Half-year report 2018

Bellevue
Group

Growing in value as an asset and wealth manager

Bellevue Group raised its performance level in its interim reporting period as a pure investment management boutique offering innovative Asset and Wealth Management services. Operating profit for the period rose 15% to CHF 13.5 mn. This growth was primarily driven by the increase in assets under management. The cost/income ratio held steady at 72.8% despite ongoing investment to build up Wealth Management's infrastructure and is already within the medium-term target range.

Continued inflow of client assets

Bellevue Group's investment expertise is appreciated by institutional and private clients alike. During the first 6 months of 2018 Bellevue Group was entrusted with CHF 552 mn in new client assets – an annualized net new money growth rate of 9%. Asset Management contributed new money of CHF 438 mn and Wealth Management took in CHF 114 mn of new money from entrepreneurial private clients. Assets under management at the mid-year mark totaled CHF 12.7 bn, an increase of 6%. This record-high level of assets under management augurs well for Bellevue Group's future growth.

Widespread outperformance thanks to comprehensive investment expertise

Bellevue Group is known for its comprehensive expertise in active investment strategies. Bellevue again delivered above-average investment returns in the period under review. About 70% of its equity strategies beat their respective benchmarks to the benefit of clients. The top outperformers were BB Adamant's healthcare and medtech strategies, the BB Entrepreneur Europe Fund and Bellevue's flagship product BB Biotech and its London-based counterpart BB Healthcare Trust.

Maintaining growth momentum in Asset Management

Bellevue Asset Management has been expanding its investment competencies and its product range for several years. Its strategy for maintaining its growth momentum can be summed up as «grow with the products and innovate». BB Biotech AG's inclusion in the SMIM® and SPI® indices scheduled for September will generate additional demand and improve the stock's liquidity at the same time. The latest product innovations – BB Adamant Sustainable Healthcare Fund, the first healthcare fund focused on sustainability, and BB Pureos Bioventures, a venture capital fund that invests in companies researching innovative drug therapies – have enhanced the range of attractive investment vehicles that Bellevue offers.

OPERATING PROFIT

CHF 13.5 mn

(Previous year: CHF 11.7 mn)

INCOME FROM RECURRING REVENUES

94%

(Comparative period: 78%)

ASSETS UNDER MANAGEMENT

CHF 12.7 bn

(as at 2018/06/30)

DIVIDEND PER SHARE 2018

CHF 1.10

(Return as at 2017/12/31: 4.5%)

SHAREHOLDERS' EQUITY

CHF 170 mn

(as at 2018/06/30)

RETURN ON EQUITY

14%

(as at 2018/06/30)

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Thomas von Planta
Chairman of the Board of Directors

André Rüegg
Chief Executive Officer

Briefly: Group operating profit increased 15% to CHF 13.5 mn – Net inflow of CHF 552 mn in new money – Assets under Management to a new record high of CHF 12.7 bn – Asset Management grows its operating profit to CHF 19.5 mn – Net loss at Bank am Bellevue, as expected due to start-up investment in Wealth Management.

Dear Shareholders

Bellevue Group continued to build its stature as an asset and wealth manager during the first six months of the current year. Its innovative active management skills are valued by institutional and private clients who entrust Bellevue Group with the management of their national and international portfolio assets. These positive developments are also reflected in the solid operating results the Group achieved in the first half of 2018.

Moderate global economic growth, a reporting season that was largely upbeat and the still accommodative monetary policy of major central banks – with the exception of the US Fed – continue to act as supportive factors for financial markets around the world and for investor sentiment. And as bond yields remain suppressed, investors continue to turn to riskier assets such as equities that offer higher potential returns. This is a favorable climate for Bellevue Group. Judging by the latest readings from key economic indicators, however, a gradual slowdown in global economic growth and a normalization of central bank monetary policy are becoming increasingly likely. Meanwhile geopolitical and political risks, ranging from trade conflicts to the future of the EU, are factors of uncertainty casting a shadow over the near-term outlook.

Group assets under management at new high, driven by organic and inorganic growth

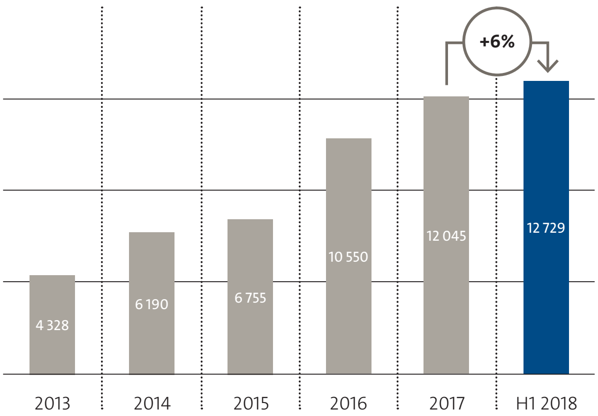
Bellevue Group's appeal as an internationally active asset management boutique with innovative asset and wealth management services is clearly growing. During the first half of the year Bellevue Group acquired new money of CHF 552 mn. This corresponds to an annualized new money growth rate of about 9% – which is at the upper end of the targeted range of 5–10%. New money at Asset Management amounted to CHF 438 mn and Wealth Management was entrusted with new money of CHF 114 mn from entrepreneurial private clients. StarCapital is carefully moving forward with its long-planned generational change and the process of replacing the company's founder Peter Huber in his function as a fund manager. As expected, this change in portfolio management led to a decline in assets under management at the German subsidiary. StarCapital offset this outflow of funds with the acquisition of Mars Asset Management.

Bellevue Group's organic asset management growth was broadly based. In Wealth Management, domestic and, increasingly, foreign private clients begin to discover the solid portfolio management expertise that Bellevue Group offers. Asset Management's equity strategies for the healthcare and medtech sectors and in the entrepreneurial space attracted considerable interest, as did various fixed income strategies at StarCapital. A digital health fund launched at the end of April had a successful start. This new thematic fund gives investors access to a global portfolio of compelling technology ideas that additionally benefits from the attractive fundamentals of the healthcare sector.

Bellevue Group increased its total assets under management by nearly 6% to CHF 12.7 bn – which marks a new

ASSETS UNDER MANAGEMENT

(CHF mn)



Source: Bellevue Group as at June 30, 2018

record high for the Group. Besides the net inflow of new money, financial market developments and investment performance also contributed to the steady growth in assets under management, accounting for CHF 132 mn of the overall growth.

Widespread outperformance of our equity strategies underscores our investment expertise

The skills of our investment experts are reflected in the better-than-average performance of our investment products during the first half of 2018. This attests to the viability of our strategic positioning and to our ambition to create sustainable added value as an active manager with innovative investment ideas. Supported by a still constructive market environment, approximately 70% of all equity strategies managed by Bellevue Group beat their respective benchmarks to the benefit of clients. The performance of its fixed-income and multi-asset funds was somewhat mixed in comparison. The continued rise in bond yields and the simmering trade dispute between the US and China created major headwinds for these products.

