareholder's equity</b>		
On January 1	332 730	454 641
<b>On June 30</b>	<b>293 831</b>	<b>415 385</b>

## Consolidated cash flow statement (condensed)

CHF 1 000	6 months	6 months
	ending	ending
	30.06.10	30.06.09
<b>Cash and cash equivalents at the beginning of the period</b>	<b>387 313</b>	<b>393 443</b>
Cash flow from operating activities	-177 676	-37 460
Cash flow from investing activities	-9 573	-37 755
Cash flow from financing activities	-41 773	-42 140
Currency translation effects	16	-44
<b>Cash and cash equivalents at the end of the period</b>	<b>158 307</b>	<b>276 044</b>

# 1 Accounting principles

## 1.1 Basis of presentation

The consolidated interim financial statements of Bellevue Group have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and should be read in conjunction with the consolidated annual financial statement for the year ended December 31, 2009. The preparation of the consolidated interim financial statements requires management to make assumptions and estimates that have an impact on the balance sheet values and items of the income statement in the current financial period. In certain circumstances, the actual values may diverge from these estimates. The consolidated interim financial statements have been prepared in accordance with the accounting policies set out in the consolidated annual financial statement, except for accounting policy changes made after the date of the annual consolidated financial statement.

## 1.2 Changes in accounting principles and interpretations

### 1.2.1 Implemented standards and interpretations

The following new or revised standards and interpretations were applied for the first time in fiscal year 2010:

- IFRS 1 (amended, effective July 1, 2009) – First time adoption of IFRS
- IFRS 2 (amended, effective January, 2010) – Share based payments
- IFRS 3 (revised, effective July 1, 2009) – Business combinations and IAS 27 (revised) – Consolidated and separate financial statements
- IAS 39 (amended, effective July 1, 2009) – Financial instruments, "eligible hedged items"
- IFRIC 17 (effective July 1, 2009) – Distributions of non-cash to owners
- IFRIC 18 (effective July 1, 2009) – Transfers of assets from customers

The entry into force of the standards and interpretations listed above have no impact on the Bellevue Group's net profit or shareholders' equity.

In the 2010 financial year the Bellevue Group applied the following new standard:

- IFRS 9 (effective January 1, 2013) – Financial instruments

Due to the standards being applied in advance, CHF 102,000 of unrealized gains and losses on financial instruments booked as equity was allocated to retained earnings as of 1 January 2010. The corresponding financial instrument was also reclassified as of 1 January 2010 from the "Financial investments" item (available for sale) to the "Other financial assets at fair value" item. An adjustment of the figures for the previous year is not scheduled in accordance with IFRS 19.

### 1.2.2 Standards and interpretations that have not yet been implemented

The following new and revised standards and interpretations must be applied from January 1, 2010 or later. The Bellevue Group has not used the possibility or early implementation of these changes:

- IAS 24 (amended, effective January 1, 2011) – Related party transactions
- IAS 32 (amended, effective February 1, 2010) – Financial instruments: Presentation
- IFRIC 14 (amended, effective January 1, 2011) – Prepayments of a minimum funding requirement
- IFRIC 19 (effective July 1, 2010) – Extinguishing financial liabilities with equity instruments

Bellevue Group is currently analysing the implications of the listed standards and interpretations.

## 1.3 Other changes

In the first half of 2010 Bellevue Group acquired 10% interest in an overseas broker. This is related to a participation in the Board of Directors. The interest is being reallocated under the "Associated companies" item. The valuation will be made using the equity method.

## 2 Details on the consolidated balance sheet

### 2.1 Financial assets at fair value through profit and loss

CHF 1 000	30.06.10	31.12.09
<b>Other Financial assets at fair value through profit and loss</b>		
Investment funds are subject to Luxembourg law	84 959	82 088
Other investment funds	9 724	8 739
<b>Total</b>	<b>94 683</b>	<b>90 827</b>

## 2 Details on the consolidated balance sheet

### 2.2 Financial investments

CHF 1 000	30.06.10	31.12.09
<b>Valued at amortized cost</b>		
Debt instruments	64 988	73 983
of which listed	64 988	73 983
<b>Total</b>	<b>64 988</b>	<b>73 983</b>
<b>Valued at fair value<sup>1)</sup></b>		
Share rights	15 600	16 036
of which listed	15 600	16 036
<b>Total</b>	<b>15 600</b>	<b>16 036</b>
<b>Total financial investments</b>	<b>80 588</b>	<b>90 019</b>
of which repo-eligible securitites	50 995	59 992

<sup>1)</sup> Changes in value will be recorded in the consolidated statement of comprehensive income

