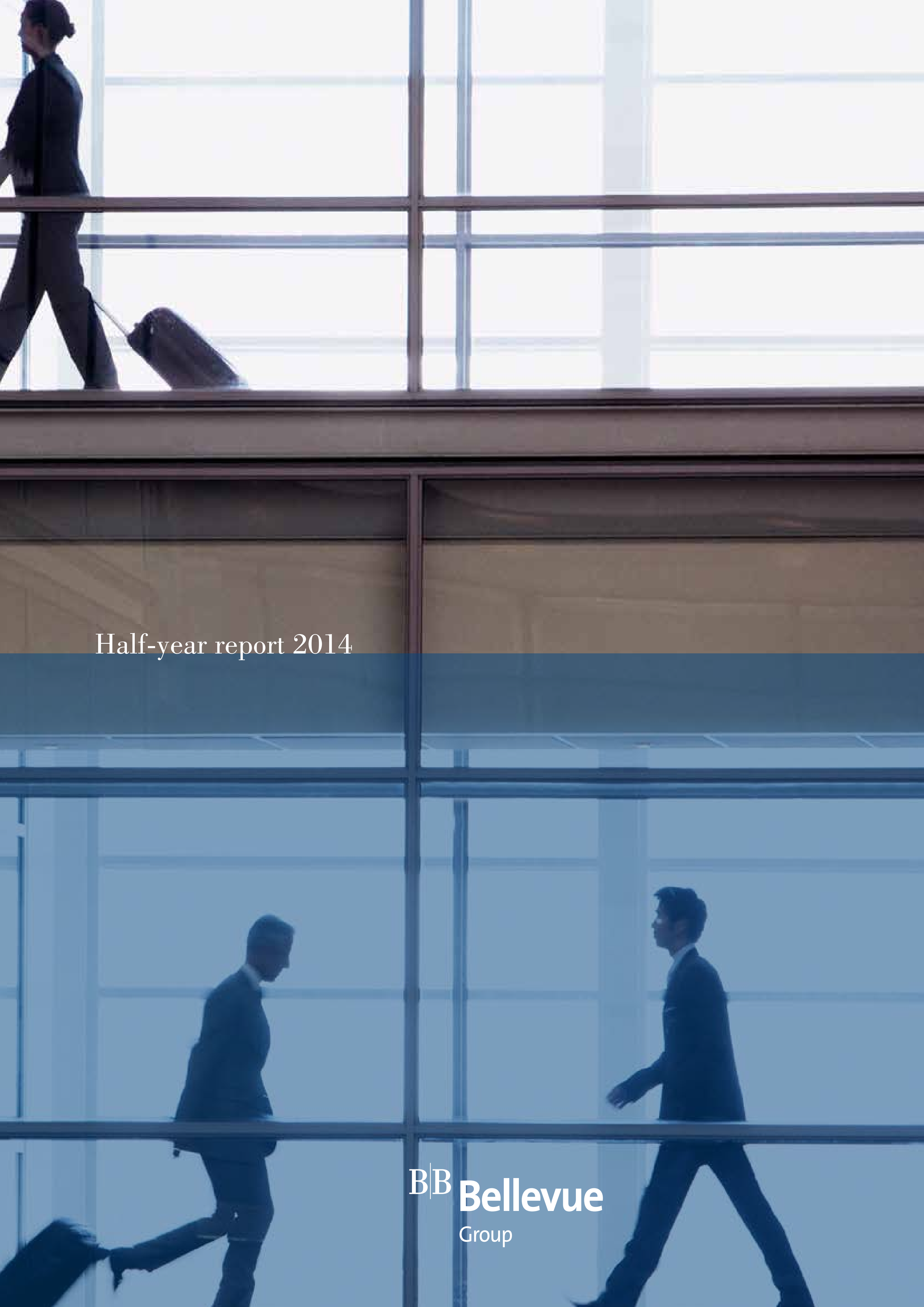

Half-year report 2014

Bellevue Group

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Dear shareholders

Financial markets profited from a generally positive environment in the first half of 2014. The world economy showed moderate growth and major central banks maintained a generous supply of liquidity. Expansionary monetary policy is not expected to end anytime soon. No reliable trends are visible either, which can be traced to the considerable uncertainties on the economic and geopolitical fronts. In view of those uncertainties, many investors are still sitting on the sidelines. Advancing stock markets have certainly not convinced the broader investment community to re-enter the market either – many investors regard these advances with skepticism. Consequently, trading volumes in Swiss stocks have been modest or actually lower in a year-on-year comparison. Nor has there been any sign of the widely anticipated rotation from bonds into stocks despite the persisting low returns in fixed income. The general uptrend in business activity of Bellevue Group as a financial boutique specializing in stock investments has not transpired so far.

Group profit reflects strong growth and investments in Asset Management

Amid this general environment Bellevue Group was nevertheless able to grow its fee and commission income – the Group's most important source of income – by 16% to CHF 22.8 million. The Asset Management unit fueled the growth, having earned 40% more in fees and commissions, whereas the Bank am Bellevue subsidiary reported a 8% decline in commissions. Bank am Bellevue and its two divisions Brokerage and Corporate Finance continue to be challenged by the low market participation of institutional investors. Dividend income from the shareholdings in SIX Group was CHF 2.3 million lower than in 2013, which further diminished reported income for Bank am Bellevue in the period under review. Group-wide expenses rose by 7% y-o-y to CHF 20.7 million. This reflects the previously announced investment in the Group's biotech investment competencies intended to maintain and extend its leadership as an asset manager in this sector. Consolidated net profit rose 6% to CHF 6.9 million. Excluding the extraordinary dividend payment from SIX in 2013, bottom-line profit was sharply higher compared to the first half of last year. Business developments in the first six months of 2014 were in line with our short-term expectations but did not live up to our ambition of being one of the leading, independent financial boutiques in Switzerland.

