Bellevue Group

Half-year report 2012

Foreword half-year results Bellevue Group

Dear Shareholders

Persisting uncertainty continued to plague much of the world economy during the first half of 2012. Europe's worsening debt crisis and, in some cases, monumental regulatory changes continued to have a deep impact on financial markets. Greek voters elected a largely pro-European government in mid-June, defusing yet another potentially explosive situation. We still expect capital markets to experience further stress and volatility going forward given the murky economic outlook, and not only for industrialized countries. In view of the mixed prospects for the world economy, private and institutional investors are hugging the sidelines and trading turnover has dropped to record lows.

Bellevue Group returns to the profit zone

Bellevue Group was successful in regaining its profitability, having earned a consolidated net profit of CHF 8.3 million for the period. In contrast to last year, Bellevue Group's operating performance in 1H 2012 was not diminished by any extraordinary value adjustments or impairments. The current half-year results also reflect the effects of various measures to lower costs and optimize business processes. Commission- and fee-driven business in the services of brokerage, corporate finance and asset management was impacted by low investor demand for equity investments, the focus of Bellevue Group's business model. Therefore net fee and commission income came in slightly lower at CHF 20.7 million. At the same time general operating expenses were reduced by 16% to CHF 18.7 million thanks to past restructuring measures. The two business units Bank am Bellevue and Bellevue Asset Management performed well in this adverse environment and contributed in total CHF 2 million and CHF 8 million, respectively, to earnings before taxes.

Assets under management declined slightly by 3% to CHF 3.5 billion due to the general reluctance to invest in equities (previous year: CHF 3.6 billion). The good to very good investment performance of several investment products almost completely offset the effects of the share buyback program at the flagship product BB Biotech AG as well as the isolated instances of asset outflows.

New positioning under the new management

Urs Baumann assumed the position of CEO from Martin Bisang in March as part of a long-planned generational change. Under its new management, Bellevue Group is adjusting to the new realities in the financial industry. We anticipate subdued economic growth, stricter regulations, weak markets and low client activity in the near term. Consequently, it will take some time before the full impact of Bellevue Group's new orientation, which we have already introduced, is visible. Initial progress has been made and we are looking towards the future with confidence. Our business model will be further optimized and augmented where appropriate. We will rely on our proven strengths in doing so: Independent equity expertise, established networks in the Swiss financial and capital market, proven talent for innovative investment ideas, entrepreneurial employees and a strong capital base.

The untiring efforts of our employees put Bellevue Group on a solid foundation for the future and we are very grateful to them and appreciate their commitment. We also thank our shareholders and clients for the trust they have placed in us during these difficult times.

Walter Knabenhans	Urs Baumann
Chairman of the Board of Directors	CEO

Consolidated income statement

CHF 1 000	Note	6 months as per 30.06.12	6 months as per 31.12.11	6 months as per 30.06.11	Δ to 30.06.11
Interest income		553	773	853	−300
Dividend income		1 111	−75	1 077	+34
Interest expense		−41	−75	−112	+71
Net interest income		**1 623**	**623**	**1 818**	**−195**
Fee and commission income		20 729	15 604	22 066	−1 337
Fee and commission expense		−74	−114	−157	+83
Net fee and commission income		**20 655**	**15 490**	**21 909**	**−1 254**
Securities trading		209	−1 210	−918	+1 127
Foreign exchange trading		112	357	−81	+193
Net trading income		**321**	**−853**	**−999**	**+1 320**
Income from other financial assets at fair value		2 426	−6 197	−3 382	+5 808
Income from associated companies		0	−6	−2 328	+2 328
Other ordinary income		2 733	1 741	358	+2 375
Other ordinary expense		−3	−3	−3	+0
Other income		**5 156**	**−4 465**	**−5 355**	**+10 511**
Total operating income		**27 755**	**10 795**	**17 373**	**+10 382**
Personnel expenses		−11 655	−12 349	−13 373	+1 718
Other operating expenses		−7 066	−7 535	−8 815	+1 749
Depreciation		−1 398	−1 399	−2 492	+1 094
Valuation adjustments and provisions	3.4	1 867	−42	−47 000	+48 867
Total operating expenses		**−18 252**	**−21 325**	**−71 680**	**+53 428**
Profit before tax		**9 503**	**−10 530**	**−54 307**	**+63 810**
Taxes		−1 179	−680	803	−1 982
Group net profit		**8 324**	**−11 210**	**−53 504**	**+61 828**
Basic earnings per share (in CHF)		+0.81	−1.08	−5.11	+5.92
Diluted earnings per share (in CHF)		+0.81	−1.08	−5.11	+5.92

