Half-year report 2016

Bellevue Group

Successful capital increase/ Acquisition of StarCapital AG

Bellevue Group broadened its competence in areas beyond the healthcare segment and within the fixed income, multi-asset fund and ETF fund-of-funds segments through the acquisition of the German independent asset manager StarCapital AG, which was successfully closed in June. Its operating base near Frankfurt am Main will also be used to bolster Bellevue Group's position in this key European market. The rights issue conducted to finance the acquisition of StarCapital AG was a resounding success. Some 3 mn new registered shares were issued, raising gross proceeds of CHF 32.9 mn and underscoring shareholder confidence in Bellevue Group's growth strategy.

Assets under management at new high

Assets under management reached a new all-time high of CHF 6.9 bn, an increase of 30% compared to the end of 2015. The acquisition of StarCapital AG accounted for much of this growth with CHF 2.5 bn and there was also an organic inflow of CHF 126 mn in net new assets for the Group. Besides its healthcare strategies, investors were attracted to BB African Opportunities and BB Global Macro, which delivered another positive return in the first half despite the challenging markets.

Solid results in a challenging environment

Like all other financial services companies, Bellevue Group was challenged by the high market volatility witnessed during the first six months of the year. Despite the renewed increase in the share of recurring income to approx. 80%, the Group experienced a market-induced downturn in operating income to CHF 6.8 mn. Unrealized investment losses on own products lowered consolidated after-tax profit to CHF 2.8 mn.

Demand for Bellevue's M&A and capital market expertise

The Corporate Finance team's extensive M&A and capital market expertise is increasingly in demand from domestic as well as foreign companies. Bellevue was involved in several capital market transactions during the first half, for example the initial public offering of Investis, a leading residential property company in the Lake Geneva region and a national provider of real estate services.

Total assets under management

CHF 9.4 bn

(of which CHF 6.9 bn under discretionary management)

New client money

CHF 2.6 bn

(first half of 2016, CHF 2.5 bn by acquisition)

Share of recurring revenues

80%

(first half of 2015: 72%)

Shareholders' equity

CHF 161.8 mn

(31.12.2015: 136.0 mn)

CET 1 Ratio

21.0%

(31.12.2015: 23.3%)

Table of contents

Letter to the Shareholders		**2**
Consolidated income statement		**4**
Consolidated statement of comprehensive income		**5**
Consolidated balance sheet		**6**
Statement of shareholders' equity		**7**
Consolidated cash flow statement (condensed)		**8**
Notes to the Consolidated Financial Statements		**9**
1	**Accounting principles**	**9**
1.1	Basis of presentation	**9**
1.2	Changes in accounting principles and interpretations	**9**
1.3	Estimates, assumptions and the exercising of discretion by management	**11**
2	**Risk management and risk control**	**12**
3	**Details on the consolidated balance sheet**	**13**
3.1	Fair value of financial instruments	**13**
3.2	Level-3-Financial Instruments	**16**
3.3	Netting agreements	**17**
3.4	Financial investments	**18**
3.5	Business combination	**19**
3.6	Goodwill and other intangible assets	**20**
3.7	Provisions	**23**
3.8	Share capital/Conditional capital	**24**
3.9	Treasury shares	**25**
3.10	Assets pledged or assigned as collateral for own liabilities	**26**
4	**Off-balance sheet and other information**	**27**
4.1	Off-balance sheet	**27**
4.2	Transactions with related companies and persons	**28**
4.3	Major foreign exchange rates	**28**
4.4	Events after the balance sheet date	**28**
4.5	Approval of the consolidated interim financial statements	**28**
5	**Segment reporting**	**29**
Investor Relations/Contacts		**32**

Dear shareholders

Trading on global stock markets during the first few days was representative of developments throughout the first half of the year. The poor start into the new investment year due to slower growth momentum in China and the oil price development cast a shadow over the investment horizon right from the outset. Additional negative factors were the sluggish pace of global economic growth and the tensions arising from geopolitics in Russia and the Middle East. Investor confidence was also undermined by the prospect of the UK leaving the European Union and, to the surprise of most observers, the Brexit option became reality. Central banks proved to be the single most positive factor for financial markets, despite initial indications that they might distance themselves from their full-fledged commitment to monetary expansion.