Sharply higher profits in Asset Management – decline in brokerage activities of Bank am Bellevue

The focusing of Asset Management products on actively managed equity funds in the healthcare segment and regional niches (Europe and new markets) is paying off. That decision and the revised

Walter Knabenhans, Chairman of the Board of Directors, and Urs Baumann, Chief Executive Officer of Bellevue Group

fee model for BB Biotech AG marked a quantum leap forward for Asset Management. Bellevue Asset Management generated a significantly higher operating profit of CHF 4.4 million in the first half. Assets under management rose by approximately 10% to CHF 2.9 billion, most of which was performance driven. Despite increasing volatility, BB Biotech AG delivered another double-digit return of +16.6% (in CHF) and handily beat its benchmark with an excess performance of 3%. The BB Entrepreneur Europe Small equity fund also achieved a stellar return of +15.1% (in EUR) for an outperformance of around 9% versus its benchmark. Bellevue Asset Management attracted upwards of CHF 100 million in new money. This inflow was almost entirely offset by redemptions and the withdrawal of seed capital.

Bank am Bellevue was increasingly challenged by the downturn in brokerage activity during the course of the first half. Its Corporate Finance department performed well, thanks in particular to its participation in the successful initial public offering of SFS Group, a Swiss manufacturing company. Subdued brokerage business and significantly lower interest income led to a 21% decline in the bank's total income. Operating expenses were reduced by 4%. The bank's resulting operating profit amounted to CHF 2.6 million, which is 48% less than in the first half of last year.

Diversification of income remains a key goal

Bellevue Group is widely recognized as a financial boutique with original equity and capital market expertise. Our investment recommendations and active equity strategies are valued by private and institutional investors alike. Half-year results show that we have been successful in realigning Asset Management and anchoring its operating performance on solid ground. Growth opportunities are intact. The measures taken at Bank am Bellevue should produce the anticipated effects in the second half of the year and further reduce costs. In view of the changing operating environment we are constantly exploring ways of optimizing our business activities and reviewing market opportunities as they arise.

A key objective of Bellevue Group is to grow its sources of recurring income and thereby ensure its sustained corporate development. Bank am Bellevue has already taken two important steps in this direction by building up its advisory business and launching two investment funds, and has thus created new, organic growth opportunities. External avenues of growth and potential partnerships are also being explored. A strong capital structure gives us the necessary entrepreneurial freedom to execute this strategy.

We face these challenges with confidence knowing that we can rely on our dedicated and creative employees. Their untiring efforts are grounds for optimism. On behalf of the Board of Directors and the Executive Board, we thank them for their commitment and dedication. We also thank our clients and shareholders for their ongoing loyalty and confidence in Bellevue Group and look forward to our continued collaboration.

Urs Baumann
Chief Executive Officer

Walter Knabenhans
Chairman of the Board of Directors

Consolidated income statement

CHF 1000	1.1.–30.6.2014	1.7.–31.12.2013	1.1.–30.6.2013	Δ to 30.06.2013
Interest income	680	239	262	+418
Dividend income	1 157	–	3 534	−2 377
Interest expense	−24	−29	−41	+17
Net interest income	**1 813**	**210**	**3 755**	**−1 942**
Fee and commission income	22 902	17 884	19 683	+3 219
Fee and commission expense	−68	−75	−62	−6
Net fee and commission income	**22 834**	**17 809**	**19 621**	**+3 213**
Securities trading	369	452	134	+235
Foreign exchange trading	11	254	168	−157
Net trading income	**380**	**706**	**302**	**+78**
Income from other financial assets at fair value	2 745	747	1 513	+1 232
Income from the sale of associated companies	–	−83	73	−73
Other ordinary income	37	47	1 080	−1 043
Other ordinary expense	−1	−1	−2	+1
Other income	**2 781**	**710**	**2 664**	**+117**
Total operating income	**27 808**	**19 435**	**26 342**	**+1 466**
Personnel expenses	−12 452	−11 827	−12 459	+7
Other operating expenses	−6 987	−5 949	−5 615	−1 372
Depreciation	−1 276	−1 328	−1 369	+93
Valuation adjustments and provisions	–	−200	–	–
Total operating expenses	**−20 715**	**−19 304**	**−19 443**	**−1 272**
Profit before tax	**7 093**	**131**	**6 899**	**+194**
Taxes	−171	−155	−391	+220
Group net profit	**6 922**	**−24**	**6 508**	**+414**
Basic earnings per share (in CHF)	0.66	−0.01	+0.63	+0.03
Diluted earnings per share (in CHF)	0.66	−0.01	+0.63	+0.03

Consolidated statement of comprehensive income

CHF 1 000	1.1.–30.6.2014	1.7.–31.12.2013	1.1.–30.6.2013	Δ to 30.6.2013
Group net profit in the income statement	**6 922**	**–24**	**6 508**	**+414**
Other comprehensive income (net of tax)				
Items that may be reclassified subsequently to net income				
Currency translation adjustments	–47	–63	74	–121
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	164	820	–1 394	+1 558
Profits on financial instruments transferred to retained earnings	–	–	–	–
Items that will not be reclassified subsequently to net income				
Remeasurements of post employment benefit obligations IAS 19	230	803	1 070	–840
Total comprehensive income	**7 269**	**1 536**	**6 258**	**+1 011**