Consolidated statement of comprehensive income

CHF 1 000	6 months as per 30.06.12	6 months as per 31.12.11	6 months as per 30.06.11	Δ to 30.06.11
Group net profit in the income statement	**8 324**	**–11 210**	**–53 504**	**+61 828**
Other comprehensive income				
Currency translation adjustments	–3	–118	195	–198
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	492	1 148	492	+0
Total comprehensive income	**8 813**	**–10 180**	**–52 817**	**+61 630**

Consolidated balance sheet

CHF 1 000	Note	30.06.12	31.12.11	30.06.11	Δ to 31.12.11
Assets					
Cash		171 337	122 731	65 306	+48 606
Due from banks		97 485	118 829	108 647	–21 344
Due from clients		17 408	13 500	98 141	+ 3 908
Trading portfolio assets		888	5 346	8 972	–4 458
Positive replacement values		1 884	1 644	5 335	+240
Other financial assets at fair value	3.1	44 310	63 221	90 321	–18 911
Accrued income and prepaid expenses		1 612	3 023	3 005	–1 411
Financial investments	3.2	50 192	54 728	58 303	–4 536
Associated companies		48	1	244	+ 47
Property and equipment		999	1 253	1 498	–254
Goodwill and other intangible assets	3.3	57 425	58 568	59 710	–1 143
Current tax assets		6 359	6 776	5 207	–417
Deferred tax assets		81	891	1 993	–810
Other assets		1 941	1 497	2 471	+444
Total assets		**451 969**	**452 008**	**509 153**	**–39**
Liabilities					
Due to banks		14 833	16 160	86 248	–1 327
Due to customers		256 804	221 891	192 655	+34 913
Negative replacement values		1 659	1 560	4 011	+99
Accrued expenses and deferred income		6 676	8 559	6 857	–1 883
Current tax liabilities		1 980	2 854	2 322	–874
Deferred tax liabilities		6 114	6 176	6 105	–62
Provisions	3.4	560	2 460	6 811	–1 900
Other liabilities		2 758	1 721	2 680	+1 037
Total liabilities		**291 384**	**261 381**	**307 689**	**+30 003**
Share capital	3.5	1 047	1 050	1 050	–3
Capital reserves		27 250	27 250	27 250	+ 0
Unrealized gains and losses on financial instruments		15 662	15 170	14 022	+492
Currency translation adjustments		–475	–472	–354	–3
Retained earnings		119 444	149 998	160 791	–30 554
Treasury shares	3.6	–2 343	–2 369	–1 295	+26
Total shareholder's equity		**160 585**	**190 627**	**201 464**	**–30 042**
Total liabilities and shareholders' equity		**451 969**	**452 008**	**509 153**	**–39**

Statement of shareholder's equity

CHF 1 000	Note	2012	2011
Share capital			
Balance as of January 1		1 050	1 050
Change in share capital		–3	0
Balance as of June 30		**1 047**	**1 050**
Capital reserves			
Balance as of January 1		27 250	27 250
Change during period under review		0	0
Balance as of June 30		**27 250**	**27 250**
Currency translation adjustments			
Balance as of January 1		–472	–549
Change during period under review		–3	195
Balance as of June 30		**–475**	**–354**
Retained earnings			
Balance as of January 1		149 998	254 756
Group net profit		8 324	–53 504
Dividends and other cash distributions		–34 585	–41 880
Income from the sale of own shares		–194	–76
Share capital reduction		–1 194	0
Employee stock ownership plan		–2 905	1 542
Other effects		0	–47
Balance as of June 30		**119 444**	**160 791**
Unrealized profit updated in relation to the overall result			
Balance as of January 1		15 170	13 530
Change in unrealized gains		492	492
Balance as of June 30		**15 662**	**14 022**
Treasury shares	3.6		
Balance as of January 1		–2 369	–1 197
Purchases		–7 415	–5 155
Disposals		6 244	5 057
Share capital reduction		1 197	**0**
Balance as of June 30		**–2 343**	**–1 295**
Total shareholder's equity	3.5		
Balance as of January 1		190 627	294 840
Balance as of June 30		**160 585**	**201 464**