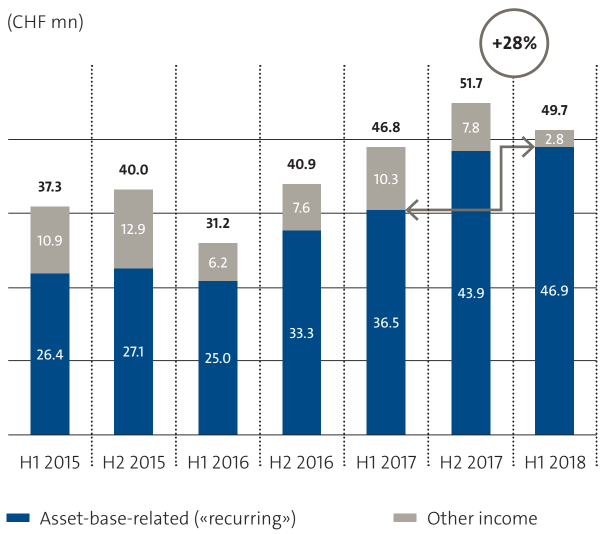
The best-performing investment vehicle managed by the Group was the BB Adamant Global Healthcare Index Fund (CHF), which outperformed its benchmark by nearly 14% and advanced almost 18% in absolute terms. Other top performers in the first half of 2018 were the BB Adamant Healthcare Index (USD) with an outperformance of 12.5% (investment performance 14.0%), BB Adamant Global Medtech & Services (CHF) with 8.4% (18.3%) and BB Entrepreneur Europe (EUR) with 3.5% (3.2%). A superior performance was also achieved by the Group's flagship product BB Biotech, which outperformed its benchmark by 3.6% (8.4%), and its London-based counterpart, the BB Healthcare Trust with 7.5% (11.5%).

Steady increase in recurring income flows – stable cost/income ratio despite capital investment

Bellevue Group continued to improve its income flows in both quantitative and qualitative terms. The significantly enlarged asset base at the end of 2017 laid the groundwork for this ongoing improvement and assets under management continued to grow during the period under review. Fee and commission income rose 11.4% yoy to CHF 48.1 mn. This quantitative improvement was accompanied by an increase in the recurring share of income from 78% to 94%. As in the past, Asset Management generated most of the income. On the expense side, the focused approach of the Group's business model led to a slight decrease in personnel costs but an increase in general expenses, primarily due to investments in the Wealth Management unit's technical infrastructure. A moderate increase in expenses coupled with faster income growth resulted in a 15% increase in the Group's operating profit to CHF 13.5 mn compared to the prior-year period. The cost/income ratio for the first half of 2018 stood at 72.8%, which is already within the mid-term targeted range of 70-75% despite the ongoing spending on professional infrastructure at the Wealth Management unit. Group profit after tax increased 17% to CHF 11.5 mn and the return on equity for the period was a high 14.2%. Bellevue Group employed 117 people at the end of June 2018.

OPERATING INCOME

(CHF mn)



Source: Bellevue Group as at June 30, 2018

The financial results of Bellevue Group increasingly reflect its focus on value-creating Asset and Wealth Management services. The current level of client assets ensures good and stable income quality, which in turn enhances the strength and predictability of our business model. We will stay on this strategic path with the stated aim of further diversifying the Group's income sources.

Steady growth at Asset Management – expandable income base in Wealth Management

Bellevue Asset Management has sustained its dynamic profitable growth in the current year. Its well-diversified investment competencies – distinctive healthcare and specialized equity strategies complemented by multi-asset strategies and global equity and fixed income funds from StarCapital – are highly regarded by a broad spectrum of the international investment community. Sustained business momentum lifted assets under management by 6% to CHF 10.6 bn and fueled another sharp rise in operating income of 29% to a new high of CHF 46.3 mn. Operating expenses rose at a slower rate of 20% to CHF 26.8 mn, resulting in a new record high operating profit of CHF 19.5 mn for the Asset Management unit, which is 43% more than the figure reported for the prior-year period.

Wealth Management, the unit which we have been systematically setting up within Bank am Bellevue for the past approximately twelve months, is still in the early stages of its planned development. Its focus on entrepreneurial private clients is starting to bear fruit. Our independent, active and highly innovative investment advisory services are ideal for addressing individual asset and investment needs. Feedback from the targeted client group stokes our optimism. Furthermore, Thomas Pixner's assumption of the position of Bank am Bellevue CEO and the election of new board director Veit de Maddalena in March have strengthened the Wealth Management unit both operationally and in a strategic sense. Assets under management at the unit increased slightly to CHF 2.1 bn during the first of 2018 half thanks to new money inflows and a positive investment performance. The bank ended the period with an operating loss of CHF 3.3 mn, which was not unexpected as assets under management are still low.

Outlook

Bellevue Group has positioned itself as a distinctive financial boutique with a broad range of innovative investment skills for asset and wealth management services. The results for the first half of the year attest to the unbridled growth of the Asset Management unit, while Bank am Bellevue is still in the process of setting up and growing the Wealth Management operations after its successful repositioning.

Asset Management's momentum will continue to be actively managed, applying the simple maxim of «grow with the products and innovate». The top-rate investment performance of our existing range of products will help us do so. The admission of BB Biotech AG to the SMIM® Index and the SPI® Index effective September 24, 2018 marks another milestone in the history of our company. BB Biotech AG will be the first investment company to join the SMIM® family. This will support its growth trajectory and its growing market liquidity. Two major innovative products were also recently launched, the BB Adamant Sustainable Healthcare Fund and BB Pureos Bioventures Fund. Bellevue displayed its pioneering spirit with the launch of the first fund, which is focused on sustainability leaders in the healthcare sector, and of BB Pureos Bioventures, a venture capital fund that invests in early-stage companies researching innovative drug therapies. Subscriptions and capital commitments worth more than CHF 70 mn were already received in the first round of funding. The total targeted investment volume for the next 12 to 18 months is CHF 200 mn.

An expansion of business volumes is our stated objective for the Wealth Management unit. The top priority is broadening the asset base and with that, the income base. We plan to do so organically and through selective acquisitions. Our future success hinges on delivering what we promise to our clients. We want to serve our clients as a trusted partner and help them achieve their individual investment objectives and satisfy their broader financial ambitions and needs. We create added value for our entrepreneurially oriented clients by identifying high-conviction opportunities with our active investment approach.

Bellevue Group's successful business development is rooted in the hard work and dedication of its employees and the trust we have earned from our shareholders and clients. On behalf of the Board of Directors and the Executive Board, we thank all stakeholders for their support and their commitment to Bellevue Group. We look forward to maintaining our motivating collaboration with you over the long term.

T. v. Planta

Thomas von Planta
Chairman of the Board
of Directors

A. Rüegg

André Rüegg
Chief Executive Officer

Consolidated income statement

CHF 1 000	Note	1.1.–30.6.2018	1.7.–31.12.2017	1.1.–30.6.2017	Δ zu 30.6.2017
Interest income		515	288	147	+368
Dividend income		1 900	103	1 654	+246
Other financial income		24	100	28	−4
Interest expense		−51	−60	−91	+40
Other financial expenses		−222	−513	−465	+243
Net interest income		**2 166**	**−82**	**1 273**	**893**
(Increase)/decrease in credit losses		–	–	–	–
Net interest income after loan losses		**2 166**	**−82**	**1 273**	**893**
Fee and commission income		49 526	52 823	44 501	+5 025
Fee and commission expense		−1 468	−1 361	−1 359	−109
Net fee and commission income	**3.1**	**48 058**	**51 462**	**43 142**	**+4 916**
Securities trading		−452	−34	2 211	−2 663
Foreign exchange trading		−214	206	114	−328
Net trading income		**−666**	**172**	**2 325**	**−2 991**
Income from other financial instruments at fair value		2 797	−1 472	3 121	−324
Other ordinary income		101	265	83	+18
Other income		**2 898**	**−1 207**	**3 204**	**−306**
Total operating income		**52 456**	**50 345**	**49 944**	**+2 512**
Personnel expenses	3.2	−25 351	−25 671	−26 440	+1 089
Other operating expenses	3.3	−10 815	−8 451	−8 671	−2 144
Depreciation and amortization	3.4	−1 442	−1 762	−1 690	+248
Total operating expenses		**−37 608**	**−35 884**	**−36 801**	**−807**
Profit before tax		**14 848**	**14 461**	**13 143**	**+1 705**
Taxes	3.5	−3 328	−2 773	−3 315	−13
Group net profit		**11 520**	**11 688**	**9 828**	**+1 692**
Earnings per share					
Basic earnings per share (in CHF)		+0.86	+0.87	+0.73	+0.13
Diluted earnings per share (in CHF)		+0.86	+0.87	+0.73	+0.13