Consolidated balance sheet

CHF 1 000	Note	30.6.2014	31.12.2013	30.6.2013	Δ to 31.12.2013
Assets					
Cash		159 378	172 703	251 445	–13 325
Due from banks		102 919	79 174	125 309	+23 745
Due from clients		40 758	20 874	97 009	+19 884
Trading portfolio assets		8 417	6 857	1 323	+1 560
Derivative financial instruments		8 897	7 277	8 879	+1 620
Other financial assets at fair value	3.1	25 219	27 579	24 769	–2 360
Accrued income and prepaid expenses		1 223	1 970	1 945	–747
Financial investments	3.4	21 656	23 498	35 577	–1 842
Associated companies		489	492	520	–3
Property and equipment		204	336	521	–132
Goodwill and other intangible assets	3.5	52 856	53 998	55 141	–1 142
Current tax assets		6 991	10 432	8 740	–3 441
Deferred tax assets		–	25	185	–25
Other assets		3 239	473	601	+2 766
Total assets		**432 246**	**405 688**	**611 964**	**+26 558**
Liabilities					
Due to banks		14 787	6 014	131 239	+8 773
Due to clients		244 011	221 376	306 122	+22 635
Trading portfolio liabilities		3 157	4 458	–	–1 301
Derivative financial instruments		8 847	7 205	9 020	+1 642
Accrued expenses and deferred income		6 616	7 816	7 003	–1 200
Current tax liabilities		1 256	2 654	2 758	–1 398
Deferred tax liabilities		6 052	5 775	5 745	+277
Provisions	3.6	200	334	976	–134
Other liabilities		717	605	1 314	+112
Total liabilities		**285 643**	**256 237**	**464 177**	**+29 406**
Share capital	3.7	1 047	1 047	1 047	–
Capital reserves		27 250	27 250	27 250	–
Unrealized gains and losses recognized in other comprehensive income		20 950	20 556	18 933	+394
Currency translation adjustments		–543	–496	–433	–47
Retained earnings		97 899	101 456	101 350	–3 557
Treasury shares	3.8	–	–362	–360	+362
Total shareholder's equity		**146 603**	**149 451**	**147 787**	**–2 848**
Total liabilities and shareholders' equity		**432 246**	**405 688**	**611 964**	**+26 558**

Statement of shareholder's equity

CHF 1 000	2014	2013
Share capital		
On January 1	1 047	1 047
Change during period under review	–	–
On June 30	**1 047**	**1 047**
Capital reserves		
On January 1	27 250	27 250
Change during period under review	–	–
On June 30	**27 250**	**27 250**
Unrealized gains and losses recognized in other comprehensive income		
On January 1	20 556	19 257
Change in unrealized gains and losses on financial instruments	164	−1 394
Remeasurements of post employment benefit obligations IAS 19	230	1 070
On June 30	**20 950**	**18 933**
Currency translation adjustments		
On January 1	−496	−507
Change during period under review	−47	74
On June 30	**−543**	**−433**
Retained earnings		
On January 1	101 456	115 074
Group net profit	6 922	6 508
Dividends and other cash distributions	−10 470	−20 940
Income from the sale of own shares	116	325
Employee stock ownership plan	−125	383
On June 30	**97 899**	**101 350**
Treasury shares		
On January 1	−362	−2 172
Purchases	−1 418	−1 162
Disposals	1 780	2 974
On June 30	**–**	**−360**
Total shareholder's equity		
On January 1	149 451	159 949
On June 30	**146 603**	**147 787**

Consolidated cash flow statement (condensed)

CHF 1 000	1.1.–30.6.2014	1.1.–30.6.2013
Cash at the beginning of the period	**172 703**	246 912
Net cash flow from operating activities	–7 862	19 949
Net cash flow from investing activities	4 692	3 638
Net cash flow from financing activities	–10 108	–19 128
Currency translation effects	–47	74
Cash at the end of the period	**159 378**	251 445

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" and should be read in conjunction with the consolidated annual financial statement for the year ended December 31, 2013. 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

The following new or revised standards and interpretations were applied for the first time in fiscal year 2014:

- Amendments to IFRS 10, 12 and IAS 27 – "Investment entities" (effective for annual periods beginning on or after 1 January 2014, restrospective application, earlier adoption permitted): The amendment provides an exception to the consolidation requirement for entities that meet the specific requirements of an investment entity as defined in the amendment. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments. The exception is not available on consolidation level unless the parent company also meets the definition of an investment entity.
- IAS 32 (amendment) "Offsetting financial assets and financial liabilities", (effective for annual periods beginning on or after 1 January 2014, retrospective application, earlier adoption permitted): The amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and liabilities. Offsetting on the face of the balance sheet is only required, when the entity has a legally enforceable right to set-off and intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously. Clarification, that the right to set-off must be available today (and not contingent on a future event). Further, the right to set-off must be legally enforceable in the normal course of business, as well as in the event of default, insolvency or bankruptcy.
- Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" (effective 1 January 2014, retrospective application, earlier adoption permitted): This limited scope amendment corrects an amendment to IAS 36 when IFRS 13 was issued and introduced additional disclosures for measurements based on fair value less costs of disposal in case of an impairment or reversal of an impairment. The IASB has subsequently amended IAS 36 as follows:
  - No requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible if there was no impairment.
  - Disclosure of the recoverable amount when an impairment loss has been recognized or reversed.
  - Detailed disclosure of how fair value less costs of disposal has been measured when impairment loss is recognized or reversed.
- Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" (effective 1 January 2014, retrospective application, earlier adoption permitted): These narrow-scope amendments to IAS 39, "Financial instruments: Recognition and measurement", will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9, "Financial instruments".
- IFRIC 21 "Levies" (effective 1 January 2014, retrospective application, earlier adoption permitted): This IFRIC focuses on accounting for an obligation to pay a levy that is not income tax. In scope are liabilities to pay a levy recognized in accordance with IAS 37 "Provisions" and liabilities to pay a levy whose timing and amount is certain. The obligating event to recognize a liability is the event identified by the legislation that triggers the obligation to pay a levy. The liability might be recognized at a point in time or progressively over time. An obligation to pay a levy that is triggered by a minimum threshold is not recognised before the threshold is met, even if it is certain it will be met . The same recognition principles apply in interim and annual financial statements.