Consolidated cash flow statement (condensed)

CHF 1 000	1.1.–30.6.12	1.1.–30.6.11
Cash and cash equivalents at the beginning of the period	**148 728**	**157 995**
Net cash flow from operating activities	60 026	–25 139
Net cash flow from investing activities	18 146	5 230
Net cash flow from financing activities	–34 563	–41 978
Currency translation effects	–3	195
Cash and cash equivalents at the end of the period	**192 334**	**96 303**

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" and should be read in conjunction with the consolidated annual financial statement for the year ended December 31, 2011. 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 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 Changes in accounting principles and interpretations

1.2.1 Implemented standards and interpretations

In the 2012 financial year the Bellevue Group applied the following new standard:
- IFRS 1 (amended, effective July 1, 2011) – Exemption for severe hyperinflation and removal of fixed assets
- IFRS 7 (amended, effective July 1, 2011) – Transfer of financial instruments – disclosure
- IAS 1 (amended, effective July 1, 2012) – Presentation of items of other comprehensive income
- IAS 12 (amended, effective January 1, 2012) – Deferred tax accounting for investment property at fair value

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 financial year 2011 Bellevue Group has already applied the following new standard:
- IFRS 9 (effective January 1, 2013) – Financial instruments

This early use entailed reclassifying unrealized income on financial instruments as retained earnings, as of January 1, 2010. The corresponding financial instrument was also reclassified, as of January 1, 2010, from the investments item "available for sale" to "other financial assets at fair value reflected in net income". The nature of this instrument necessitates the reclassification.

1.2.2 Standards and interpretations that have not yet been implemented

The following new and amended standards and interpretations have to be applied for the financial year commencing after July 1, 2012, or later. Bellevue Group is not availing itself of the possibility of early application of these innovations:
- IFRS 7 (amended, effective January 1, 2013) – Financial instruments – disclosure – Offsetting of financial assets and liabilities
- IFRS 9 (effective January 1, 2015) – Financial liabilities – Classification and measurement
- IFRS 10 (amended, effective January 1, 2013) – Consolidated financial statements
- IFRS 10 (amended, effective January 1, 2013) – Joint arrangements
- IFRS 12 (amended, effective January 1, 2013) – Disclosure of interests in other entities
- IFRS 13 (amended, effective January 1, 2013) – Fair value measurement
- IAS 19 (amended, effective January 1, 2013) – Employee benefits – Recognition and measurement
- IAS 27 (amended, effective January 1, 2013) – Separate financial statements
- IAS 28 (amended, effective January 1, 2013) – Investments in associates and joint ventures
- IAS 32 (amended, effective January 1, 2014) – Financial instruments – Presentation – Offsetting of financial assets and liabilities
- IFRIC 20 (amended, effective January 1, 2013) – Stripping costs in the production phase of a surface mine

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

1.3 Estimates, assumptions and the exercising of discretion by management

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 2011. Exceptions were the items goodwill and "other intangible assets", for which see the notes to the condensed consolidated interim financial statements, details on the consolidated balance sheet, item 3.3, "Goodwill and other intangible assets", page 12.

2 Risk management and risk control

Bellevue Group's activity is subject to multiple financial risks including market, credit, 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 2011 Annual Report.

