

BELLEVUE GROUP

Half-year report 2009



Consolidated income statement

CHF 1 000	6 months ending 30.06.09	6 months ending 31.12.08	6 months ending 30.06.08	Δ to 30.06.08
Interest income	1 259	3 300	5 545	-4 286
Dividend income	1 402	21	2 592	-1 190
Interest expense	-34	-756	-1 676	1 642
Net interest income	2 627	2 565	6 461	-3 834
Fee and commission income	22 900	29 766	42 074	-19 174
Fee and commission expense	-135	-211	-658	523
Net fee and commission income	22 765	29 555	41 416	-18 651
Securities trading	629	412	-919	1 548
Foreign exchange trading	299	55	1 056	-757
Net trading income	928	467	137	791
Income from the sale of associated companies	0	10	6 000	-6 000
Income from financial assets	-203	-4 436	512	-715
Income from other financial assets at fair value	1 846	-2 340	-1 931	3 777
Change in minority interest in consolidated hedge fund	0	1	-404	404
Other ordinary income	384	295	379	5
Other ordinary expense	-3	18	-25	22
Other income	2 024	-6 452	4 531	-2 507
Total operating income	28 344	26 135	52 545	-24 201
Personnel expenses	-12 411	-10 350	-11 946	-465
Other operating expenses	-9 658	-10 429	-7 762	-1 896
Depreciation	-3 466	-3 336	-3 677	211
Valuation adjustments, provisions and losses	0	-193	0	0
Total operating expenses	-25 535	-24 308	-23 385	-2 150
Profit before tax	2 809	1 827	29 160	-26 351
Taxes	-1 226	-368	-6 091	4 865
Group net profit	1 583	1 459	23 069	-21 486
Basic earnings per share (CHF)	0.15	0.13	2.23	-2.08
Diluted earnings per share (CHF)	0.15	0.13	2.23	-2.08

Consolidated statement of comprehensive income

CHF 1 000	6 months ending 30.06.09	6 months ending 31.12.08	6 months ending 30.06.08	Δ to 30.06.08
Group net profit in the income statement	1 583	1 459	23 069	-21 486
Gains/losses recognised directly in equity				
Depreciation	-44	-69	0	-44
Change in unrealized gains and losses on financial instruments	-101	-4 122	-3 745	3 644
Gains and losses on financial instruments transferred to the income statement	203	3 924	0	203
Total comprehensive income recognised in the income statement and in equity	1 641	1 192	19 324	-17 683

Consolidated balance sheet

CHF 1 000	30.06.09	31.12.08	30.06.08	Δ to 31.12.08
Assets				
Cash	206 086	333 490	10 421	-127 404
Due from banks	91 762	75 418	362 686	16 344
Due from customers	81 498	97 130	61 528	-15 632
Trading portfolio assets	1 389	3 291	4 824	-1 902
Positive replacement values	21 322	16 474	12 948	4 848
Other financial assets at fair value	81 539	46 006	41 692	35 533
Accrued income and prepaid expenses	3 436	3 511	4 675	-75
Financial investments	87 045	184 345	232 133	-97 300
Property and equipment	201	348	325	-147
Goodwill and other intangible assets	216 968	219 911	223 216	-2 943
Current tax assets	1 393	820	623	573
Other assets	2 446	2 558	1 907	-112
Assets held-for-sale	0	0	32 229	0
Total assets	795 085	983 302	989 207	-188 217
Liabilities				
Due to banks	40 148	73 330	10 820	-33 182
Due to customers	294 984	300 865	308 098	-5 881
Trading portfolio liabilities	0	977	0	-977
Negative replacement values	21 236	115 426	137 553	-94 190
Accrued expenses and deferred income	4 153	12 239	9 640	-8 086
Current tax liabilities	4 003	9 999	13 765	-5 996
Deferred tax liabilities	11 755	12 710	14 261	-955
Value adjustments and provisions	1 721	1 721	1 023	0
Other liabilities	1 700	1 394	19 045	306
Liabilities held-for-sale	0	0	21 457	0
Total liabilities	379 700	528 661	535 662	-148 961
Share capital	1 050	1 050	1 050	0
Capital reserves	27 250	27 250	27 250	0
Unrealized gains and losses on financial instruments	102	0	198	102
Currency translation adjustments	-113	-69	0	-44
Retained earnings	389 135	428 111	426 623	-38 976
Treasury shares	-2 039	-1 701	-1 576	-338
Total shareholder's equity	415 385	454 641	453 545	-39 256
Total liabilities and shareholders' equity	795 085	983 302	989 207	-188 217