Consolidated statement of comprehensive income

CHF 1 000	1.1.–30.6.2018	1.7.–31.12.2017	1.1.–30.6.2017	Δ zu 30.6.2017
Group net profit in the income statement	**11 520**	**11 688**	**9 828**	**+1 692**
Other comprehensive income (net of tax)				
Items that may be reclassified subsequently to net income				
Currency translation adjustments	−462	3 512	950	−1 412
Items that will not be reclassified subsequently to net income				
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	−328	1 394	410	−738
Remeasurements of post employment benefit obligations IAS 19	−1 398	4 066	2 108	−3 506
Total comprehensive income	**9 332**	**20 660**	**13 296**	**−3 964**

Consolidated balance sheet

CHF 1 000	Note	30.6.2018	31.12.2017	Δ zu 31.12.2017
Assets				
Cash	4.1	116 098	127 114	−11 016
Due from banks	4.1	43 357	62 446	−19 089
Due from clients	4.1	70 194	59 122	+11 072
Trading portfolio assets	4.1	29 836	48 120	−18 284
Positive replacement values	4.1	6 434	6 427	+7
Other financial assets at fair value	4.1	29 363	28 656	+707
Accrued income and prepaid expenses		11 763	12 924	−1 161
Financial investments	4.1/4.3	25 625	26 178	−553
Property and equipment		1 183	304	+879
Goodwill and other intangible assets	4.4	73 339	71 873	+1 466
Current tax assets		2 943	2 657	+286
Deferred tax assets		191	217	−26
Other assets [1]		21 177	16 198	+4 979
Total assets		**431 503**	**462 236**	**−30 733**
Liabilities				
Due to banks	4.1	16 023	6 147	+9 876
Due to clients	4.1	183 968	188 609	−4 641
Trading portfolio liabilities	4.1	78	–	+78
Negative replacement values	4.1	5 799	6 404	−605
Liabilities from other financial instruments at fair value	4.1	46	12 377	−12 331
Other financial liabilities at fair value	4.1/4.3	9 116	15 525	−6 409
Accrued expenses and deferred income		28 981	37 226	−8 245
Current tax liabilities		3 370	2 615	+755
Deferred tax liabilities		12 788	12 355	+433
Other liabilities		914	3 779	−2 865
Total liabilities		**261 083**	**285 037**	**−23 954**
Share capital		1 346	1 346	–
Capital reserves		30 706	45 513	−14 807
Unrealized gains and losses recognized in other comprehensive income		26 845	28 571	−1 726
Currency translation adjustments		2 097	2 559	−462
Retained earnings		110 440	100 123	+10 317
Treasury shares		−1 014	−913	−101
Total shareholder's equity		**170 420**	**177 199**	**−6 779**
Total liabilities and shareholders' equity		**431 503**	**462 236**	**−30 733**

[1] In the period under review, the other assets contain assets related to performance-based variable compensation amounting to CHF 11.9 million (31.12.2017: CHF 7.2 million) and assets from occupational pensions amounting to CHF 3.6 million (31.12.2017: CHF CHF 5.5 million).

Statement of shareholder's equity

CHF 1 000	1.1.–30.6.2018	1.1.–30.6.2017
Share capital		
On January 1	1 346	1 346
On June 30	**1 346**	**1 346**
Capital reserves		
On January 1	45 513	58 974
Cash distributions	−14 807	−13 461
On June 30	**30 706**	**45 513**
Unrealized gains and losses recognized in other comprehensive income		
On January 1	28 571	20 593
Change in unrealized gains and losses on financial instruments	−328	410
Remeasurements of post employment benefit obligations IAS 19	−1 398	2 108
On June 30	**26 845**	**23 111**
Currency translation adjustments		
On January 1	2 559	−1 903
Change during period under review	−462	950
On June 30	**2 097**	**−953**
Retained earnings		
On January 1	100 123	80 042
Change in accounting (application of IFRS 9 (2014) as of 1.1.2018)	−25	–
Group net profit	11 520	9 828
Income from the sale of own shares	−66	54
Employee stock ownership plan	−1 112	−1 058
On June 30	**110 440**	**88 866**
Treasury shares		
On January 1	−913	−177
Purchases	−10 898	−4 122
Disposals	10 797	4 122
On June 30	**−1 014**	**−177**
Total shareholder's equity		
On January 1	177 199	158 875
On June 30	**170 420**	**157 706**

Consolidated cash flow statement

CHF 1 000	1.1.–30.6.2018	1.1.–30.6.2017
Cash flow from operating activities		
Group profit	**11 520**	**9 828**
Non-cash positions in Group results:		
Depreciation of fixed assets	204	599
Amortization of intangible assets	1 238	1 091
Change in provisions	–	−408
Tax expense/benefit	2 153	1 705
Deferred tax expense/benefit	540	695
Change in fair value of financial assets and other financial assets at fair value	−1 680	−3 433
Change in other financial liabilities at fair value	−52	334
Other non-cash items	−1 153	−975
Net increase/decrease in operating assets		
Due from banks	19 562	22 129
Due from clients	−11 072	−3 381
Trading positions and replacement values net	17 750	10 236
Accrued income, prepaid expenses and other assets	−4 299	−8 807
Net increase/decrease in liabilities		
Due to banks	9 876	−1 447
Due to customers	−4 641	15 800
Liabilities from other financial instruments at fair value	−12 331	7 231
Other financial liabilities at fair value	−148	131
Accrued expenses, deferred income and other liabilities	−12 152	−192
Taxes paid	−1 883	−5 355
Cash flow from operating activities	**13 432**	**45 781**
Cash flow from investing activities		
Investment in other financial assets at fair value	−5 054	−3 102
Divestments of other financial assets at fair value	6 050	4 202
Divestments of financial assets at amortized cost	130	118
Purchase of property and equipment	−1 079	−43
Acquisition of intangible assets	−321	–
Payments for acquisitions of controlled entities, net of cash	−9 266	−7 281
Net cash flow from investing activities	**−9 540**	**−6 106**
Cash flow from financing activities		
Cash distributions/dividends paid	−14 807	−13 461
Net movements in treasury shares and derivatives on own shares	−101	47
Net cash flow from investing activities	**−14 908**	**−13 414**
Currency translation effects	–	–
Net increase/decrease in cash and cash equivalents	**−11 016**	**26 261**
Cash at the beginning of the period	**127 114**	**122 815**
Cash at the end of the period	**116 098**	**149 076**
Further information		
Cash received as interest	–	–
Cash paid as interest	64	200
Cash received as dividends on equities	2 419	2 086

Notes to the Consolidated Financial Statements

1 Accounting principles

1.1 Basis of presentation

The condensed consolidated interim financial statements of Bellevue Group AG, Küsnacht, have been prepared in accordance with International Accounting Standard (IAS) 34 «Interim Financial Reporting». As they do not contain all of the information and disclosures required in the consolidated annual report these interim financial statements should be read in conjunction with the consolidated annual financial statement for the year ended 31 December 2017. The condensed 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 New accounting standards used

Bellevue Group applied the following new and revised standards and interpretations for the first time in the 2018 financial year:

1.2.1 IFRS 9 (2014) – Financial Instruments

Bellevue Group had been applying the version of IFRS 9 issued in 2009 up to the end of the 2017 financial year. As of 1 January 2018, Bellevue Group AG has been applying the final, 2014 version of IFRS 9.