Further operational progress at Bellevue Group

Amid this very volatile environment, Bellevue Group has remained steadfast in the pursuit of its strategy to diversify its income base while strengthening recurring income flows. The acquisition of the German independent asset manager StarCapital AG, consummated in June, broadens Bellevue Group's knowhow in non-healthcare areas within the fixed income, multi-asset fund and ETF fund-of-funds investment segments. Having a foothold in the Frankfurt am Main region also helps to strengthen our position in a key European market. That position will be expanded under the helm of Alexander Gerstadt, an executive with a deep understanding of local market dynamics. The acquisition of StarCapital necessitated a capital increase through a rights offering. This was Bellevue Group's first-ever capital increase. The successful placement of some 3 mn new registered shares raised CHF 32.9 mn in capital and underscored shareholders' confidence in the growth strategy laid out by Bellevue Group. At the same time the additional capital will provide us with the strategic and financial flexibility we need to continue our current course.

Solid operating performance in a challenging environment

Like all other financial services companies, Bellevue Group was challenged by the high level of market volatility witnessed during the first few months of the year, particularly in the biotech and healthcare sectors, and the Group's most important source of revenues – commissions and fees – declined by 18% from the prior-year level. The percentage of recurring income increased to approximately 80% (71% at the end of 2015). Operating costs declined by 11% because of the significant decrease in performance-based employee compensation, but that could not offset the entire drop in income. Bellevue Group's operating profit declined to CHF 6.8 mn for the first half of the year (minus 32% y-o-y). Taking into account investment loss of approximately CHF 2.5 mn on seed capital, depreciation, amortization, valuation adjustments and taxes, Group

André Rüegg , Chief Executive Officer of Bellevue Group, Thomas von Planta, Chairman of the Board of Directors

net profit for the period amounted to CHF 2.8 mn. In the first half of last year Bellevue Group reported a net loss of CHF 15.5 mn due to extraordinary write-offs.

The acquisition of StarCapital was closed on June 6, 2016 with retroactive effect from January 1, 2016. StarCapital's profit for the period from January 1, 2016 to the closing date in the amount of CHF 2.5 mn was recognized in the net asset value and the profit for the period from the closing date to the end of June 2016 in the amount of CHF 0.4 mn was recognized in the Group's profit and loss statement. StarCapital's full earnings power will therefore become visible in the income statement for the second half of the year.

We are confident that the wider product range and broader base of income-generating operations will provide a sound basis for Bellevue Group's sustained growth, even in the face of a challenging environment.

Assets under management at new record high

For Asset Management, the first half was highlighted by the acquisition of StarCapital and the resulting enhancement of its investment competence and product offering. Assets under management reached a new all-time high of CHF 6.9 bn, an increase of 30% compared to the end of 2015. The acquisition of StarCapital accounted for much of the growth (CHF 2.5 bn). Meanwhile the Group reported an organic inflow of CHF 126 mn in net new assets. Demand for its various healthcare strategies as well as for the BB African Opportunities and, in particular, BB Global Macro funds was strong. With some CHF 190 mn in assets, the BB Global Macro Fund delivered another positive return of 2.8% (in CHF) despite the extreme challenges encountered in the first half thanks to its astute diversification across multiple asset classes and use of long and short investment strategies. Having delivered an outperformance of 8.2% and 6.8% (in CHF), both the BB Entrepreneur Switzerland Fund and BB Biotech AG clearly beat their benchmarks, although the latter's total return was negative. Highly adverse market conditions in the first half also left their mark on Asset Management's results, which declined by 21% to CHF 9.5 mn. Besides the negative market impact of approximately CHF 1 bn in assets under management, performance fees plunged 85% to CHF 0.6 mn.