Statement of shareholder's equity

CHF 1 000	2009	2008
Share capital		
On January 1	1 050	1 050
Change in share capital	0	0
On June 30	1 050	1 050
Capital reserves		
On January 1	27 250	27 250
Change during period under review	0	0
On June 30	27 250	27 250
Currency translation adjustments		
On January 1	-69	0
Change during period under review	-44	0
On June 30	-113	0
Retained earnings		
On January 1	428 111	469 437
Group net profit	1 583	23 069
Dividend	-41 802	-61 584
Income from the sale of own shares and derivatives on own shares	5	-1 919
Employee stock ownership plan	1 274	-1 636
Other effects	-36	-744
On June 30	389 135	426 623
Unrealized gains and losses on available-for-sale financial instruments		
On January 1	0	3 943
Change in unrealized gains and losses	-101	-3 745
Gains and losses transferred to the income statement	203	0
On June 30	102	198
Treasury shares		
On January 1	-1 701	-23 535
Purchases	-7 868	-45 296
Disposals	7 530	67 255
On June 30	-2 039	-1 576
Total shareholder's equity		
On January 1	454 641	478 145
On June 30	415 385	453 545

Consolidated cash flow statement (condensed)

CHF 1 000	6 months	6 months
	ending	ending
	30.06.09	30.06.08
Cash and cash equivalents at the beginning of the period	393 443	221 645
Cash flow from operating activities	-37 460	-101 482
Cash flow from investing activities	-37 755	-34 532
Cash flow from financing activities	-42 140	-49 225
Currency translation effects	-44	0
Cash and cash equivalents at the end of the period	276 044	36 406

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, 2008. 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 standards and interpretations, valid since January 1, 2009, have been applied in these consolidated interim financial statements.

- IFRS 2 (revised, effective January 1, 2009) - Share-based payments
- IFRS 3 (revised, effective July 1, 2009) - Business Combinations
- IFRS 5 (revised, effective July 1, 2009) - Non-current assets held-for-sale and discontinued operations
- IFRS 7 (revised, effective January 1, 2009) - Financial instruments: disclosure
- IAS 1 (revised, effective January 1, 2009) - Presentation of Financial Statements
- IAS 16 (revised, effective January 1, 2009) - Property, plant and equipment
- IAS 19 (revised, effective January 1, 2009) - Employee benefits
- IAS 20 (revised, effective January 1, 2009) - Accounting for government grants and disclosure of government grants
- IAS 23 (revised, effective January 1, 2009) - Borrowing Costs
- IAS 27 (revised, effective July 1, 2009) - Consolidated and Separate Financial Statements
- IAS 28 (revised, effective January 1, 2009) - Investments in associates, and consequential amendments to IAS 32 (Financial Instruments: Presentation) and IFRS 7 (Financial Instruments: Disclosures)
- IAS 29 (revised, effective January 1, 2009) - Financial reporting in hyperinflationary economies
- IAS 31 (revised, effective January 1, 2009) - Interests in joint ventures
- IAS 32 (revised, effective January 1, 2009) - Financial Instruments: Presentation
- IAS 36 (revised, effective January 1, 2009) - Impairment of assets
- IAS 38 (revised, effective January 1, 2009) - Financial Instruments: Recognition and Measurement
- IAS 40 (revised, effective January 1, 2009) - Investment property and consequential amendments to IAS 16
- IAS 41 (revised, effective January 1, 2009) - Agriculture
- IFRIC 13 (effective July 1, 2008) - Customer Loyalty Programs
- IFRIC 15 (effective January 1, 2009) - Agreements for the construction of real estate
- IFRIC 16 (effective October 1, 2008) - Hedges of a net investment in a foreign operation

IFRS 8 (effective January 1, 2009) has been early applied since January 1, 2009. The implementation of the standards and interpretations listed above have no impact on the net profit or shareholder's equity of Bellevue Group.

1.2.2 Standards and interpretations that have not yet been implemented

The following standards, interpretations and amendments to published standards were approved, but will only be applicable for Bellevue Group on or after January 1, 2010, and were not early adopted in these consolidated interim financial statements.