IFRS 9 (2014) can be broken down into three sections:
1. The classification and measurement of financial assets and financial liabilities
2. Impairment of financial assets
3. Hedge Accounting

1. The classification and measurement of financial assets and financial liabilities

IFRS 9 (2014) introduces minor changes concerning the classification of financial assets and financial liabilities compared to IFRS 9 (2009). However, these changes have no significant influence on the classification and measurement of the financial asset assets and financial liabilities of Bellevue Group. Therefore, the reported accounting principles published in the 2017 annual report continue to apply.

2. Impairment of financial assets

The expected loss model methodology replaces the former incurred loss model of IAS 39. Under IFRS 9, impairment concerns all positions of financial instruments on the asset side of a balance sheet which are subject to a potential credit risk and are not already accounted for at fair value.

As Bellevue Group AG does not operate in the conventional lending business (mortgages), the introduction of the new impairment models has no significant influence on the Bellevue Group shareholders' equity. As of 1 January 2018, the introduction of the new impairment model led to an expected incurred loss of CHF 25 000 on amounts due from customers recorded in retained earnings with no effect on net income. The expected credit losses from other positions valued as amortised cost (amounts due from banks and other assets) only lead to minimal expected credit losses, due to the creditworthiness of the counterparties and the short maturity of the amounts due. Therefore, the expected credit losses were not recognised separately.

3. Hedge Accounting

Since Bellevue Group does currently not apply hedge accounting it is not affected by any of the changes in this area.

1.2.2 IFRS 15 – Revenue from Contracts with Customers
The new standard sets out a five-step model for recognising revenue. In principle, this model should apply to all client contracts. The model breaks down into the following steps:

– Identify the contract with the customer;
– Identify the performance obligations in the contract;
– Determine the transaction price;
– Allocate the transaction price to the various performance obligations included in the contract;
– Recognise revenue as and when the entity fulfils a performance obligation.

IFRS 15 also sets out new guidelines on whether revenue should be recognised at a certain point in time or over a given period. A new recognition threshold was introduced for cases where revenue varies. This stipulates that variable amounts should only be recognised as revenue when it can be safely assumed that any subsequent changes in estimates will not cause significant alterations to the revenue.

IFRS 15 was applied as of 1 January 2018. The application of IFRS 15 had no significant effect on the consolidated shareholders' equity or the consolidated income statement of Bellevue Group as of 1 January 2018 or the first half of 2018.

1.2.3 Other new standards and interpretations
The following new and revised standards and interpretations had no effect on or did not relate to Bellevue Group when first applied:

IAS 40 – Transfers of Investment Property;
IFRS 2 – Classification and Measurement of Share-Based Payment Transactions;
IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
IFRIC 22 – Foreign Currency Transactions and Advance Consideration;
Annual improvements, cycle 2014 to 2016, first application as of 1 January 2018.

1.3 International Financial Reporting Standards and interpretations which will be introduced in 2019 or later and other amendments

Changes to accounting rules	As per
IFRS 16 – Leases	01.01.19
IFRIC 23 – Uncertainty over Income Tax Treatments	01.01.19
IAS 19 – Changes to IAS 19 – Plan Amendment, Curtailment or Settlement	01.01.19
Annual improvements, cycle 2015 to 2017	01.01.19
IFRS 9 – Changes to IFRS 9 – Prepayment Features with Negative Compensation	01.01.19
IFRS 17 – Insurance Contracts	01.01.21

1.4 Estimates, assumptions and the exercising of discretion by management
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 main assumptions and estimates made in drawing up the condensed consolidated interim financial statements conformed to Group-wide accounting principles and were based on the assumptions applied on 31 December 2017.

2 Risk management and risk control

Bellevue Group›s activity is subject to multiple financial risks including market, credit, forex, liquidity and refinancing risks.

The condensed consolidated interim financial statements do not include the full information on the above mentioned risks, which the consolidated financial statements are required to present. These interim statements should therefore be read in conjunction with the consolidated financial statements in the 2017 Annual Report.

3 Details on the consolidated income statement

3.1 Net fee and commission income

CHF 1 000	1.1.–30.6.2018	1.1.–30.6.2017
Asset Management – management fees	46 343	35 663
Asset Management – performance fees	1 730	1 654
Brokerage and Corporate Finance	921	6 332
Other commission income from securities and investment transactions	532	852
Fee and commission expense	–1 468	–1 359
Net fee and commission income	**48 058**	**43 142**

3.2 Personnel expenses

CHF 1 000	1.1.–30.6.2018	1.1.–30.6.2017
Salaries and bonuses	21 974	23 280
Pension cost	1 065	–143
Other social benefits	2 050	1 710
Other personnel expenses	262	1 593
Total Personnel expenses	**25 351**	**26 440**

3.3 Other operating expenses

CHF 1 000	1.1.–30.6.2018	1.1.–30.6.2017
Premises	1 613	1 363
IT, telecommunications and other equipment	2 908	2 780
Travel and representation, PR, advertising	2 661	2 348
Consulting and audit fees	1 452	1 006
Research expenses	1 070	–
Other operating expenses	1 111	1 174
Total Other operating expenses	**10 815**	**8 671**

3.4 Depreciation and amortization

CHF 1 000	1.1.–30.6.2018	1.1.–30.6.2017
Depreciation of property and equipment	204	600
Depreciation of intangible fixed assets	1 238	1 090
Total Depreciation and amortization	**1 442**	**1 690**

3.5 Taxes

CHF 1 000	1.1.–30.6.2018	1.1.–30.6.2017
Current income taxes	2 913	2 897
Deferred income taxes	415	418
Total	**3 328**	**3 315**

3 Details on the consolidated income statement

3.6 Tax effect of other comprehensive income

CHF 1 000		1.1.–30.6.2018	
Tax effect of other comprehensive income	**Amount before taxes**	**Tax income/ (expense)**	**Amount after taxes**
Currency translation adjustments	−462	–	−462
Unrealized gains on financial instruments	−400	72	−328
Remeasurement of post employment benefit obligations IAS 19	−1 725	327	−1 398
Total	**−2 587**	**399**	**−2 188**

CHF 1 000		1.1.–30.6.2017	
Tax effect of other comprehensive income	**Amount before taxes**	**Tax income/ (expense)**	**Amount after taxes**
Currency translation adjustments	950	–	950
Unrealized gains on financial instruments	500	−90	410
Remeasurement of post employment benefit obligations IAS 19	2 603	−495	2 108
Total	**4 053**	**−585**	**3 468**