Further erosion in Brokerage earnings – initial action taken to set up a wealth management franchise

The structural and regulatory-driven slowdown in brokerage activities is clearly reflected in the course of business at Bank am Bellevue. Its operating income declined yet again, slipping approximately 24% below the figure from the prior-year period. On the other hand, the bank's extensive M&A and capital market expertise is increasingly in demand from domestic as well as foreign companies. Its Corporate Finance Team co-managed several capital market transactions during the first half, including the initial public offering of Investis, a leading residential property company in the Lake Geneva region and a national provider of real estate services. Nevertheless, the decline in brokerage volumes led to an operating loss of CHF 1.1 mn for the bank. In order to broaden and stabilize the bank's income base, initial action has been taken to establish a wealth management franchise at the bank.

Outlook

Bellevue Group continued to work on its new contours during the first half of 2016 as it pursues its strategy of growth and diversification. We have been successful in strengthening our investment expertise in Asset Management during the past two years and improving its solutions for domestic and international clientele, in particular by acquiring or deploying new investment vehicles. There are plans to list a new investment trust on the London Stock Exchange during the second half of the year. This new investment vehicle will cover a global healthcare investment universe and specifically address local client needs.

The success of our strategy in Asset Management strengthens our resolve to improve the situation at Bank am Bellevue. Our goal of establishing a wealth management franchise for entrepreneurial private clients as an additional pillar of business at the bank remains a priority. We aim to achieve this goal through the organic build-up of expertise and capacity as well as through acquisitive activity. Our successful capital increase gives us the necessary financial leeway. The wealth management operation will be constructed under the helm of Christian Zenker. He has been with Bank am Bellevue since May 1, 2016 and has many years of experience in private wealth management.

The drive and proven expertise of our employees combined with the trust and support of our shareholders constitute the basis of our Group's success. On behalf of the Board of Directors and the Executive Board, we thank all staff and shareholders. We would also like to thank our clients whose needs and wants challenge us time and again and spur us to craft new ideas.

André Rüegg
Chief Executive Officer

Thomas von Planta
Chairman of the Board of Directors

Consolidated income statement

CHF 1000	1.1.–30.6.2016	1.7.–31.12.2015	1.1.–30.6.2015	Δ zu 30.06.2015
Interest income	195	384	167	+ 28
Dividend income	2 037	4 556	1 810	+227
Interest expense	−94	−74	−94	–
Other financial expenses	−210	−267	−194	−16
Net interest income	**1 928**	**4 599**	**1 689**	**+239**
Fee and commission income	30 118	34 454	36 492	−6 374
Fee and commission expense	−286	−170	−180	−106
Net fee and commission income	**29 832**	**34 284**	**36 312**	**−6 480**
Securities trading	−676	839	55	−731
Foreign exchange trading	50	246	−742	+792
Net trading income	**−626**	**1 085**	**−687**	**+61**
Income from other financial assets at fair value	−2 517	1 760	1 434	−3 951
Income from associated companies	–	−532	–	–
Other ordinary income	26	38	36	−10
Other ordinary expense	–	2	−2	+2
Other income	**−2 491**	**1 268**	**1 468**	**−3 959**
Total operating income	**28 643**	**41 236**	**38 782**	**−10 139**
Personnel expenses	−16 725	−16 649	−19 825	+3 100
Other operating expenses	−7 678	−8 630	−7 622	−56
Depreciation	−1 134	−817	−4 029	+2 895
Valuation adjustments and provisions	–	68	−22 000	+22 000
Total operating expenses	**−25 537**	**−26 028**	**−53 476**	**+27 939**
Profit before tax	**3 106**	**15 208**	**−14 694**	**+17 800**
Taxes	−260	−496	−836	+576
Group net profit	**2 846**	**14 712**	**−15 530**	**+18 376**
Basic earnings per share (in CHF)	0.25	+1.41	−1.49	+1.74
Diluted earnings per share (in CHF)	0.24	+1.33	−1.41	+1.65