- IFRS 1 (amended, effective July 1, 2009) - First time adoption of IFRS 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

Bellevue Group has analyzed the effects of the aforementioned standards and interpretations and concludes that they will probably have no impact on the net profit or shareholder's equity of Bellevue Group.

1 Accounting principles

1.2.3 Other changes

Hedge Accounting

Bellevue Group may apply hedge accounting if the criteria specified in IAS 39 are met. At the time a hedge transaction is made, it is determined whether it is a hedge of the fair value of a balance sheet item or an unrecognized firm commitment (fair value hedge) or a hedge of the cash flows from a balance sheet item or a highly probable future transaction (cash flow hedge).

In a fair value hedge, the change in fair value of the hedging instrument is reported in the income statement. The change in fair value of the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in the income statement.

In a cash flow hedge, the change in fair value of the effective portion of the hedging instrument is recognized in a separate component of shareholder's equity, while the change in fair value of the ineffective portion of the hedging transaction is recorded in the income statement. Gains or losses from the hedging instrument reported in shareholder's equity are released to income in the same periods in which the hedged cash flows of the underlying transactions are recognized in the income statement.

Bellevue Group is applying hedge accounting for the first time in the current fiscal year. Some of the investments reported under the item "Other financial assets at fair value" were thus designated as fair value hedges.

2 Details on the consolidated balance sheet

2.1 Assets and liabilities held-for-sale

CHF 1 000	30.06.09	31.12.08	30.06.08	Δ to 31.12.08
Assets held-for-sale				
Due from banks	0	0	23 783	0
Due from customers	0	0	223	0
Trading portfolio assets	0	0	8 209	0
Accrued income and prepaid expenses	0	0	14	0
Total	0	0	32 229	0
Liabilities held-for-sale				
Due to banks	0	0	1 467	0
Due to customers	0	0	323	0
Trading portfolio liabilities	0	0	6 463	0
Accrued expenses and deferred income	0	0	156	0
Minority interest in consolidated hedge fund	0	0	13 048	0
Total	0	0	21 457	0

2 Details on the consolidated balance sheet

2.2 Share capital / Conditional capital / Authorized capital

	Number of shares	Par value CHF 1 000
Share capital (registered shares)		
Balance as of 01.01.08	10 500 000	1 050
Balance as of 31.12.08	10 500 000	1 050
Balance as of 30.06.09	10 500 000	1 050
Conditional capital		
Balance as of 01.01.08	1 000 000	100
Balance as of 31.12.08	1 000 000	100
Balance as of 30.06.09	1 000 000	100

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.

Authorized capital

Balance as of 01.01.08	1 000 000	100
Balance as of 31.12.08	0	0
Balance as of 30.06.09	0	0

The authorized capital created at the general meeting of shareholders on December 15, 2006 expired on December 15, 2008 without being used.

2 Details on the consolidated balance sheet

2.3 Treasury shares

	Number of shares	CHF 1 000
Own shares in trading portfolio of Bank am Bellevue		
Balance as of 01.01.08	263 639	23 535
Purchases	648 995	45 296
Disposals	-884 793	-67 255
Balance as of 30.06.08	27 841	1 576
Purchases	191 948	9 332
Disposals	-202 364	-10 220
Balance as of 31.12.08	17 425	688
Purchases	202 555	7 683
Disposals	-198 493	-7 530
Balance as of 30.06.09	21 487	841
Treasury shares held by Bellevue Group AG		
Balance as of 01.01.08	0	0
Purchases	0	0
Disposals	0	0
Balance as of 30.06.08	0	0
Purchases	25 000	1 013
Disposals	0	0
Balance as of 31.12.08	25 000	1 013
Purchases	5 000	185
Disposals	0	0
Balance as of 30.06.09	30 000	1 198

Bellevue Group AG has purchased 5 000 own shares through the share buyback program at an average price of CHF 36.92 via a second line of trading during the first half year of 2009.