Bellevue Group has analysed the impact of the above mentioned standards and interpretations. They have no significant impact on the consolidated financial statements.

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 January 2015, or later. Bellevue Group is not availing itself of the possibility of early application of these innovations:

- Amendments to IFRS 9 "Financial instruments" (effective for annual periods beginning on or after 1 January 2018): The amendment includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 without change, except for financial liabilities that are designated at fair value through profit or loss. Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in OCI.
- Amendments to IFRS 9 "Financial instruments – Hedge Accounting (effective for annual periods beginning on or after 1 January 2018): The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. Under IAS 39 today, the hedge must both be expected to be highly effective (prospective test) and have been highly effective (retrospective test) with "highly effective" defined as a "bright line" quantitative test of 80–125%. The amendment replaces this with a requirement for the hedge to be designated, documented and in line with the entity's risk management objective. Effectiveness of the hedging item must still be measured and arising ineffectiveness must be booked trough profit or loss. The risk components can now be designated for non-financial hedged items provided the risk component is separately identifiable and measurable. In addition, the amendment makes the hedging of groups of items more flexible. It also relaxes the rules on using purchased options and non-derivative financial instruments as hedging instruments. The Board decided to retain in IFRS 9 the current fair value hedge accounting mechanisms from IAS 39. Companies may choose to continue hedge accounting under IAS 39 or change to the provisions of IFRS 9. Additionally, the amendment allows to account for the own credit risk on financial liabilities through other comprehensive income. This accounting treatment can be adopted in isolation without adopting any other part of IFRS 9.
- Amendments to IFRS 11 – "Accounting for Acquisitions of Interests in Joint Operations" (effective for annual periods beginning on or after 1 January 2016, prospective application, earlier adoption permitted): The additional guidance clarifies that the acquisition of an interest in a joint operation that meets the definition of a business under IFRS 3 is not a business combination as the acquiring party does not obtain control. Despite this, IFRS 3 business combination accounting should be applied including IFRS 3 disclosure requirements.
- IFRS 14, "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016, earlier application permitted): IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the Standard.
- Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014, retrospective application, early application permitted): The amendment clarifies the application of IAS 19R to post-employment benefit plans that require employees or third parties to contribute towards the cost of benefits. The amendment allows (but does not require) contributions that are linked to service, and do not vary with length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided; e.g. contributions dependent on the employee's age or contributions that are a fixed percentage of the employee's salary. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the gross benefits. The amendment allows many entities to continue accounting for employee contributions using their accounting policy prior to IAS 19R.
- IFRS 15 "Revenue from Contract with Customers" (effective for annual periods beginning on or after 1 January, 2017): IFRS 15 was issued in May 2014 by the IASB and establishes a single, comprehensive framework for revenue recognition. The framework of IFRS 15 will be applied consistently across transactions, industries and capital markets. The Standard will improve comparability of the financial statements of companies globally.

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 2013. 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, section 3.5, “Goodwill and other intangible assets”, on page 18 and section 3.6 “value adjustments and provisions” on page 21.

1.4 IAS 19 Plan amendment

The Bank am Bellevue pension fund adjusted the conversion rate in the reporting period. This resulted in a yield of CHF 1.8 million, which has beed credited to personnel expenses, as well as a tax effect of CHF 0.3 million.

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 2013 Annual Report.

3 Details on the consolidated balance sheet

3.1 Fair value of financial instruments

CHF 1 000			30.6.2014			31.12.2013
	Book value	Fair Value	Deviation	Book value	Fair Value	Deviation
Assets						
Cash	159 378	159 378	–	172 703	172 703	–
Due from banks	102 919	102 919	–	79 174	79 174	–
Due from clients	40 758	40 758	–	20 874	20 874	–
Subtotal receivables	**303 055**	**303 055**	**–**	**272 751**	**272 751**	**–**
Financial investments	–	–	–	1 900	1 978	78
Financial assets at amortized cost	**303 055**	**303 055**	**–**	**274 651**	**274 729**	**78**
Trading portfolio assets	8 417	8 417	–	6 857	6 857	–
Derivative financial instruments	8 897	8 897	–	7 277	7 277	–
Other financial assets at fair value	25 219	25 219	–	27 579	27 579	–
Financial investments	856	856	–	998	998	–
Subtotal other financial assets at fair value through profit and loss	**43 389**	**43 389**	**–**	**42 711**	**42 711**	**–**
Financial investments	20 800	20 800	–	20 600	20 600	–
Financial assets at fair value	**64 189**	**64 189**	**–**	**63 311**	**63 311**	**–**
Liabilities						
Due to banks	14 787	14 787	–	6 014	6 014	–
Due to customers	244 011	244 011	–	221 376	221 376	–
Financial liabilities at amortized cost	**258 798**	**258 798**	**–**	**227 390**	**227 390**	**–**
Trading portfolio liabilities	3 157	3 157	–	4 458	4 458	–
Derivative financial instruments	8 847	8 847	–	7 205	7 205	–
Financial liabilities at fair value	**12 004**	**12 004**	**–**	**11 663**	**11 663**	**–**