Consolidated statement of comprehensive income

CHF 1 000	**1.1.–30.6.2016**	**1.7.–31.12.2015**	**1.1.–30.6.2015**	**Δ zu 30.6.2015**
Group net profit in the income statement	**2 846**	**14 712**	**–15 530**	**+18 376**
Other comprehensive income (net of tax)				
Items that may be reclassified subsequently to net income				
Currency translation adjustments	–596	91	–108	–488
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	3 116	902	–1 148	+4 264
Remeasurements of post employment benefit obligations IAS 19	–3 451	615	285	–3 736
Total comprehensive income	**1 915**	**16 320**	**–16 501**	**+18 767**

Consolidated balance sheet

CHF 1 000	Note	30.6.2016	31.12.2015	30.6.2015	Δ zu 31.12.2015
Assets					
Cash		82 716	90 573	111 843	–7 857
Due from banks		96 023	81 589	85 414	+14 434
Due from clients		49 165	22 332	19 230	+26 833
Trading portfolio assets		50 104	41 228	26 476	+8 876
Positive replacement values		–	9 331	8 084	–9 331
Other financial assets at fair value	3.1	22 931	26 595	23 446	–3 664
Accrued income and prepaid expenses		9 843	8 076	7 165	+1 767
Financial investments	3.4	26 493	22 841	21 727	+3 652
Associated companies		–	–	515	–
Property and equipment		1 634	1 616	1 766	+18
Goodwill and other intangible assets	3.6	83 070	40 017	40 682	+43 053
Current tax assets		4 027	3 846	3 829	+181
Deferred tax assets		1 418	520	333	+898
Other assets		6 439	7 562	4 269	–1 123
Total assets		**433 863**	**356 126**	**354 779**	**+77 737**
Liabilities					
Due to banks		38 199	5 310	16 556	+32 889
Due to clients		156 125	165 846	179 339	–9 721
Negative replacement values		93	9 472	8 160	–9 379
Financial liabilities designated at fair value		21 980	4 422	–	+17 558
Accrued expenses and deferred income		34 128	24 370	16 202	+9 758
Current tax liabilities		3 411	2 157	2 130	+1 254
Deferred tax liabilities		11 173	6 511	6 053	+4 662
Provisions	3.7	6 196	1 656	2 152	+4 540
Other liabilities		719	422	963	+297
Total liabilities		**272 024**	**220 166**	**231 555**	**+51 858**
Share capital	3.8	1 346	1 047	1 047	+299
Capital reserves		58 975	27 250	27 250	+31 725
Unrealized gains and losses recognized in other comprehensive income		19 795	20 130	18 613	–335
Currency translation adjustments		–981	–385	–476	–596
Retained earnings		82 970	91 564	77 975	–8 594
Treasury shares	3.9	–266	–3 646	–1 185	+3 380
Total shareholders' equity		**161 839**	**135 960**	**123 224**	**+25 879**
Total liabilities and shareholders' equity		**433 863**	**356 126**	**354 779**	**+77 737**

Statement of shareholders' equity

CHF 1 000	2016	2015
Share capital		
On January 1	1 047	1 047
Change during period under review	299	–
On June 30	**1 346**	**1 047**
Capital reserves		
On January 1	27 250	27 250
Change during period under review	31 725	–
On June 30	**58 975**	**27 250**
Unrealized gains and losses recognized in other comprehensive income		
On January 1	20 130	19 476
Change in unrealized gains and losses on financial instruments	3 116	–1 148
Remeasurements of post employment benefit obligations IAS 19	–3 451	285
On June 30	**19 795**	**18 613**
Currency translation adjustments		
On January 1	–385	–368
Change during period under review	–596	–108
On June 30	**–981**	**–476**
Retained earnings		
On January 1	91 564	102 227
Group net profit	2 846	–15 530
Dividends and other cash distributions	–10 470	–10 470
Income from the sale of own shares	259	–59
Employee stock ownership plan	–1 229	1 807
On June 30	**82 970**	**77 975**
Treasury shares		
On January 1	–3 646	–21
Purchases	–10 573	–2 857
Disposals	13 953	1 693
On June 30	**–266**	**–1 185**
Total shareholders' equity		
On January 1	135 960	149 611
On June 30	**161 839**	**123 224**