4 Details on the consolidated balance sheet

4.1 Fair value of financial instruments

CHF 1 000	30.6.2018			31.12.2017		
	Book value	Fair Value	Deviation	Book value	Fair Value	Deviation
Assets						
Cash	116 098	116 098	–	127 114	127 114	–
Due from banks	43 357	43 357	–	62 446	62 446	–
Due from clients	70 194	70 194	–	59 122	59 097	–25
Accrued income and prepaid expenses	10 934	10 934	–	12 069	12 069	–
Other assets	459	459	–	546	546	–
Financial assets at amortized cost	**241 042**	**241 042**	**–**	**261 297**	**261 272**	**–25**
Trading portfolio assets	29 836	29 836	–	48 120	48 120	–
Positive replacement values	6 434	6 434	–	6 427	6 427	–
Other financial assets at fair value	29 363	29 363	–	28 656	28 656	–
Financial investments at fair value	309	309	–	462	462	–
Other financial assets at fair value through profit and loss	**65 942**	**65 942**	**–**	**83 665**	**83 665**	**–**
Financial investments	25 316	25 316	–	25 716	25 716	–
Financial assets at fair value	**25 316**	**25 316**	**–**	**25 716**	**25 716**	**–**
Total financial assets	**332 300**	**332 300**	**–**	**370 678**	**370 653**	**–25**
Liabilities						
Due to banks	16 023	16 023	–	6 147	6 147	–
Due to customers	183 968	183 968	–	188 609	188 609	–
Accrued expenses and deferred income	2 391	2 391	–	2 511	2 511	–
Other liabilities	19	19	–	2 978	2 978	–
Financial liabilities at amortized cost	**202 401**	**202 401**	**–**	**200 245**	**200 245**	**–**
Trading portfolio liabilities	78	78	–	–	–	–
Negative replacement values	5'799	5'799	–	6 404	6 404	–
Liabilities from other financial instruments at fair value	46	46	–	12 377	12 377	–
Other financial liabilities at fair value *	9'116	9'116	–	15 525	15 525	–
Financial liabilities at fair value	**15'039**	**15'039**	**–**	**34 306**	**34 306**	**–**
Total financial liabilities	**217 440**	**217 440**	**–**	**234 551**	**234 551**	**–**

* The contingent purchase price payment valued at fair value in connection with the acquisitions of StarCapital AG and MARS Asset Management GmbH. For more details about the valuation, please refer to note 4.2.

Accrued income and prepaid expenses, Accrued expenses and deferred income, other assets and other liabilities include items not classified as financial instruments. Therefore, the amount shown in the table does not correspond to the balance sheet amount.

4 Details on the consolidated balance sheet

Valuation methods of financial instruments

CHF 1000	Level-1	Level-2	Level-3	Total
30.6.2018				
Assets				
Cash	116 098	–	–	116 098
Due from banks	–	43 357	–	43 357
Due from customers	–	70 194	–	70 194
Accrued income and prepaid expenses	10 934	–	–	10 934
Other assets	459	–	–	459
Financial assets at amortized cost	**127 491**	**113 551**	**–**	**241 042**
Trading portfolio assets	13 935	15 901	–	29 836
Positive replacement values	–	6 434	–	6 434
Other financial assets at fair value	5 441	13 868	10 054	29 363
Financial investments at fair value	–	309	25 316	25 625
Financial assets at fair value	**19 376**	**36 512**	**35 370**	**91 258**
Total financial assets	**146 867**	**150 063**	**35 370**	**332 300**
Liabilities				
Due to banks	–	16 023	–	16 023
Due to customers	–	183 968	–	183 968
Accrued expenses and deferred income	2 391	–	–	2 391
Other liabilities	19	–	–	19
Financial liabilities at amortized cost	**2 410**	**199 991**	**–**	**202 401**
Trading portfolio liabilities	–	78	–	78
Negative replacement values	–	5'799	–	5 799
Liabilities from other financial instruments at fair value	–	46	–	46
Other financial liabilities at fair value *	–	–	9 116	9 116
Financial liabilities at fair value	**–**	**5'923**	**9 116**	**15 039**
Total financial liabilities	**2 410**	**205 914**	**9 116**	**217 440**

* The contingent purchase price payment valued at fair value in connection with the acquisitions of StarCapital AG and MARS Asset Management GmbH. For more details about the valuation, please refer to note 4.2.

4 Details on the consolidated balance sheet

CHF 1 000	Level-1	Level-2	Level-3	Total
30.6.2017				
Assets				
Cash	127 114	–	–	127 114
Due from banks	–	62 446	–	62 446
Due from customers	–	59 122	–	59 122
Accrued income and prepaid expenses	12 069	–	–	12 069
Other assets	546	–	–	546
Financial assets at amortized cost	**139 729**	**121 568**	**–**	**261 297**
Trading portfolio assets	13 916	34 204	–	48 120
Positive replacement values	–	6 427	–	6 427
Other financial assets at fair value	7 044	12 577	9 035	28 656
Financial investments at fair value	–	462	25 716	26 178
Financial assets at fair value	**20 960**	**53 670**	**34 751**	**109 381**
Total financial assets	**160 689**	**175 238**	**34 751**	**370 678**
Liabilities				
Due to banks	–	6 147	–	6 147
Due to customers	–	188 609	–	188 609
Accrued expenses and deferred income	2 511	–	–	2 511
Other liabilities	2 978	–	–	2 978
Financial liabilities at amortized cost	**5 489**	**194 756**	**–**	**200 245**
Negative replacement values	–	6 404	–	6 404
Liabilities from other financial instruments at fair value	–	12 377	–	12 377
Other financial liabilities at fair value *	–	–	15 525	15 525
Financial liabilities at fair value	**–**	**18 781**	**15 525**	**34 306**
Total financial liabilities	**5 489**	**213 537**	**15 525**	**234 551**

* The contingent purchase price payment valued at fair value in connection with the acquisitions of StarCapital AG and MARS Asset Management GmbH. For more details about the valuation, please refer to note 4.2.

No transfers between levels of the fair value hierarchy took place in the first half of 2018 or in the comparable period of the previous year.

Level-1-instruments

If a financial instrument is traded in an active market, its fair value is based on listed market prices. In the fair value hierarchy prescribed in IFRS 13, this type of financial instrument is classified as a level 1 instrument. The fair value of these positions corresponds to the current price (e.g. settlement price or closing price) multiplied by the number of units of the financial instruments held.

Level-2-instruments

If there is no active market, the fair value is determined on the basis of valuation models or other generally accepted valuation methods (primarily option pricing and discounted cash flow models). If all the significant inputs can be observed directly or indirectly in the market, the instrument is classified as a level 2 instrument. The valuation models take account of the relevant parameters such as contract specifications, the market price of the underlying asset, foreign exchange rates, yield curves, default risks and volatility.

Level-3-instruments

If at least one significant input cannot be observed directly or indirectly in the market, the instrument is classified as a level 3 instrument. These instruments essentially comprise private-equity funds and non-listed equity instruments, as well as the contingent purchase price liability. The fair value of private equity funds is determined based on the last available net asset values, less necessary value adjustments according to own assessment. The fair value of unlisted equity instruments is determined with net asset value calculation, based on up-to-date available financial information (e.g. annual reports), less necessary value adjustments according to own assessment. The valuation of the contingent purchase price liability is mainly based on the underlying contractual share purchase terms and conditions.

4 Details on the consolidated balance sheet

4.2 Level-3-Financial Instruments

CHF 1 000	Per 30.6.2018			Per 30.6.2017		
	Other financial assets at fair value	Financial investments at fair value	Total	Other financial assets at fair value	Financial investments at fair value	Total
Assets						
Holdings at the beginning of the year as 1.1.	9 035	25 716	34 751	11 683	23 516	35 199
Investments	256	–	256	–	–	–
Redemptions/Payments	–857	–	–857	–765	–	–765
Losses recognized in the income statement	–1	–	–1	–	–	–
Losses recognized as other comprehensive income	–	–400	–400	–	–	–
Gains recognized in the income statement	1 621	–	1 621	1 632	–	1 632
Gains recognized as other comprehensive income	–	–	–	–	500	500
Total book value at balance sheet date	**10 054**	**25 316**	**35 370**	**12 550**	**24 016**	**36 566**
Unrealised profit/losses from level 3 instruments which were held on the balance sheet date recorded in the income statement in the period	**1 620**	**–**	**1 620**	**1 632**	**–**	**1 632**

Key assumptions in the valuation of Level 3 financial instruments are the underlying net asset values and reductions for illiquidity. The following table shows the effect on the valuation when these two assumptions change:

Key assumptions	Changes in key assumption	Change in fair value in CHF 1 000
Net Asset value	+ 5 percentage points	1 768
	– 5 percentage points	–1 768
Reduction for illiquidity	+ 5 percentage points	–1 488
	– 5 percentage points	1 488

CHF 1 000	Per 30.6.2018	Per 30.6.2017
	Other financial liabilities at fair value	Other financial liabilities at fair value
Assets		
Holdings at the beginning of the year as 1.1.	15 525	21 301
Investments	1 446	–
Payments	–7 655	–7 281
Losses recognized in the income statement	–	465
Gains recognized in the income statement	–200	–
Total book value at balance sheet date	**9 116**	**14 485**
Unrealised profit/losses from level 3 instruments which were held on the balance sheet date recorded in the income statement in the period	**–52**	**334**

The contingent purchase price payments from the acquisitions of StarCapital AG and MARS Asset Management GmbH are recorded in the other financial liabilities at fair value, and represent the remaining purchase price liabilities that are still owed. The valuation is mainly based on the underlying contractual share purchase terms and conditions.