3 Details on the consolidated balance sheet

Valuation methods of financial instruments

CHF 1 000	Listed market prices	Valuation methods based on market data	Valuation methods not based on market data	Total
30.6.2014				
Assets				
Cash	159 378	–	–	159 378
Due from banks	–	102 919	–	102 919
Due from customers	–	40 758	–	40 758
Financial investments	–	–	–	–
Financial assets at amortized cost	**159 378**	**143 677**	**–**	**303 055**
Trading portfolio assets	1 734	6 683	–	8 417
Derivative financial instruments	12	8 885	–	8 897
Other financial assets at fair value	–	14 505	10 714	25 219
Financial investments	–	856	20 800	21 656
Financial assets at fair value	**1 746**	**30 929**	**31 514**	**64 189**
Total financial assets	**161 124**	**174 606**	**31 514**	**367 244**
Liabilities				
Due to banks	–	14 787	–	14 787
Due to customers	–	244 011	–	244 011
Financial liabilities at amortized cost	**–**	**258 798**	**–**	**258 798**
Trading portfolio liabilities	–	3 157	–	3 157
Derivative financial instruments	19	8 828	–	8 847
Financial liabilities at fair value	**19**	**11 985**	**–**	**12 004**
Total financial liabilities	**19**	**270 783**	**–**	**270 802**
31.12.2013				
Assets				
Cash	172 703	–	–	172 703
Due from banks	–	79 174	–	79 174
Due from customers	–	20 874	–	20 874
Financial investments	–	1 900	–	1 900
Financial assets at amortized cost	**172 703**	**101 948**	**–**	**274 651**
Trading portfolio assets	1 577	5 280	–	6 857
Derivative financial instruments	16	7 261	–	7 277
Other financial assets at fair value	–	18 863	8 716	27 579
Financial investments	–	998	20 600	21 598
Financial assets at fair value	**1 593**	**32 402**	**29 316**	**63 311**
Total financial assets	**174 296**	**134 350**	**29 316**	**337 962**
Liabilities				
Due to banks	–	6 014	–	6 014
Due to customers	–	221 376	–	221 376
Financial liabilities at amortized cost	**–**	**227 390**	**–**	**227 390**
Trading portfolio liabilities	4 458	–	–	4 458
Derivative financial instruments	–	7 205	–	7 205
Financial liabilities at fair value	**4 458**	**7 205**	**–**	**11 663**
Total financial liabilities	**4 458**	**234 595**	**–**	**239 053**

Level-1-instruments

If a financial instrument is traded in an active market, its fair value is based on listed market prices or the prices quoted by traders. In the fair value hierarchy prescribed in IFRS 7, 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. In the case of foreign currencies and precious metals, generally accepted prices are applied.

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 unlisted equity instruments. 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.

3 Details on the consolidated balance sheet

3.2 Level-3-Financial Instruments

CHF 1 000	Other financial instruments at fair value	Financial investments at fair value	30.6.2014 Total	Other financial instruments at fair value	Financial investments at fair value	31.12.2013 Total
Assets						
Holdings at the beginning of the year	8 716	20 600	29 316	9 391	21 300	30 691
Investments	357	–	357	1 161	–	1 161
Redemptions	–	–	–	–1 166	–	–1 166
Losses recognized in the income statement	–82	–	–82	–670	–	–670
Losses recognized as other comprehensive income	–	–	–	–	–700	–700
Gains recognized in the income statement	1 723	–	1 723	–	–	–
Gains recognized as other comprehensive income	–	200	200	–	–	–
Total book value at balance sheet date	**10 714**	**20 800**	**31 514**	**8 716**	**20 600**	**29 316**

3.3 Netting agreements

To reduce credit risks related to derivative contracts and securities lending and borrowing agreements, Bellevue Group enters into master netting agreements or similar netting arrangements with its counterparties. These netting agreements include derivatives clearing agreements (e.g. ISDA Master Netting Agreements and derivative market rules) and Global Master Securities Lending Agreements.

These netting agreements enable Bellevue Group to protect itself against loss in the event of a possible insolvency or other circumstances that result in a counterparty being unable to meet its obligations. In such cases, the netting agreements provide for the immediate net settlement of all financial instruments covered by the agreement. The right of set-off essentially only becomes enforceable following a default event or other circumstances not expected to arise in the normal course of business. The financial instruments covered by a netting agreement do therefore not meet the requirements for balance sheet offsetting, which is why the book values of the corresponding financial instruments are not offset on the balance sheet.

CHF 1 000	Amount before balance sheet offsetting	Balance sheet offsetting	Book value	Financial instruments not offset	Collateral received/ provided	Unsecured amount
30.6.2014						
Financial assets						
Derivative financial instruments	8 897	–	8 897	986	356	7 555
Cash collateral for securities borrowing agreements	–	–	–	–	–	–
Total financial assets	**8 897**	**–**	**8 897**	**986**	**356**	**7 555**
Financial assets						
Derivative financial instruments	8 847	–	8 847	–	820	8 027
Cash collateral from securities lending agreements	–	–	–	–	–	–
Total financial assets	**8 847**	**–**	**8 847**	**–**	**820**	**8 027**
31.12.2013						
Financial assets						
Derivative financial instruments	7 277	–	7 277	4 314	1 554	1 409
Cash collateral for securities borrowing agreements	–	–	–	–	–	–
Total financial assets	**7 277**	**–**	**7 277**	**4 314**	**1 554**	**1 409**
Financial assets						
Derivative financial instruments	7 205	–	7 205	–	–	7 205
Cash collateral from securities lending agreements	–	–	–	–	–	–
Total financial assets	**7 205**	**–**	**7 205**	**–**	**–**	**7 205**

3 Details on the consolidated balance sheet

3.4 Financial investments

CHF 1 000	30.6.2014	31.12.2013
Valued at amortized cost		
Debt instruments	–	1 900
of which listed	–	1 900
Total	**–**	**1 900**
Valued at fair value		
Equity instruments [1]	20 800	20 600
of which unlisted	20 800	20 600
Debt instruments	856	998
of which unlisted	856	998
Total	**21 656**	**21 598**
Total financial investments	**21 656**	**23 498**
of which repo-eligible securities	–	–

1) Change in value is recorded under "other comprehensive income"

In the year under review, financial investments amounting to CHF 0.2 million (previous year: CHF 1.7 million) were revalued without affecting net income. This took account of CHF 0.04 million (previous year: CHF 0.3 million) of deferred taxes.