2 Details on the consolidated balance sheet

2.4 Assets pledged or assigned as collateral for own liabilities

CHF 1 000	30.06.09		31.12.08	
	Carrying amount	Actual liability amount	Carrying amount	Actual liability amount
Due from banks	53 874	47 779	42 704	30 108
Financial assets	56 949	56 949	51 958	51 958
Other assets	944	944	844	844
Total	111 767	105 672	95 506	82 910

3 Off-balance sheet and other information

3.1 Off-balance sheet

CHF 1 000	30.06.09	31.12.08
Contingent liabilities		
Credit guarantees	0	750
Other contingent liabilities	0	0
Total	0	750
Irrevocable commitments		
Rental commitments	7 665	9 164
Undrawn irrevocable credit facilities	8 412	162
of which payment obligation to "Einlagensicherung"	162	162
Total	16 077	9 326
Fiduciary transactions		
Fiduciary placements with third-party banks	46 000	48 000
Fiduciary credits	0	0
Total	46 000	48 000
Derivative financial instruments		
Positive replacement values	21 236	16 474
Negative replacement values	21 236	115 426
Contract volume	261 418	151 784
CHF million	30.06.09	31.12.08
Assets under management		
Assets with management mandate	2 851	2 627
Other assets under management	2 724	2 907
Total assets under management (including double counts)	5 575	5 534
of which double counts	-805	-1 152
Total assets under management (net)	4 770	4 382
Net inflow/outflow of new assets	95	-519

Calculation in accordance with table Q of the guidelines issued by the FINMA concerning accounting standards for financial institutions.

3 Off-balance sheet and other information

3.2 Major foreign exchange rates

The following exchange rates were used for the major currencies:

	30.06.09	01.01.- 30.6.09	31.12.08	01.01.- 31.12.08
	Year-end rate	Average rate	Year-end rate	Average rate
EUR	1.52460	1.50294	1.49405	1.57933
USD	1.08595	1.11883	1.06985	1.07788

3.3 Events after the balance sheet date

No events have occurred since the balance sheet date of June 30, 2009 that would have a material impact on the consolidated interim financial statements. 30, 2009 that would have a material impact on the consolidated interim financial statements. 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 22, 2009. financial statements at the meeting of July 22, 2009.

4 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Total
1.1.-30.6.09				
Net interest income	2 531	84	12	2 627
Net fee and commission income	14 982	7 783	0	22 765
Net trading income	797	25	106	928
Other income	161	1 861	2	2 024
Operating income	18 471	9 753	120	28 344
Personnel expense	-5 845	-5 555	-1 011	-12 411
General expense	-4 714	-3 525	-1 419	-9 658
Depreciation and amortization of intangible fixed assets	-155	-160	-3 151	-3 466
Operating expense	-10 714	-9 240	-5 581	-25 535
Profit before taxes	7 757	513	-5 461	2 809
Taxes	-1 667	-161	602	-1 226
Group net profit	6 090	352	-4 859	1 583
Additional information				
Segment assets	475 085	91 231	228 769	795 085
Segment liabilities	360 443	4 660	14 597	379 700
Custody assets (CHF mln) ¹⁾	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

¹⁾ including double counts

Segment "Bank am Bellevue"

The services provided by Bank am Bellevue comprise trading in Swiss equities, the issue of securities 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"

The segment "Asset Management" comprises the services pertaining to asset management rendered by Bellevue Asset Management AG and its subsidiaries. The Asset Management segment operates several collective investment vehicles, primarily in the healthcare sector. The two listed investment companies BB BIOTECH and BB MEDTECH are the most well known of these vehicles. In addition, selected institutional and private investors are offered customized investment advisory mandates, most of which are pure equity mandates.

"Group"

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

4 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Total
1.1.-30.6.08				
Net interest income	4 218	425	1 818	6 461
Net fee and commission income	32 854	8 563	-1	41 416
Net trading income	-100	1 416	-1 179	137
Other income	655	-2 125	6 001	4 531
Operating income	37 627	8 279	6 639	52 545
Personnel expense	-6 530	-3 753	-1 663	-11 946
General expense	-4 303	-2 732	-727	-7 762
Depreciation and amortization of fixed assets	-286	-21	0	-307
Depreciation and amortization of intangible fixed assets	-218	0	-3 152	-3 370
Operating expense	-11 337	-6 506	-5 542	-23 385
Profit before taxes	26 290	1 773	1 097	29 160
Taxes	-5 752	-643	304	-6 091
Group net profit	20 538	1 130	1 401	23 069
Additional information				
Segment assets	511 462	88 359	389 386	989 207
Segment liabilities	366 407	27 786	141 469	535 662
Custody assets (CHF mln)	2 264	3 226	0	5 490
Net new money (CHF mln)	-7	-17	0	-24
Employees (full time equivalents)	47.3	42.2	6.0	95.5

¹⁾ including double counts

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