Consolidated cash flow statement (condensed)

CHF 1 000	1.1.–30.6.2016	1.1.–30.6.2015
Cash at the beginning of the period	**90 573**	**145 327**
Net cash flow from operating activities	–11 051	–22 860
Net cash flow from investing activities	–21 144	–96
Net cash flow from financing activities	24 934	–10 561
Currency translation effects	–596	33
Cash at the end of the period	**82 716**	**111 843**

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 2015.

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 became mandatorily applicable for the first time in fiscal year 2016 and could potentially have an impact on the half year financial report of Bellevue Group AG:

- Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations": 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.
- Amendments to IAS 1 "Presentation of Financial Statements": The amendments clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.
- Amendment to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation": IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The objective of the amendments is to ensure that preparers do not use revenue-based methods to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.
- Amendments to IFRS 10, IFRS 12, IAS 28 "Investment entities applying consolidation exception" (effective for annual periods beginning on or after 1 January 2016, earlier adoption permitted): The amendments clarify the relief from consolidation which is available to entities in group structures involving investment entities and are likely to reduce the number of entities which produce consolidated financial statements. The amendments also provide relief to non-investment entity investors in associates and joint ventures, who would otherwise incur practical difficulties or additional costs in unwinding fair value measurements and performing additional consolidations (prospective application, earlier application permitted).
- Amendment to IAS 27 "Separate financial statements", effective for annual periods beginning on or after 1 January 2016 (retrospective application, earlier application permitted): The amendments restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. An entity can now account for investments in subsidiaries, joint ventures and associates in its separate financial statements:
  a. at cost; or
  b. in accordance with IFRS 9; or
  c. using the equity method as described in IAS 28.

The IASB has also clarified the definition of separate financial statements as those produced in addition to:
  - consolidated financial statements by an entity with subsidiaries; or
  - financial statements prepared by an entity which has no subsidiaries but has investments in associates or joint ventures required to be equity accounted under IAS 28.
- Annual improvements 2012-2014 cycle: The annual improvements 2012-2014 include amendments to four IFRS standards: IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", IFRS 7 "Financial Instruments: Disclosures", IAS 19 "Employee Benefits" and IAS 34 "Interim Financial Reporting".

Bellevue Group has analysed the impact of the above mentioned standards and interpretations. The application of those amendments had no significant impact on the consolidated financial statements.

Bellevue Group early applies IFRS 9 “Financial instruments” (version 2010) since the annual reporting period 2010. This version of IFRS 9 comprises requirements on the classification and measurement of financial assets and liabilities; it defines two classification categories for debt instruments: amortised cost and fair value through profit or loss (“FVPL”). Classification for investments in debt instruments is driven by the entity’s business model for managing financial assets and their contractual cash flows. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading.

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 2016, or later. With the exception of the above mentioned early adoption of IFRS 9, Bellevue Group is not availing itself of the possibility of early application of these innovations:

- IFRS 9 “Financial Instruments” (Version 2014 – effective for annual periods beginning on or after 1 January 2018, earlier application permitted): The complete version of IFRS 9 “Financial Instruments” includes requirements on the classification and measurement of financial assets and liabilities; it defines three classification categories for debt instruments: amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVPL”). Classification for investments in debt instruments is driven by the entity’s business model for managing financial assets and their contractual cash flows. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. No changes were introduced for the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. IFRS 9 also contains a new impairment model which will result in earlier recognition of losses. The expected credit losses (ECL) model is a “three-stage” model for impairment based on changes in credit quality since initial recognition. It is primarily financial assets measured at amortized cost or financial assets where changes in fair value are recognized in other comprehensive income that fall within the scope of the new impairment model. In addition, the new standard contains amendments to general hedge accounting that will enable entities to reflect better their risk management activities in their financial statements.
- Amendments to IFRS 10, “Consolidated financial statements” and IAS 28, “Investments in associates and joint ventures”: These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a “business”. Full gain or loss will be recognised by the investor where the nonmonetary assets constitute a “business”. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors’ interests, even if these assets are held by a subsidiary. The amendments only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.
- IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2018, earlier application permitted): The new standard on the recognition of revenue from contracts with customers applies to all contracts with customers except those that are financial instruments, leases or insurance contracts. IFRS 15 is based on a five step approach:
  1) Identify the contract with the customer
  2) Identify the separate performance obligations in the contract
  3) Determine the transaction price
  4) Allocate the transaction price to separate performance obligations
  5) Recognize revenue when a performance obligation is satisfied.
  The new standard will require entities to redefine their revenue recognition, and consider adjustments to the invoicing and accounting systems and consider renegotiating contracts with their clients. Entities currently using industry-specific guidance may be more significantly affected. In addition, the amount of revenue-related disclosures will increase.
- IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019, earlier application permitted if IFRS 15 is applied at least at the same time) Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. IFRS 16 is likely to have a significant impact on the financial statements of a number of lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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 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 2015. 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 3.6 "Goodwill and other intangible assets", on page 20 and section 3.7 "provisions" on page 23.

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 2015 Annual Report.

3 Details on the consolidated balance sheet

3.1 Fair value of financial instruments

CHF 1 000			30.6.2016			31.12.2015
	Book value	Fair Value	Deviation	Book value	Fair Value	Deviation
Assets						
Cash	82 716	82 716	–	90 573	90 573	–
Due from banks	96 023	96 023	–	81 589	81 589	–
Due from clients	49 165	49 165	–	22 332	22 332	–
Subtotal receivables	**227 904**	**227 904**	**–**	**194 494**	**194 494**	**–**
Financial investments	–	–	–	–	–	–
Financial assets at amortized cost	**227 904**	**227 904**	**–**	**194 494**	**194 494**	**–**
Trading portfolio assets	50 104	50 104	–	41 228	41 228	–
Positive replacement values	–	–	–	9 331	9 331	–
Other financial assets at fair value	22 931	22 931	–	26 595	26 595	–
Financial investments at fair value	593	593	–	741	741	–
Subtotal other financial assets at fair value through profit and loss	**73 628**	**73 628**	**–**	**77 895**	**77 895**	**–**
Financial investments	25 900	25 900	–	22 100	22 100	–
Financial assets at fair value	**99 528**	**99 528**	**–**	**99 995**	**99 995**	**–**
Liabilities						
Due to banks	38 199	38 199	–	5 310	5 310	–
Due to customers	156 125	156 125	–	165 846	165 846	–
Financial liabilities at amortized cost	**194 324**	**194 324**	**–**	**171 156**	**171 156**	**–**
Negative replacement values	93	93	–	9 472	9 472	–
Financial liabilities designated at fair value	21 980	21 980		4 422	4 422	
Financial liabilities at fair value	**22 073**	**22 073**	**–**	**13 894**	**13 894**	**–**