3 Details on the consolidated balance sheet

3.5 Goodwill and other intangible assets

CHF 1 000	Bank am Bellevue	Asset Management	Total
Goodwill			
Acquisition cost			
Balance as of 1.1.2013	97 374	62 915	160 289
Balance as of 30.6.2013	97 374	62 915	160 289
Balance as of 31.12.2013	97 374	62 915	160 289
Balance as of 30.6.2014	**97 374**	**62 915**	**160 289**
Accumulated valuation adjustments			
Balance as of 1.1.2013	−65 374	−50 915	−116 289
Balance as of 30.6.2013	−65 374	−50 915	−116 289
Balance as of 31.12.2013	−65 374	−50 915	−116 289
Balance as of 30.6.2014	**−65 374**	**−50 915**	**−116 289**
Net carrying values			
Balance as of 1.1.2013	32 000	12 000	44 000
Balance as of 30.6.2013	32 000	12 000	44 000
Balance as of 31.12.2013	32 000	12 000	44 000
Balance as of 30.6.2014	**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 AG by Bellevue Group AG (then: Swissfirst AG) in 2005.

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.

Impairment tests were conducted again at the end of June of 2014. The discount rate used in these calculations was 8.4% (previous year: 8.8%) and the assumed growth rate was 1% (previous year: 1%). No further impairment losses were identified.
The following key parameters and their single components have been taken into account:
– income on the average assets under management and the expected return on assets (management- and performance fees)
– brokerage fees based on the expected average turnover
– other operating income and expenses

The Group expects in the medium and long term a favourable development of the market environment which is reflected in the respective growth of the key parameters such as assets under management and turnover, which will have a positive effect on the income situation.

The Group’s approach to determine the key assumptions and related growth expectations is based on management’s knowledge and reasonable expectations of future business, using internal and external market information, planned business initiatives andother reasonable intentions of management. For that purpose, the Group uses historical information by taking into consideration the current and expected market situations.

Chagnes inkey assumptions: Deviations of future actual results achieved vs. forecasted/planned key assumptions, as well as future changes of any of the key assumptions based on a future different assessment of the development of relevant markets, and/or the businesses, may occur. Such deviations may result from changes in the market environment and the related profitability, required types and intensity of personnel resources, general and company specific driven personnel cost development and/or changes in the implementation of known or addition of new business initiatives and/or other internal and/or external factors. These changes may cause the value of the business to alter and therefore either increase or reduce the difference between the carrying value in the balance sheet and the unit's recoverable amount or may even lead to a partial impairment of goodwill.

At the time of preparation of these financial accounts, Bellevue Group's management does not assume that a reasonably possible change in a parameter underlying the impairment test would lead to a goodwill impairment.

3 Details on the consolidated balance sheet

CHF 1 000	Client base	Brand	Other	Total
Other intangible assets				
Acquisition cost				
Balance as of 1.1.2013	78 617	1 179	3 237	83 033
Balance as of 30.6.2013	78 617	1 179	3 237	83 033
Balance as of 31.12.2013	78 617	1 179	3 237	83 033
Balance as of 30.6.2014	**78 617**	**1 179**	**3 237**	**83 033**
Accumulated valuation adjustments				
Balance as of 1.1.2013	−66 334	−1 179	−3 237	−70 750
Additions	−1 142	–	–	−1 142
Balance as of 30.6.2013	−67 476	−1 179	−3 237	−71 892
Additions	−1 143	–	–	−1 143
Balance as of 31.12.2013	−68 619	−1 179	−3 237	−73 035
Additions	−1 142	–	–	−1 142
Balance as of 30.6.2014	**−69 761**	**−1 179**	**−3 237**	**−74 177**
Net carrying values				
Balance as of 1.1.2013	12 283	–	–	12 283
Balance as of 30.6.2013	11 141	–	–	11 141
Balance as of 31.12.2013	9 998	–	–	9 998
Balance as of 30.6.2014	**8 856**	**–**	**–**	**8 856**

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:

2014 (1.7.–31.12.)	1 143
2015	2 013
2016	1 200
2017	1 200
2018	1 200
2019	1 200
2020	900
Total	**8 856**

3 Details on the consolidated balance sheet

3.6 Provisions

CHF 1 000	Actuarial BVG provisions	Other	30.6.2014 Total	31.12.2013 Total
Balance at the beginning of the year	134	200	334	2 144
Utilization in conformity with intended purpose	–	–	–	–
New charge to profit and loss account	–	–	–	200
Write-backs credited to profit and loss account	–	–	–	–
Remeasurements of post employment benefit obligations IAS 19	−134	–	−134	−2 010
Provisions as at the balance sheet date	**–**	**200**	**200**	**334**

Other provisions consist of provisions for business and process risks and other liabilities. Bellevue Group may be 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.

3 Details on the consolidated balance sheet

3.7 Share capital / Conditional capital

	Number of shares	Par value CHF 1 000
Share capital (registered shares)		
Balance as of 1.1.2013	10 470 000	1 047
Balance as of 30.6.2013	10 470 000	1 047
Balance as of 31.12.2013	10 470 000	1 047
Balance as of 30.6.2014	**10 470 000**	**1 047**
Conditional capital		
Balance as of 1.1.2013	2 000 000	200
Balance as of 30.6.2013	1 000 000	100
Balance as of 31.12.2013	1 000 000	100
Balance as of 30.6.2014	**1 000 000**	**100**

The ordinary general meeting on March 18, 2013 voted in favor of the proposal to reduce the conditional capital. The intended purpose (in total) is as follows:
– a sum of up to CHF 50 000 through the exercise of option rights granted to shareholders;
– a sum of up to CHF 50 000 through the exercise of option rights granted to employees and the member of the Board of Directors.