StarCapital AG

The basic purchase price for StarCapital AG, which was acquired on 6 June 2016, is EUR 40.0 million in total, and may vary by +/–EUR 10.0 million depending on the evolution of the profits of StarCapital AG in the years from 2016 to 2018. These profits depend in particular on the evolution of the assets under management and the net new money inflows (level 3 input parameter). An adjustment to the contingent purchase price payment is, however, only made when the average profits for 2016 to 2018 are outside a defined contractual range.

The estimate used for the 2017 consolidated annual financial statements assumed a profit within the contractually defined range. As of 30 June 2018, Bellevue Group has analysed possible changes in the measurement of fair value by using scenario calculations, and continues to assume an average profit within the contractually defined range. The total purchase price based on this analysis remains at EUR 40.0 million, meaning the contingent purchase price payment does not have to be adjusted. The adjustment to the fair value posted as affecting net income in the reporting period is due to the effects of foreign currency and interest. The contingent purchase price payment in euros is subject to a foreign-currency risk.

The table below shows how sensitive the measurement of fair value for the contingent purchase price payment is to changes in unobservable inputs for 2018. The profit of StarCapital AG was confirmed for 2016 and 2017 following the approval of the StarCapital AG 2016 and 2017 annual reports.

Key assumptions	**Changes in key assumption**	**Change in fair value in CHF 1 000**
Profits	+ 10 percentage points	–
	– 10 percentage points	– 2 836

The contingent purchase price payment is due in three instalments of EUR 6.7 million, payable each year on the anniversary date of the time of purchase. In May 2017, the first instalment of CHF 7.3 million (EUR 6.7 million) and in May 2018 the second instalment of CHF 7.7 million (EUR 6.7 million) was paid. The definitive purchase price adjustment will be derived and be due for payment in 2019.

MARS Asset Management GmbH

The base purchase price for MARS Asset Management GmbH, which was acquired on 28 June 2018, is made up of a fixed purchase price component of EUR 1.4 million and a contingent purchase price component of EUR 1.3 million. The contingent purchase price component depends on the evolution of the assets under management (AuM) and the net new money inflows as of 31 December 2018 (level 3 input parameter). An adjustment to the contingent purchase price payment is, however, only made when the AuM as of 31 December 2018 are outside the contractually defined range.

For the consolidated interim financial statements of 30 June 2018, Bellevue Group estimates that AuM are within the contractually defined range, based on scenario calculations. The contingent purchase price based on this analysis remains in the region of EUR 1.3 million, meaning the contingent purchase price payment does not have to be adjusted. The contingent purchase price payment in euros is subject to a foreign-currency risk and is due in January 2019.

The table below shows how sensitive the measurement of fair value for the contingent purchase price payment is to changes in unobservable inputs for 2018.

Key assumptions	**Changes in key assumption**	**Change in fair value in CHF 1 000**
Assets under Management	+ 10 percentage points	–
	– 10 percentage points	– 229

4.3 Financial investments

CHF 1 000	30.6.2018	31.12.2017
Fair value changes recognized in the income statement		
Debt instruments	309	462
of which unlisted	309	462
Equity instruments	25 316	25 716
of which unlisted	25 316	25 716
Total	**25 625**	**26 178**
Total financial investments	**25 625**	**26 178**
of which repo-eligible securities	–	–

In the period under review, financial investments amounting to CHF 0.4 million (31.12.2017: CHF 2.2 million) were revalued without affecting net income. This took account of CHF 0.07 million (31.12.2017: CHF 0.4 million) of deferred taxes.

In a press release on 15 May 2018, SIX Group Ltd announced that a binding agreement on a strategic partnership had been signed with Worldline. Under the agreement, SIX will receive a 27% share in Worldline and bring its card business (merchant acceptance and acquiring, and international card processing) into the strategic partnership with Worldline for a total of CHF 2.75 billion. The deal should be completed in the fourth quarter of 2018.

It can be assumed that this deal will have an effect on the fair value of the shares Bellevue Group holds in SIX Group Ltd. The shares in SIX Group Ltd are recorded in the balance sheet as level 3 financial instruments under financial investments. The fair value of these shares is determined by Bellevue Group by means of net asset value using currently available financial information. There is no current public information regarding potential profit from the transaction or current financial information concerning the results of SIX Group Ltd's card business available, which would allow a reliable estimate of the effect on the fair value of the shares in SIX Group Ltd to be made. Therefore, after considering all the circumstances, Bellevue Group decided not to take this information into account when assessing the fair value of the shares in SIX Group Ltd on 30 June 2018.

4.4 Goodwill and other intangible assets

CHF 1 000	30.6.2018	31.12.2017
Goodwill	55 116	53 693
Other intangible assets	18 223	18 180
Balance as of 31.12.2017	**73 339**	**71 873**

CHF 1 000	Total
Goodwill	
Acquisition cost	
Balance as of 31.12.2017	104 608
Additions	1 778
Foreign currency effect	–355
Balance as of 30.6.2018	**106 031**
Accumulated valuation adjustments	
Balance as of 31.12.2017	–50 915
Balance as of 30.6.2018	**–50 915**
Net carrying values	
Balance as of 31.12.2017	53 693
Balance as of 30.6.2018	**55 116**

The reported goodwill as of 31 December 2017 and 30 June 2018 for the Asset Management business segments stems from the acquisition of the 100% Bellevue Asset Management AG by Bellevue Group AG (formerly Swissfirst AG) in 2005, from the acquisition of the 100% interest in Adamant Biomedical Investments AG («Adamant») in 2014, from the acquisition of the 100% interest in StarCapital AG in 2016 as well the 100% interest in MARS Asset Management GmbH in 2018.

Bellevue Group basically examines the recoverable value of the goodwill annually, based on the estimated amount that can be obtained per each single cash-generating unit, or group of such units (depending on allocation). If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently. Detailed explanations of the methods used in calculating the recoverable amount are given in the note in the annexe, item 4.6 on page 78, of the 2017 annual report.