3 Details on the consolidated balance sheet

3.1 Fair value of financial instruments

CHF 1 000	30.06.12			31.12.11		
	Book value	Fair Value	Deviation	Book value	Fair Value	Deviation
Assets						
Cash	171 337	171 337	0	122 731	122 731	0
Due from banks	97 485	97 485	0	118 829	118 829	0
Due from clients	17 408	17 408	0	13 500	13 500	0
Subtotal receivables	**286 230**	**286 230**	**0**	**255 060**	**255 060**	**0**
Financial assets	29 994	31 238	1 244	34 993	36 309	1 316
Financial assets at amortized cost	**316 224**	**317 468**	**1 244**	**290 053**	**291 369**	**1 316**
Trading portfolio assets	888	888	0	5 346	5 346	0
Positive replacement values	1 884	1 884	0	1 644	1 644	0
Other financial assets at fair value	44 310	44 310	0	63 221	63 221	0
Financial assets	1 098	1 098	0	1 235	1 235	0
Subtotal other financial assets at fair value through profit and loss	**48 180**	**48 180**	**0**	**71 446**	**71 446**	**0**
Financial assets	19 100	19 100	0	18 500	18 500	0
Financial assets at fair value	**67 280**	**67 280**	**0**	**89 946**	**89 946**	**0**
Liabilities						
Due to banks	14 833	14 833	0	16 160	16 160	0
Due to clients	256 804	256 804	0	221 891	221 891	0
Financial liabilities at amortized cost	**271 637**	**271 637**	**0**	**238 051**	**238 051**	**0**
Negative replacement values	1 659	1 659	0	1 560	1 560	0
Financial liabilities at fair value	**1 659**	**1 659**	**0**	**1 560**	**1 560**	**0**

3 Details on the consolidated balance sheet

The fair values of financial instruments shown on the balance sheet were obtained by the following methods:

CHF 1 000 per 30.06.12	Level 1	Level 2	Level 3	Total
Determination of fair value				
Trading portfolios	888	0	0	888
Derivative financial instruments	0	1 884	0	1 884
Financial assets at fair value	0	43 570	740	44 310
Financial investments available for disposal	0	20 198	0	20 198
Total assets at fair value	**888**	**65 652**	**740**	**67 280**
Trading portfolio liabilities	0	0	0	0
Derivative financial instruments	0	1 659	0	1 659
Financial investments available for disposal	0	0	0	0
Total liabilities at fair value	**0**	**1 659**	**0**	**1 659**

CHF 1 000 per 31.12.11	Level 1	Level 2	Level 3	Total
Determination of fair value				
Trading portfolios	736	4 610	0	5 346
Derivative financial instruments	102	1 542	0	1 644
Financial assets at fair value	0	62 489	732	63 221
Financial investments available for disposal	0	19 735	0	19 735
Total assets at fair value	**838**	**88 376**	**732**	**89 946**
Derivative financial instruments	40	1 520	0	1 560
Total liabilities at fair value	**40**	**1 520**	**0**	**1 560**

The fair values of listed secutities and derivatives in the trading portfolios and financial investments are determined from market listings on an active market **(Level 1)**.

If no market listings are available, fair value is determined using valuation models or methods. The underlying assumptions are backed by observed market prices and other market listings **(Level 2)**.

For the remaining financial instruments, neither market listings nor valuation models or methods based on market prices are available. For these instruments, we use our own valuation models or methods **(Level 3)**.

No instruments were reclassified during the period under review. There were also no level 3 transactions.

3 Details on the consolidated balance sheet

3.2 Financial investments

CHF 1 000	30.06.12	31.12.11
Valued at amortized cost		
Debt instruments	29 994	34 993
of which listed	29 994	34 993
Total	**29 994**	**34 993**
Valued at fair value		
Equity instruments [1]	19 100	18 500
of which unlisted	19 100	18 500
Debt instruments	1 098	1 235
of which unlisted	1 098	1 235
Total	**20 198**	**19 735**
Total financial investments	**50 192**	**54 728**
of which repo-eligible securities	20 997	25 997

[1] Change in value is recorded in the consolidated statement of comprehensive income