## 2 Details on the consolidated balance sheet

### 2.3 Transition from IAS 39 to IFRS 9

CHF 1 000	01.01.10	31.12.09
Category according to IAS 39		
– Valued at amortized cost “held-to-maturity”		73 983
Category according to IAS 9		
– Valued at amortized cost	73 983	
Category according to IAS 39		
– Valued at fair value “available for sale”		16 036
Category according to IAS 9		
– Valued at fair value <sup>1)</sup>	15 000	
– “Other financial assets” balance sheet item <sup>2)</sup>	1 036	

<sup>1)</sup> Changes in value will be recorded in the consolidated statement of comprehensive income

<sup>2)</sup> Changes in value will be recorded in the consolidated income statement

## 2 Details on the consolidated balance sheet

### 2.4 Share capital / Conditional capital / Authorized capital

	Number of shares	Par value CHF 1 000
<b>Share capital (registered shares)</b>		
Balance as of 01.01.09	10 500 000	1 050
Balance as of 30.06.09	10 500 000	1 050
Balance as of 31.12.09	10 500 000	1 050
<b>Balance as of 30.06.10</b>	<b>10 500 000</b>	<b>1 050</b>
<b>Conditional capital</b>		
Balance as of 01.01.09	1 000 000	100
Balance as of 30.06.09	1 000 000	100
Balance as of 31.12.09	1 000 000	100
<b>Balance as of 30.06.10</b>	<b>1 000 000</b>	<b>100</b>

The intended purpose of the conditional capital created at the general meeting of shareholders on December 15, 2006 is as follows:

- a sum of up to CHF 50 000 through the exercise of option rights granted to shareholders;
- a sum of up to CHF 50 000 through the exercise of option rights granted to employees and the member of the Board of Directors.

No such option rights had been granted as of the balance sheet date.

## 2 Details on the consolidated balance sheet

### 2.5 Treasury shares

	Number of shares	CHF 1 000
<b>Own shares in trading portfolio of Bank am Bellevue</b>		
Balance as of 01.01.09	17 425	688
Purchases	202 555	7 683
Disposals	-198 493	-7 530
Balance as of 30.06.09	21 487	841
Purchases	121 037	4 793
Disposals	-137 524	-5 459
<b>Balance as of 31.12.09</b>	<b>5 000</b>	<b>175</b>
Purchases	182 739	6 669
Disposals	-185 831	-6 776
<b>Balance as of 30.06.10</b>	<b>1 908</b>	<b>68</b>
<b>Treasury shares held by Bellevue Group AG</b>		
Balance as of 01.01.09	25 000	1 013
Purchases	5 000	184
Disposals	0	0
Balance as of 30.06.09	30 000	1 197
Purchases	0	0
Disposals	0	0
<b>Balance as of 31.12.09</b>	<b>30 000</b>	<b>1 197</b>
Purchases	0	0
Disposals	0	0
<b>Balance as of 30.06.10</b>	<b>30 000</b>	<b>1 197</b>

Within the scope of the share buy-back programme, Bellevue Group did not purchase any shares via the second trading line in the first half of 2010.

## 2 Details on the consolidated balance sheet

### 2.6 Assets pledged or assigned as collateral for own liabilities

CHF 1 000	30.06.10		31.12.09	
	Carrying amount	Actual liability	Carrying amount	Actual liability
Due from banks	50 507	4 870	11 048	0
Financial assets	46 983	24 996	51 981	0
Other assets	928	0	948	0
<b>Total</b>	<b>98 418</b>	<b>29 866</b>	<b>63 977</b>	<b>0</b>

### 3 Off-balance sheet and other information

#### 3.1 Off-balance sheet

CHF 1 000	30.06.10	31.12.09
<b>Contingent liabilities</b>		
Credit guarantees	314	750
Other contingent liabilities	0	0
<b>Total</b>	<b>314</b>	<b>750</b>
<b>Irrevocable commitments</b>		
Rental commitments	5 982	6 964
Undrawn irrevocable credit facilities	276	276
of which payment obligation to "Einlagensicherung"	276	276
<b>Total</b>	<b>6 258</b>	<b>7 240</b>
<b>Fiduciary transactions</b>		
Fiduciary placements with third-party banks	25 596	45 200
Fiduciary credits	0	0
<b>Total</b>	<b>25 596</b>	<b>45 200</b>
<b>Derivative financial instruments</b>		
Positive replacement values	12 630	15 797
Negative replacement values	12 630	14 695
Contract volume	262 998	260 936
<b>Securities lending and pension transactions</b>		
Book value of liabilities from cash deposits in securities lending and repurchase transactions	0	150
Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions	0	14 273
CHF million	30.06.09	31.12.09
<b>Assets under management</b>		
Assets with management mandate	2 101	2 479
Other assets under management	2 759	3 021
<b>Total assets under management (including double counts)</b>	<b>4 860</b>	<b>5 500</b>
of which double counts	-468	-646
<b>Total assets under management (net)</b>	<b>4 392</b>	<b>4 854</b>
Net inflow/outflow of new assets	83	-320

### 3 Off-balance sheet and other information

#### 3.2 Major foreign exchange rates

The following exchange rates were used for the major currencies:

	30.06.10	01.01.– 30.6.10	31.12.09	01.01.– 31.12.09
	Year-end rate	Average rate	Year-end rate	Average rate
EUR	1.31925	1.43580	1.48295	1.50950
USD	1.07735	1.08290	1.03535	1.08520

#### 3.3 Events after the balance sheet date

No events have occurred since the balance sheet date of June 30, 2010 that would have a material impact on the consolidated interim financial statements.