CHF 1000	Client base	Brand	Other	Total
Acquisition cost				
Balance as of 31.12.2017				
Additions	46 943	385	200	47 528
Foreign currency effect	1 117	–	321	1 438
Balance as of 30.6.2018	–155	–2	–	–157
Stand 30.6.2018	**47 905**	**383**	**521**	**48 809**
Accumulated valuation adjustments				
Balance as of 31.12.2017	–29 198	–150	–	–29 348
Additions	–1 112	–39	–87	–1 238
Balance as of 30.6.2018	**–30 310**	**–189**	**–87**	**–30 586**
Net carrying values				
Balance as of 31.12.2017	17 745	235	200	18 180
Balance as of 30.6.2018	**17 595**	**194**	**434**	**18 223**

The intangible assets for «Brand» and «Client base» as per 31 December 2017 and 30 June 2018 stem from the acquisition of the Bellevue Asset Management by Bellevue Group (formerly Swissfirst AG) in 2005, from the acquisition of the 100% interest in Adamant Biomedical Investments AG in 2014, which merged with Bellevue Asset Management AG in 2015, the aquisition of StarCapital AG in 2016 as well as the aquisition of MARS Asset Management GmbH in 2018. These intangible assets are amortized over a period of 5 to 15 years and are likewise tested for impairment in the procedure describe above under «Goodwill». As of 30 June 2018, Bellevue Group AG is not aware of any events or changed circumstances which might indicate a potential impairment of goodwill or other intangible assets.

The estimated future depreciation of other intangible assets appears as follows:

2018 (01.7.–31.12.)	1 288
2019	2 570
2020	2 556
2021	2 348
2022	2 324
2023	2 324
2024	2 169
2025	1 702
2026	774
2027	112
2028	56
Total	**18 223**

4.5 Business combination

On 28 June 2018, StarCapital AG, a wholly owned subsidiary of Bellevue Group AG, acquired a 100% share in Mars Asset Management GmbH, Bad Homburg, Germany. The Group expects to continue increasing its presence in Germany through the combination of this business with the existing asset management business segment of StarCapital AG. The goodwill of TEUR 1537 from this acquisition can be attributed in particular to the synergies and economies of scale expected to arise from the merger of these businesses. As expected, it will not be possible to amortise the recorded goodwill for tax purposes.

The table below includes the purchase price for Mars Asset Management GmbH and the provisional fair value of the assets and liabilities acquired at the time of acquisition:

EUR 1000	28.6.2018
Fixed purchase price component	1 393
Conditional purchase price component	1 250
Total consideration transferred	**2 643**
Due from banks	409
Receivables	327
Property, plant & equipment	3
Intangible assets	966
Liabilities	– 599
Total recognised amounts of identifiable assets acquired and liabilities assumed	**1 106**
Goodwill	1 537

The above-mentioned amounts represent the provisional allocation of the purchase price. The acquisition-related costs of TEUR 145 which arose in the first half of the 2018 financial year were recorded as operating expenses in the income statement.

The purchase price consists of a fixed and a contingent purchase price component.

The fixed purchase price component amounts to TEUR 1 393 and was paid on 28 June 2018.

The contingent purchase price agreement depends on the progress of the AuM as of 31 December 2018. Using an AuM reference value of EUR 340 million as a starting point, the contingent purchase price of TEUR 1250 will be adjusted as follows:

- AuM EUR 340 million +/– 10% = EUR 306 million up to EUR 374 million → no adjustment
- AuM reduction > 10% of EUR 340 million = TEUR 1250 linear reduction of > 10%
- AuM increase > 10% of EUR 340 million = TEUR 1250 linear increase of > 10%

In the case of a maximum adjustment to the contingent purchase price payment of 50%, the minimum payment will be TEUR 625, while the maximum will be TEUR 1875. The fair value of the contingent component of the purchase price will depend on the progress of the AuM of Mars Asset Management GmbH in 2018, which, at the same time, represent the main input parameter underlying the valuation (level 3). As of the acquisition date, the fair value of the contingent purchase price payment was estimated at TEUR 1250. The value adjustments to the contingent purchase price payment are recorded in the income statement. The contingent purchase price payment in euros is subject to a foreign-currency risk.

Bellevue Group assumed control of was Mars Asset Management GmbH on 28 June 2018 (time of acquisition). From this time, no operating income or profit was recognised in the consolidated income statement up to 30 June 2018. In the period from 1 January 2018 up to the acquisition, Mars Asset Management GmbH generated an operating income of TEUR 526 and a profit of TEUR 215. This profit was reflected in the net asset value.

5 Off-balance sheet and other information

5.1 Off-balance sheet

CHF 1 000	30.6.2018	31.12.2017
Contingent liabilities		
Other contingent liabilities	723	–
Total	**723**	**–**
Irrevocable commitments		
Rental commitments due within 1 year	2 295	2 108
Rental commitments due between 1 and 5 years	7 684	2 014
Undrawn irrevocable credit facilities	118	118
of which payment obligation to the protection of deposits	118	118
Total	**10 097**	**4 240**
Assets under management		
Assets in self-managed collective investment instruments	10 545	9 931
Assets with management mandate	362	369
Other assets under management	1 822	1 745
Total assets under management (including double counts)	**12 729**	**12 045**
of which double counts	258	288
Development of assets under management		
Total assets under management (including double counting) at the beginning of the reporting period	12 045	10 550
+/– net new money inflow or net new money outflow	183	1 263
+/– price gains/losses, interest, dividends and currency gains/losses	132	1 618
+/– other effects [1]	369	–1 386
Total managed assets (including double counting) at the balance sheet date	**12 729**	**12 045**

[1] The assets acquired this year following the acquisition of Mars Asset Management GmbH are listed under this item.
One deposit was reclassified as a custody asset in the reporting year.
This reclassification is due to the shut down of the Corporate Finance business activities of Bank am Bellevue.

Assets under management and net inflows/outflows of new mone

Assets under management are calculated and reported in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority FINMA concerning accounting standards for financial institutions. Assets under management comprise all of the assets managed or held for investment purposes of private, corporate and institutional clients, as well as assets in self-managed collective investment instruments for which investment advisory and/or asset management services are provided. This includes all amounts due to customers on savings and deposit accounts, fixed-term and fiduciary deposits, and all valued assets. Assets under management that are deposited with third parties are included to the extent that investment advisory and/or asset management services are provided by Bellevue Group. Assets that are counted in several categories of assets are shown under double counts.

Net inflows or outflows of assets under management during the reporting period consist of the acquisition of new clients, the departure of clients as well as inflows and outflows of assets from existing clients. If there is a change in the service provided, resulting in the reclassification of assets under management as assets held for custody purposes or vice versa, this is recorded as an outflow of new money or an inflow of new money, respectively. Securities-related and currency-related changes in market value, interest income and dividends, fee charges and loan interest paid do not constitute inflows or outflows of assets.

5 Off-balance sheet and other information

5.2 Transactions with related companies and persons

Legal entities and natural persons are considered to be related parties if one party has the ability to control the other or exercise significant influence over its financial or operational decisions.

CHF 1 000	Key management personnel [1]	Major shareholders [2]	Associated companies	Other related companies and persons [3]	Total
30.6.2018					
Due from clients	2 513	–	–	–	2 513
Due to clients	607	28 174	–	–	28 781
1.1.–30.6.2018					
Interest income	15	2	–	–	17
Fee and commission income	10	265	–	–	275
Other operating expenses	–	–	–	–	–
31.12.2017					
Due from clients	1 548	–	–	–	1 548
Due to clients	2 530	31 074	–	–	33 604
1.1.–30.6.2017					
Interest income	7	1	–	–	8
Fee and commission income	1	313	–	–	314
Other operating expenses	20	–	–	–	20

[1] Key management personnel: Board of Directors and Group Executive Board (excluding major shareholders)
[2] Major shareholders: see Corporate Governance, section Group structure and shareholders, page 31 of the annual report 2017
[3] Other closely related companies and persons: This includes all other natural persons and legal entities that have close personal, economic, legal or de facto ties with members of the Board of Directors or the Group Executive Board.

Loans to related parties are generally Lombard loans secured by pledged assets (securities portfolios).