3 Details on the consolidated balance sheet

3.3 Goodwill and other intangible assets

CHF 1 000	Bank am Bellevue	Asset Management	Total
Goodwill			
Acquisition cost			
Balance as of 01.01.11	97 374	62 915	160 289
Balance as of 30.06.11	97 374	62 915	160 289
Balance as of 31.12.11	97 374	62 915	160 289
Balance as of 30.06.12	**97 374**	**62 915**	**160 289**
Accumulated valuation adjustments			
Balance as of 01.01.11	–36 374	–32 915	–69 289
Additions	–29 000	–18 000	–47 000
Balance as of 30.06.11	–65 374	–50 915	–116 289
Balance as of 31.12.11	–65 374	–50 915	–116 289
Balance as of 30.06.12	**–65 374**	**–50 915**	**–116 289**
Net carrying values			
Balance as of 01.01.11	61 000	30 000	91 000
Balance as of 30.06.11	32 000	12 000	44 000
Balance as of 31.12.11	32 000	12 000	44 000
Balance as of 30.06.12	**32 000**	**12 000**	**44 000**

The reported goodwill for the two segments “Bank am Bellevue” and “Asset Management” stems from the acquisition of the Bank am Bellevue AG and Bellevue Asset Management by Bellevue Group AG (then: swissfirst AG) in 2005. Possible goodwill impairments are assessed by determining the recoverable amount for the individual cash-geberatubg units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets) within these segments and comparing that amount with the carrying value of the respective unit.

A proprietary model based on the discounted cash flow method is used to calculate the recoverable amount. The projected free cash flows for the respective cash-generating units are estimated based on five-year financial plans. The business plans of the respective segments serve as the basis for these estimates of projected free cash flows. These cash flows are discounted to present value and the current discount rate used in these calcluations is 7.6% as per 30.6.12 (as per 31.12.11: 9.2%) and growth rate applied 1.0% (as per 31.12.11: 1.0%).

The impairment test performed as of June 30, 2012 revealed no need for an adjustment to the carrying value.

3 Details on the consolidated balance sheet

CHF 1 000	Client base	Brand	Other	Total
Other intangible assets				
Acquisition cost				
Balance as of 01.01.11	78 617	1 179	3 237	83 033
Balance as of 30.06.11	78 617	1 179	3 237	83 033
Balance as of 31.12.11	78 617	1 179	3 237	83 033
Balance as of 30.06.12	**78 617**	**1 179**	**3 237**	**83 033**
Accumulated valuation adjustments				
Balance as of 01.01.11	−60 647	−1 179	−3 237	−65 063
Additions	−2 260			−2 260
of which due to impairment	−1 000			−1 000
Balance as of 30.06.11	−62 907	−1 179	−3 237	−67 323
Additions	−1 142			−1 142
Balance as of 31.12.11	−64 049	−1 179	−3 237	−68 465
Additions	−1 143			−1 143
Balance as of 30.06.12	**−65 192**	**−1 179**	**−3 237**	**−69 608**
Net carrying values				
Balance as of 01.01.11	17 970	0	0	17 970
Balance as of 30.06.11	15 710	0	0	15 710
Balance as of 31.12.11	14 568	0	0	14 568
Balance as of 30.06.12	**13 425**	**0**	**0**	**13 425**

The intangible assets for “Brand” and “Client base” stem from the acquisition of the Bank am Bellevue and Bellevue Asset Managment by Bellevue Group (then: swissfirst AG) in 2005. These intangible assets are amortized over a period of 5 to 15 years and are likewise tested for impairement in the procedure described under “Goodwill”.

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

2012 (01.07.–31.12.)	1 142
2013	2 285
2014	2 285
2015	2 013
2016	1 200
2017	1 200
2018	1 200
2019	1 200
2020	900
Total	**13 425**

3 Details on the consolidated balance sheet

3.4 Value adjustments and provisions

CHF 1 000	Actuarial BVG provisions	Other	30.06.12 Total	2011 Total
Balance at the beginning of the year	560	1 900	2 460	6 811
Utilization in conformity with intended purpose	0	–33	–33	–3 917
New charge to profit and loss account	0	0	0	42
Write-backs credited to profit and loss account	0	–1 867	–1 867	–476
Provisions as at the balance sheet date	**560**	**0**	**560**	**2 460**

Other provisions consist of provisions for business and process risks and other liabilities. Bellevue Group is involved in litigation and is making provisions for current and impendding proceedings if the competent sections think that payments or losses on the part of the Group companies are likelier to occur than not, and if their amount can be reliably estimated. The release of provisions in the first half of 2012 stems from the conclusion of legal proceedings.