#### 3.4 Approval of the consolidated interim financial statements

The Audit Committee has approved the consolidated interim financial statements at the meeting of July 20, 2010.

## 4 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Total
<b>1.1.–30.6.10</b>				
Net interest income	2 157	–377	1 588	3 368
Net fee and commission income	15 436	9 453	–35	24 854
Net trading income	–159	–219	–670	–1 048
Other income	162	–126	30	66
Service from/to other segments	–66	417	–351	0
<b>Operating income</b>	<b>17 530</b>	<b>9 148</b>	<b>562</b>	<b>27 240</b>
Personnel expense	–6 354	–6 714	–1 157	–14 225
General expense	–4 556	–3 178	–1 306	–9 040
Depreciation and amortization	0	–80	–1 260	–1 340
Service from/to other segments	146	–146	0	0
<b>Operating expense</b>	<b>–10 764</b>	<b>–10 118</b>	<b>–3 723</b>	<b>–24 605</b>
<b>Profit before taxes</b>	<b>6 766</b>	<b>–970</b>	<b>–3 161</b>	<b>2 635</b>
Taxes	–1 222	–96	294	–1 024
<b>Group net profit</b>	<b>5 544</b>	<b>–1 066</b>	<b>–2 867</b>	<b>1 611</b>
<b>Additional information</b>				
Segment assets	336 706	107 557	131 996	576 259
Segment liabilities	244 173	30 789	7 466	282 428
Custody assets (CHF mln) <sup>1)</sup>	2 759	2 101	0	4 860
Net new money (CHF mln)	81	2	0	83
Capital expenditure	0	1 142	0	1 142
Employees (full time equivalents)	43.5	51.8	4.0	99.3

<sup>1)</sup> including double counts

### Segment “Bank am Bellevue”

The service provided by Bank am Bellevue comprise trading in Swiss equities, the issue of securitites and corporate finance services. Almost all of its clients are institutional investors. Fees and commissions are therefore its main source of income. Other banking services are not provided, or only to a limited extent. Segment reporting groups such services together and presents them under “Bank am Bellevue”.

### Segment “Asset Management”

Bellevue Asset Management is an independent, highly specialised asset management boutique focusing on management of equity portfolios for selected regional and sector strategies, and on institutional assets. Bellevue Asset Management has consistently outperformed the benchmark indices and has assets under management exceeding CHF 2 billion in health care products. This makes Bellevue Asset Management one of the world leaders in this specialised sector. Further core competences include management of investements in new markets, especially the regions of Africa, Eastern Europe, Russia and Asia, and in differentiated niche strategies focusing on Switzerland and Europe. Bellevue Asset Management’s investment philosophy focuses purely on active asset management, based on a bottom-up, research-driven approach to stock picking.

### Segment “Group”

This segment is where the company’s participations are held and managed and the related strategic, management, coordination and financing issues and activites addressed.

## 4 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Total
<b>1.1.–30.6.09</b>				
Net interest income	2 531	–446	542	2 627
Net fee and commission income	15 025	7 740	0	22 765
Net trading income	797	25	106	928
Other income	161	1 861	2	2 024
Other income	–43	573	–530	0
<b>Operating income</b>	<b>18 471</b>	<b>9 753</b>	<b>120</b>	<b>28 344</b>
Personnel expense	–5 845	–5 555	–1 011	–12 411
General expense	–4 714	–3 525	–1 419	–9 658
Depreciation and amortization of fixed assets	–155	–160	–3 151	–3 466
<b>Operating expense</b>	<b>–10 714</b>	<b>–9 240</b>	<b>–5 581</b>	<b>–25 535</b>
<b>Profit before taxes</b>	<b>7 757</b>	<b>513</b>	<b>–5 461</b>	<b>2 809</b>
Taxes	–1 667	–161	602	–1 226
<b>Group net profit</b>	<b>6 090</b>	<b>352</b>	<b>–4 859</b>	<b>1 583</b>
<b>Additional information</b>				
Segment assets	475 085	91 231	228 769	795 085
Segment liabilities	360 443	4 660	14 597	379 700
Custody assets (CHF mln) <sup>1)</sup>	2 877	2 698	0	5 575
Net new money (CHF mln)	22	73	0	95
Employees (full time equivalents)	47.0	50.0	5.0	102.0

<sup>1)</sup> including double counts

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