Employees, members of the Board of Directors and the Executive Board benefit from preferential terms customary in the banking industry. Transactions for all other related parties are executed at terms equivalent to those available to third parties. Transactions may include, for example, loans, interest on deposits and securities transactions.

Thomas von Planta has not charged Bellevue Group AG for consulting services in the period from 1 January to 30 June 2018 (comparison period: CHF 19 800 excluding VAT).

Off-balance-sheet transactions:
Securities lending and borrowing transactions are conducted with related parties under market conditions.

5 Off-balance sheet and other information

5.3 Major foreign exchange rates

The following exchange rates were used for the major currencies:	30.6.2018 Half year-end rate	1.1.– 30.6.2018 Average rate	31.12.2017 Year-end rate	1.1.–31.12.2017 Average rate
EUR	1.15665	1.16990	1.17055	1.11176
USD	0.99141	0.96720	0.97490	0.98460
GBP	1.30770	1.32990	1.31731	1.26840

5.4 Events after the balance sheet date

No events have occured since the balance sheet date of June 30, 2018 that would have a material impact on the interim financial statements.

5.5 Approval of the consolidated interim financial statements

The Board of Directors has approved the consolidated interim financial statements at the meeting of July 24, 2018.

6 Segment reporting

CHF 1 000	Asset Management	Bank am Bellevue	Group	Intercompany	Total
1.1.–30.6.2018					
Net interest income	145	2 018	3	–	2 166
Net fee and commission income	46 110	1 948	–	–	48 058
Net trading income	−81	−519	−66	–	−666
Other income	1 971	1	926	–	2 898
Service from/to other segments	−15	15	–	–	–
Operating income	**48 130**	**3 463**	**863**	**–**	**52 456**
Personnel expenses	−19 334	−3 391	−2 626	–	−25 351
Other operating expenses	−7 312	−2 643	−860	–	−10 815
Service from/to other segments	−105	−763	868	–	–
Depreciation and amortization	−1 289	−153	–	–	−1 442
thereof on intangible assets	−1 178	−60	–	–	−1 238
Valuation adjustments and provisions	–	–	–	–	–
Operating expense	**−28 040**	**−6 950**	**−2 618**	**–**	**−37 608**
Profit before taxes	**20 090**	**−3 487**	**−1 755**	**–**	**14 848**
Taxes	−3 337	6	3	–	−3 328
Group net profit	**16 753**	**−3 481**	**−1 752**	**–**	**11 520**
Additional information as per 30 June 2018					
Segment assets [1]	160 060	265 338	6 105	–	431 503
Segment liabilities	51 789	200 656	8 638	–	261 083
Net new money (CHF m)	69	114	–	–	183
Price gains/losses, interest, dividends and currency gains/losses (CHF m)	165	−33	–	–	132
Other effects (CHF m)	369	–	–	–	369
Total assets under management (CHF m) [2]	10 625	2 104	–	–	12 729
Capital expenditure	760	642	–	–	1 402
Number of staff full-time equivalent (at cutoff date)	81.1	19.8	8.8	–	109.7
Half year average number of staff (full-time equivalent)	79.5	17.9	8.0	–	105.4

1) Including associated companies; the sum of long-term assets including Goodwill and excluding Other financial assets at fair value, amounts to CHF 54.4 million in Switzerland, CHF 45.4 million in Germany and CHF 0.3 million in all other countries.
2) Including double counts

Segment «Asset Management»
The Asset Management business segment consists of Bellevue Asset Management AG, its foreign subsidiaries (Bellevue Asset Management Group) and StarCapital AG and ist subsidiary, and has total assets under management of CHF 10.6 billion. Its offering includes a wide range of investment funds and investment solutions for institutional, intermediary and retail clients. The business segment's investment philosophy features a purely active asset management concept. The Bellevue Asset Management boutique has a clear focus on managing equity portfolios for selected sector and regional strategies, and these are based on a bottom-up, research-driven approach to stock picking. In contrast, StarCapital AG and its subsidiary adopt a comprehensive asset management approach, based on quantitative, experience-driven and strongly anticyclical investment principles. Its well-diversified product offering lies in the areas of managed asset strategies, global bond and equity strategies and multi-asset-class solutions and acts as a strong complement to Bellevue Asset Management.

Segment «Bank am Bellevue»
The services of Bank am Bellevue include asset management and consultancy for entrepreneurial private clients. Besides the portfolio-related services, general asset services are also provided. These primarily include support and advice for setting up and running investment office structures (e.g. manager selection, applying tactical measures, and consolidated asset reporting). The Bank also offers its clients custody account management, securities trading with a focus on Swiss stocks, individual credit solutions and market-making services.

Segment «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.

6 Segment reporting

CHF 1 000	Asset Management	Bank am Bellevue	Group	Intercompany	Total
1.1.–30.6.2017					
Net interest income	−46	1 319	–	–	1 273
Net fee and commission income	35 866	7 276	–	–	43 142
Net trading income	129	2 188	8	–	2 325
Other income	3 057	10	137	–	3 204
Service from/to other segments	−18	18	–	–	–
Operating income	**38 988**	**10 811**	**145**	**–**	**49 944**
Personnel expenses	−17 460	−7 248	−1 732	–	−26 440
Other operating expenses	−4 762	−3 199	−710	–	−8 671
Service from/to other segments	−113	−692	805	–	–
Depreciation and amortization	−1 191	−497	−2	–	−1 690
thereof on intangible assets	−1 090	–	–	–	−1 090
Operating expense	**−23 526**	**−11 636**	**−1 639**	**–**	**−36 801**
Profit before taxes	**15 462**	**−825**	**−1 494**	**–**	**13 143**
Taxes	−3 059	−262	6	–	−3 315
Group net profit	**12 403**	**−1 087**	**−1 488**	**–**	**9 828**
Additional information as per 30 June 2017					
Segment assets [1]	143 467	322 658	7 459	–	473 584
Segment liabilities	43 545	257 099	15 234	–	315 878
Net new money (CHF m)	298	274	–	–	572
Price gains/losses, interest, dividends and currency gains0losses (CHF m)	510	138	–	–	648
Other effects (CHF m) [2]	–	−1 387	–	–	−1 387
Total assets under management (CHF m) [3]	8 653	1 730	–	–	10 383
Capital expenditure	59	–	–	–	59
Number of staff full-time equivalent (at cutoff date)	66.5	19.6	7.2	–	93.3
Half year average number of staff (full-time equivalent)	66.2	33.7	7.2	–	107.1

1) Including associated companies; the sum of long-term assets including Goodwill and excluding Other financial assets at fair value, amounts to CHF 53.0 million in Switzerland, CHF 41.8 million in Germany and CHF 0.5 million in all other countries.

2) One deposit was reclassified as a custody asset in the reporting year. This reclassification is due to the shut down of the Corporate Finance business activities of Bank am Bellevue.

3) Including double counts

Investor Relations and Address

Investor Relations

Daniel Koller
Bellevue Group AG
Seestrasse 16
CH-8700 Küsnacht
Telefon + 41 (0)44 267 67 00
Fax + 41 (0)44 267 67 01
ir@bellevue.ch

Address

Bellevue Group AG
Seestrasse 16
CH-8700 Küsnacht
Telefon + 41 (0)44 267 67 77
Fax + 41 (0)44 267 67 78
info@bellevue.ch
www.bellevue.ch

"In case of any deviations resulting from the translation, the German version shall prevail."

Editor
Bellevue Group AG, Küsnacht

Production
NeidhartSchön AG, Zürich

Design
Nadiv Visual Communication, Zürich

Photography
Pablo Faccinetto, Zürich

Project Management
Tanja Chicherio

Accounting Scientists
Daniel Koller, Michael Hutter, Stefano Montalbano