The creation and release of BVG provisions are recorded directly in the item "Personnel expenses".

3 Details on the consolidated balance sheet

3.5 Share capital / Conditional capital

	Number of shares	Par value CHF 1 000
Share capital (registered shares)		
Balance as of 01.01.11	10 500 000	1 050
Balance as of 30.06.11	10 500 000	1 050
Balance as of 31.12.11	10 500 000	1 050
Balance as of 30.06.12	**10 470 000**	**1 047**

The ordinary general meeting on March 19, 2012 voted in favor of the proposal to reduce Bellevue Group AG's share capital from CHF 1 050 000 to CHF 1 047 000. The reduction in share capital was duly registered in the Commercial Register on June 29, 2012.

Conditional capital		
Balance as of 01.01.11	1 000 000	100
Balance as of 30.06.11	1 000 000	100
Balance as of 31.12.11	1 000 000	100
Balance as of 30.06.12	**2 000 000**	**200**

The intended purpose of the conditional capital created at the general meeting of shareholders on December 15, 2006 was 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.

The ordinary general meeting on March 19, 2012 voted in favor of the proposal to create additional conditional capital. The intended purposa (in total) is as follows:
– a sum of up to CHF 100 000 through the exercise of option rights granted to shareholders;
– a sum of up to CHF 100 000 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.

3 Details on the consolidated balance sheet

3.6 Treasury shares

	Number of shares	CHF 1 000
Own shares in trading portfolio of Bank am Bellevue		
Balance as of 01.01.11	0	0
Purchases	158 941	5 155
Disposals	−153 886	−5 057
Balance as of 30.06.11	5 055	98
Purchases	92 055	1 246
Disposals	−91 710	−1 273
Balance as of 31.12.11	**5 400**	**71**
Purchases	497 978	5 103
Disposals	−263 561	−2 831
Balance as of 30.06.12	**239 817**	**2 343**
Treasury shares held by Bellevue Group AG		
Balance as of 01.01.11	30 000	1'197
Purchases	0	0
Disposals	0	0
Balance as of 30.06.11	30 000	1 197
Purchases	83 968	1 101
Disposals	0	0
Balance as of 31.12.11	**113 968**	**2 298**
Purchases	236 670	2 312
Disposals	−320 638	−3 413
Share capital reduction	−30 000	−1 197
Balance as of 30.06.12	**0**	**0**

3 Details on the consolidated balance sheet

3.7 Assets pledged or assigned as collateral for own liabilities

CHF 1 000	30.06.12 Carrying amount	30.06.12 Actual liability	31.12.11 Carrying amount	31.12.11 Actual liability
Due from banks	41 993	0	41 063	0
Financial assets	20 997	0	25 997	0
Total	**62 990**	**0**	**67 060**	**0**

4 Off-balance sheet and other information

4.1 Off-balance sheet

CHF 1 000	30.06.12	31.12.11
Contingent liabilities		
Credit guarantees	16 000	16 164
Total	**16 000**	**16 164**
Irrevocable commitments		
Rental commitments	3 097	2 899
Undrawn irrevocable credit facilities	212	212
of which payment obligation to “Einlagensicherung”	212	212
Total	**3 309**	**3 111**
Fiduciary transactions		
Fiduciary placements with third-party banks	0	0
Fiduciary credits	0	0
Total	**0**	**0**
Derivative financial instruments		
Positive replacement values	1 884	1 644
Negative replacement values	1 659	1 560
Negative replacement values	74 438	79 023
Securities lending and pension transactions		
Book value of liabilities from cash deposits in securtities lending and repurchase transactions	0	0
Book value of own holdings of securities lent in securitites lending or provided as collateral in securities borrowing, and transferred in repurchase transactions	10 570	11 905

CHF million	30.06.12	31.12.11
Assets under management		
Assets with management mandate	1 792	1 859
Other assets under management	1 694	1 743
Total assets under management (including double counts)	**3 486**	**3 602**
of which double counts	–276	–392
Total assets under management (net)	**3 210**	**3 210**
Net new money	–319	–330

Calculation in accordance with table Q of the guidelines issued by the Swiss Financial Markets Supervisory Authority FINMA concerning accounting standards for financial institutions.