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

Authorized capital		
Balance as of 1.1.2013	–	–
Balance as of 30.6.2013	1 500 000	150
Balance as of 31.12.2013	1 500 000	150
Balance as of 30.6.2014	**1 500 000**	**150**

At the Annual General Meeting held on 18 March 2013, a resolution was passed to create new authorised capital. The Board of Directors was authorised to increase the share capital, at any time, by a maximum amount of CHF 150,000 by 18 March 2015, by issuing no more than 1,500,000 fully paid registered shares with a nominal value of CHF 0.10 per share. The increases may be underwritten or may be effected in partial amounts. The issue price, the time of dividend entitlement and the type of contribution will be determined by the Board of Directors. After their acquisition, the newly issued registered shares shall be subject to the transfer limitations pursuant to Article 5 of the articles of association.

The Board of Directors is entitled to exclude shareholders' subscription rights and allocate them to third parties, if such new shares are to be utilised for the acquisition of companies by share swaps, or for financing or refinancing the acquisition of companies, parts of companies or shareholdings, or of new investment projects of the company. Shares with subscription rights that have been granted but not exercised are to be placed at market conditions or otherwise in the interest of the company.

3 Details on the consolidated balance sheet

3.8 Treasury shares

	Number of shares	CHF 1 000
Own shares in trading portfolio of Bank am Bellevue		
Balance as of 1.1.2013	226 500	2 172
Purchases	119 833	1 162
Disposals	−311 433	−2 974
Balance as of 30.6.2013	34 900	360
Purchases	41 555	502
Disposals	−46 455	−500
Balance as of 31.12.2013	**30 000**	**362**
Purchases	100 739	1 418
Disposals	−130 739	−1 780
Balance as of 30.6.2014	**–**	**–**
Treasury shares held by Bellevue Group AG		
Balance as of 1.1.2013	–	–
Purchases	–	–
Disposals	–	–
Balance as of 30.6.2013	–	–
Purchases	–	–
Disposals	–	–
Balance as of 31.12.2013	**–**	**–**
Purchases	–	–
Disposals	–	–
Balance as of 30.6.2014	**–**	**–**

3 Details on the consolidated balance sheet

3.9 Assets pledged or assigned as collateral for own liabilities

CHF 1 000		30.6.2014		31.12.2013
	Carrying amount	Actual liability	Carrying amount	Actual liability
Due from banks	57 007	–	51 792	–
Financial investments	–	–	1 900	–
Total	**57 007**	**–**	**53 692**	**–**

4 Off-balance sheet and other information

4.1 Off-balance sheet

CHF 1 000	30.6.2014	31.12.2013
Contingent liabilities		
Credit guarantees	–	16 000
Total	**–**	**16 000**
Irrevocable commitments		
Rental commitments	2 827	3 618
Undrawn irrevocable credit facilities	156	156
of which payment obligation to "Einlagensicherung"	156	156
Total	**2 983**	**3 774**
Fiduciary transactions		
Fiduciary placements with third-party banks	–	–
Fiduciary credits	–	–
Total	**–**	**–**
Securities lending and pension transactions		
Book value of liabilities from cash deposits in securities lending and repurchase transactions	–	–
Book value of own holdings of securities lent in securitites lending or provided as collateral in securities borrowing, and transferred in repurchase transactions	13 055	11 965

CHF million	30.6.2014	31.12.2013
Assets under management		
Assets with management mandate	2 902	2 639
Other assets under management	1 644	1 689
Total assets under management (including double counts)	**4 546**	**4 328**
of which double counts	−295	−296
Total assets under management (net)	**4 251**	**4 032**
Net new money	−144	−305

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 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
30.6.2014					
Due from clients	–	–	–	–	–
Due to clients	4 617	32 236	–	–	36 853
1.1.–30.6.2014					
Interest income	–	6	–	–	6
Interest expense	–	–	–	–	–
Fee and commission income	7	192	55	–	254
31.12.2013					
Due from clients	–	–	–	–	–
Due to clients	5 094	22 643	–	–	27 737
1.1.–30.6.2013					
Interest income	1	3	–	–	4
Interest expense	–	–	–	–	–
Fee and commission income	10	291	101	–	402

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 27 of the annual report 2013
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).

The following conditions appied:
– Interest rate charged for secured loans: 2.00% (previous year: 2.00%), interest rate earned 0.00% (previous year: 0.00%)
– Commission rates: 0.205% (previous year: 0.205%)

4.3 Major foreign exchange rates

The following exchange rates were used for the major currencies:	30.6.2014 Half year-end rate	1.1.– 30.6.2014 Average rate	31.12.2013 Half year-end rate	1.1.–31.12.2013 Average rate
EUR	1.21441	1.22130	1.22715	1.23057
USD	0.88685	0.89090	0.89245	0.92660

4.4 Events after the balance sheet date

No events have occured since the balance sheet date of June 30, 2014 that would hav a material impact on the interim financial statements.

4.5 Approval of the consolidated interim financial statements

The Audit Committee has approved the consolidated interim financial statements at the meeting of July 22, 2014.