3 Details on the consolidated balance sheet

3.1 Fair value of financial instruments

CHF 1 000	Level-1	Level-2	Level-3	Total
30.6.2016				
Assets				
Cash	82 716	–	–	82 716
Due from banks	–	96 023	–	96 023
Due from customers	–	49 165	–	49 165
Financial assets at amortized cost	**82 716**	**145 188**	**–**	**227 904**
Trading portfolio assets	5 482	44 622	–	50 104
Other financial assets at fair value	–	11 384	11 547	22 931
Financial investments at fair value	–	593	25 900	26 493
Financial assets at fair value	**5 482**	**56 599**	**37 447**	**99 528**
Total financial assets	**88 198**	**201 787**	**37 447**	**327 432**
Liabilities				
Due to banks	–	38 199	–	38 199
Due to customers	–	156 125	–	156 125
Financial liabilities at amortized cost	**–**	**194 324**	**–**	**194 324**
Negative replacement values	–	93	–	93
Financial liabilities designated at fair value	–	21 980	–	21 980
Financial liabilities at fair value	**–**	**22 073**	**–**	**22 073**
Total financial liabilities	**–**	**216 397**	**–**	**216 397**
31.12.2015				
Assets				
Cash	90 573	–	–	90 573
Due from banks	–	81 589	–	81 589
Due from customers	–	22 332	–	22 332
Financial assets at amortized cost	**90 573**	**103 921**	**–**	**194 494**
Trading portfolio assets	11 699	29 529	–	41 228
Positive replacement values	–	9 331	–	9 331
Other financial assets at fair value	–	12 851	13 744	26 595
Financial investments	–	741	22 100	22 841
Financial assets at fair value	**11 699**	**52 452**	**35 844**	**99 995**
Total financial assets	**102 272**	**156 373**	**35 844**	**294 489**
Liabilities				
Due to banks	–	5 310	–	5 310
Due to customers	–	165 846	–	165 846
Financial liabilities at amortized cost	**–**	**171 156**	**–**	**171 156**
Negative replacement values	–	9 472	–	9 472
Financial liabilities designated at fair value	–	4 422		4 422
Financial liabilities at fair value	**–**	**13 894**	**–**	**13 894**
Total financial liabilities	**–**	**185 050**	**–**	**185 050**

In the half-year report no reclassification were made.

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 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	6 months ending 30.6.2016			6 months ending 30.6.2015		
	Other financial instruments at fair value	Financial investments at fair value	Total	Other financial instruments at fair value	Financial investments at fair value	Total
Assets						
Holdings at the beginning of the year	13 744	22 100	35 844	11 741	22 400	34 141
Investments	–	–	–	–	–	–
Redemptions	–484	–	–484	–	–	–
Losses recognized in the income statement	–1 713	–	–1 713	–782	–	–782
Losses recognized as other comprehensive income	–	–	–	–	–1 400	–1 400
Gains recognized in the income statement	–	–	–	818	–	818
Gains recognized as other comprehensive income	–	3 800	3 800	–	–	–
Total book value at balance sheet date	**11 547**	**25 900**	**37 447**	**11 777**	**21 000**	**32 777**
Total profit/loss of Level 3 instruments, which were held at balance sheet date	**–1 378**	**3 800**	**2 422**	**818**	**–1 400**	**–582**

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	1 962
	–5 percentage points	–1 962
Reduction for illiquidity	+5 percentage points	–1 500
	–5 percentage points	1 500

3 Details on the consolidated balance sheet

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
30.6.2016						
Financial assets						
Derivative financial instruments	–	–	–	–	–	–
Cash collateral for securities borrowing agreements	–	–	–	–	–	–
Total financial assets	**–**	**–**	**–**	**–**	**–**	**–**
Financial assets						
Derivative financial instruments	93	–	93	–	–	–
Cash collateral from securities lending agreements	–	–	–	–	–	–
Total financial assets	**93**	**–**	**93**	**–**	**–**	**–**
31.12.2015						
Financial assets						
Derivative financial instruments	9 331	–	9 331	94	4 090	5 147
Cash collateral for securities borrowing agreements	–	–	–	–	–	–
Total financial assets	**9 331**	**–**	**9 331**	**94**	**4 090**	**5 147**
Financial assets						
Derivative financial instruments	9 472	–	9 472	94	–	9 378
Cash collateral from securities lending agreements	–	–	–	–	–	–
Total financial assets	**9 472**	**–**	**9 472**	**94**	**–**	**9 378**

3 Details on the consolidated balance sheet

3.4 Financial investments

CHF 1 000	30.6.2016	31.12.2015
Valued at fair value		
Equity instruments [1)]	25 900	22 100
of which unlisted	25 900	22 100
Debt instruments	593	741
of which unlisted	593	741
Total	**26 493**	**22 841**
Total financial investments	**26 493**	**22 841**
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 3.8 million (previous year: CHF 0.3 million) were revalued without affecting net income. This took account of CHF 0.68 million (previous year: CHF 0.05 milion) of deferred taxes.