4 Off-balance sheet and other information

4.2 Major foreign exchange rates

The following exchange rates were used for the major currencies:	30.06.12	01.01.– 30.06.12	31.12.11	01.01.– 31.12.11
	Half year-end rate	Average rate	Half year-end rate	Average rate
EUR	1.20115	1.20467	1.21475	1.23184
USD	0.94895	0.92890	0.93855	0.88510

4.3 Events after the balance sheet date

No events have occured since the balance sheet date of June 30, 2012 that would hav a material impact on the interim financial statements.

4.4 Approval of the consolidated interim financial statements

The Audit Committee has approved the consolidated interim financial statements at the meeting of July 19, 2012.

5 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Total
01.01.–30.06.12				
Net interest income	1 634	–60	49	1 623
Net fee and commission income	9 598	11 092	–35	20 655
Net trading income	271	49	1	321
Other income	69	5 078	9	5 156
Service from/to other segments	–26	38	–12	0
Operating income	**11 546**	**16 197**	**12**	**27 755**
Personnel expense	–4 782	–6 085	–788	–11 655
General expense	–3 588	–2 636	–842	–7 066
Service from/to other segments	–123	123	0	0
Depreciation and amortization	–628	–768	–2	–1 398
thereof on intangible assets	–600	–543	0	–1 143
Valuation adjustments and provisions	0	1 867	0	1 867
Operating expense	**–9 121**	**–7 499**	**–1 632**	**–18 252**
Profit before taxes	**2 425**	**8 698**	**–1 620**	**9 503**
Taxes	–469	–715	5	–1 179
Group net profit	**1 956**	**7 983**	**–1 615**	**8 324**
Additional information				
Segment assets	329 900	60 071	61 998	451 969
Segment liabilities	270 812	14 200	6 372	291 384
Custody assets (CHF million)[1]	1 699	1 787	0	3 486
Net new money (CHF million)	5	–324	0	–319
Capital expenditure	0	9	0	9
Number of staff full-time equivalent (at cutoff date)	37.3	40.9	2.6	80.8

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”

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 instituional 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 Managment one of the world leaders in this specialised sector. Further core competences include management of investments in new markets, especially the regions of Africa, Eastern Europe, Russia and Asia, and in differentiated niche strategies focusing on Switzerland and Europa. 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.

5 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Total
01.01.–30.06.11				
Net interest income	1 874	–288	232	1 818
Net fee and commission income	13 878	8 032	–1	21 909
Net trading income	–985	–14	0	–999
Other income	145	–3 080	–2 420	–5 355
Service from/to other segments	12	213	–225	0
Operating income	**14 924**	**4 863**	**–2 414**	**17 373**
Personnel expense	–5 855	–6 770	–748	–13 373
General expense	–3 956	–3 489	–1 370	–8 815
Service from/to other segments	–123	123	0	0
Depreciation and amortization	–619	–1 873	0	–2 492
thereof on intangible assets	–600	–1 660	0	–2 260
of which due to impairment	0	–1 000	0	0
Valuation adjustments and provisions	–29 000	–18 000	0	–47 000
of which due to impairment	–29 000	–18 000	0	–47 000
Operating expense	**–39 553**	**–30 009**	**–2 118**	**–71 680**
Profit before taxes	**–24 629**	**–25 146**	**–4 532**	**–54 307**
Taxes	–820	1 615	8	803
Group net profit	**–25 449**	**–23 531**	**–4 524**	**–53 504**
Additional information				
Segment assets	375 425	121 734	11 994	509 153
Segment liabilities	268 614	35 193	3 882	307 689
Custody assets (CHF million)[1]	2 200	2 120	0	4 320
Net new money (CHF million)	–55	75	0	20
Capital expenditure	170	216	0	386
Number of staff full-time equivalent (at cutoff date)	40.9	50.0	4.0	94.9

1) including double counts

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