5 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Intercompany	Total
1.1.–30.6.2014					
Net interest income	1 627	60	126	–	1 813
Net fee and commission income	8 465	14 550	–	–181	22 834
Net trading income	324	55	1	–	380
Other income	6	2 854	–79	–	2 781
Service from/to other segments	4	–4	–	–	–
Operating income	**10 426**	**17 515**	**48**	**–181**	**27 808**
Personnel expense	–4 621	–6 801	–1 030	–	–12 452
General expense	–3 344	–3 369	–455	181	–6 987
Service from/to other segments	112	–99	–13	–	–
Depreciation and amortization	–600	–674	–2	–	–1 276
thereof on intangible assets	–600	–542	–	–	–1 142
Valuation adjustments and provisions	–	–	–	–	–
Operating expense	**–8 453**	**–10 943**	**–1 500**	**181**	**–20 715**
Profit before taxes	**1 973**	**6 572**	**–1 452**	**–**	**7 093**
Taxes	–129	–497	455	–	–171
Group net profit	**1 844**	**6 075**	**–997**	**–**	**6 922**
Additional information					
Segment assets [1]	373 198	56 354	2 694	–	432 246
Segment liabilities	270 494	14 138	1 011	–	285 643
Assets with management mandate (CHF million)	12	2 878	–	–	2 890
Net new money (CHF million)	–2	2	–	–	–
Other assets under management (CHF million)	1 644	–	–	–	1 644
Net new money (CHF million)	–144	–	–	–	–144
Total client assets (CHF million) [2]	1 656	2 878	–	–	4 534
Net new money (CHF million)	–146	2	–	–	–144
Capital expenditure	–	–	–	–	–
Number of staff full-time equivalent (at cutoff date)	35.9	39.1	3.6	–	78.6

[1] Including associated companies; the sum of long-term assets in Switzerland, including Goodwill and excluding Other financial assets at fair value, amounts to CHF 74.7 million, in all other countries amounts to CHF 0.5 million.
[2] Including associated companies; the sum of long-term assets in Switzerland, including Goodwill and excluding Other financial assets at fair value, amounts to CHF 74.7 million, in all other countries amounts to CHF 0.5 million.

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 2.3 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	Intercompany	Total
1.1.–30.6.2013					
Net interest income	3 743	13	–1	–	3 755
Net fee and commission income	9 171	10 450	–	–	19 621
Net trading income	163	126	13	–	302
Other income	6	1 601	1 057	–	2 664
Service from/to other segments	50	–45	–5	–	–
Operating income	**13 133**	**12 145**	**1 064**	**–**	**26 342**
Personnel expense	–5 163	–6 207	–1 089	–	–12 459
General expense	–3 146	–2 400	–69	–	–5 615
Service from/to other segments	112	–112	–	–	–
Depreciation and amortization	–633	–734	–2	–	–1 369
thereof on intangible assets	–600	–542	–	–	–1 142
Valuation adjustments and provisions	–	–	–	–	–
Operating expense	**–8 830**	**–9 453**	**–1 160**	**–**	**–19 443**
Profit before taxes	**4 303**	**2 692**	**–96**	**–**	**6 899**
Taxes	–261	–132	2	–	–391
Group net profit	**4 042**	**2 560**	**–94**	**–**	**6 508**
Additional information					
Segment assets	517 796	35 979	58 189	–	611 964
Segment liabilities	448 219	11 684	4 274	–	464 177
Custody assets (CHF million) [1]	1 601	2 238	–	–	3 839
Net new money (CHF million)	–222	–62	–	–	–284
Capital expenditure	–	–	–	–	–
Number of staff full-time equivalent (at cutoff date)	38.9	40.0	2.6	–	81.5

[1] including double counts

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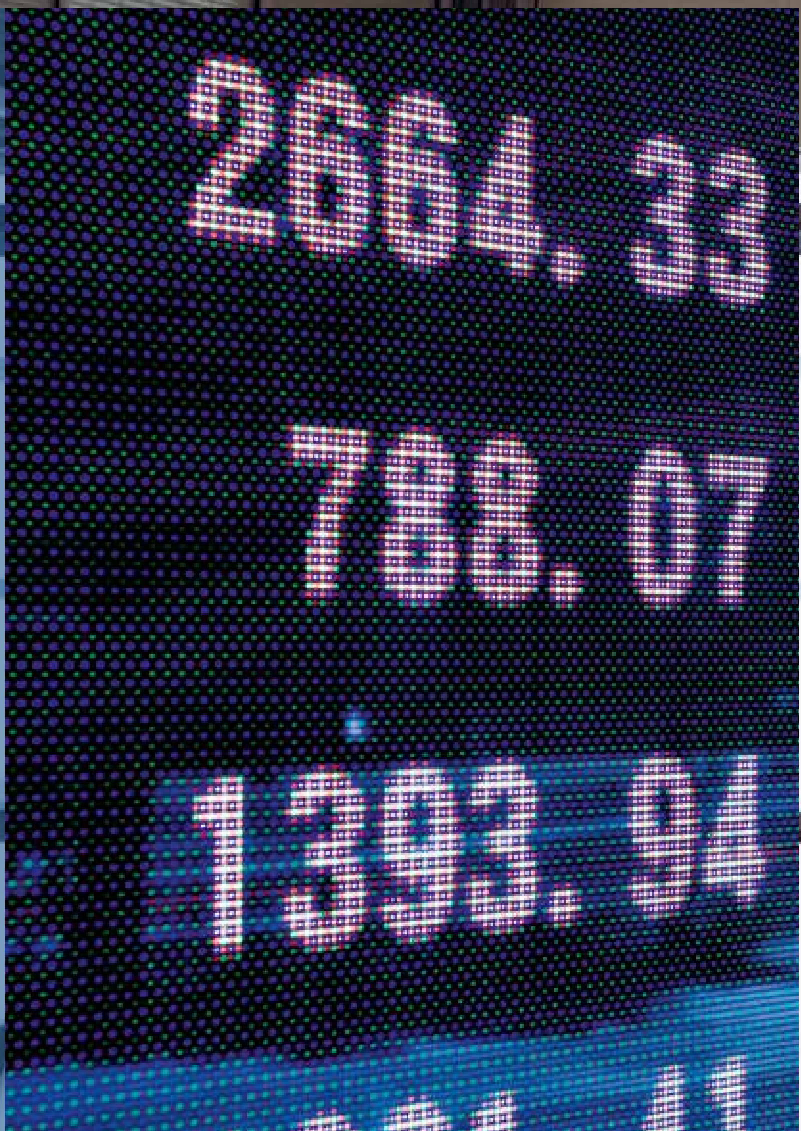
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