3 Details on the consolidated balance sheet

3.5 Business combination

On 6 June 2016, Bellevue Group AG acquired a 100% interest in StarCapital AG. The Group expects to continue to increase its market presence through the combination of this business with the existing Asset Management business segment of Bellevue Group AG. The goodwill of CHF 29.4 million 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 following table summarises the consideration paid for StarCapital AG, the fair value of asset acquired and liabilities assumed at the acquisition date:

CHF 1 000	**06.06.2016**
Cash	22 137
Conditional component of the purchase price	21 906
Additional component of the purchase price	1 099
Total consideration transferred	**45 142**
Cash	6 950
Receivables	1 622
Property, plant & equipment	261
Intangible assets	15 490
Liabilities	–8 536
Total recognised amounts of identifiable asset acquired and liabilities assumed	**15 787**
Goodwill	**29 355**

The above-mentioned amounts represent the allocation of the purchase price. With the exception of the costs of the increase in capital, the acquisition-related costs in the amount of CHF 0.3 million for the 2016 financial year were recorded as operating expenses in the income statement. Costs of CHF 0.9 million that were directly attributable to the increase in capital were posted directly to shareholders' equity. The acquisition-related costs of CHF 0.4 million that arose in 2015 were recorded as operating expenses in the income statement for the same period.

The conditional component of the purchase price is a liability owed by the Group to the sellers, and is due in three equal instalments on the first three anniversaries starting from the acquisition date. The fair value of the conditional component of the purchase price will depend on the profits generated by StarCapital AG from 2016 to 2018, which, at the same time, represent the main input parameter underlying the valuation (Level 3). The estimate used for the 2016 half-year report assumes a profit of EUR 7.0 million per year. Where the actual profit deviates from the estimated profit by +/– 1%, the fair value of the conditional component of the purchase price will also change by a corresponding +/– 1%. The conditional component of the purchase price could vary within a range of +/– EUR 10.0 million.

The additional component of the purchase price is a liability owed by the Group to the management and employees of StarCapital AG in calculation. The cost of equity amounts to 9.7%.

There is no need to write down the gross amounts.

The fair value of the acquired intangible assets (customer base and brand) was CHF 15.5 million, based on a "discounted cash flow" calculation. The cost of equity amounts to 9.7%.

The Group acquired control of StarCapital AG on 6 June 2016 (closing date). From this time, a profit of CHF 451,000 was recognised in the consolidated income statement. In the period from 1 January 2016 to the assumption of control, StarCapital AG generated a profit of CHF 2,481,000, which was immediately reflected in the net asset value.

3 Details on the consolidated balance sheet

3.6 Goodwill and other intangible assets

CHF 1 000	Bank am Bellevue	Asset Management	Total
Goodwill			
Acquisition cost			
Balance as of 1.1.2015	97 374	74 298	171 672
Additions	–	423	423
Balance as of 30.6.2015	97 374	74 721	172 095
Balance as of 31.12.2015	97 374	74 721	172 095
Additions	–	29 355	29 355
Foreign currency effect	–	–605	–605
Balance as of 30.6.2016	**97 374**	**103 471**	**200 845**
Accumulated valuation adjustments			
Balance as of 1.1.2015	–65 374	–50 915	–116 289
Additions	–22 000	–	–22 000
Balance as of 30.6.2015	–87 374	–50 915	–138 289
Balance as of 31.12.2015	–87 374	–50 915	–138 289
Balance as of 30.6.2016	**–87 374**	**–50 915**	**–138 289**
Net carrying values			
Balance as of 1.1.2015	32 000	23 383	55 383
Balance as of 30.6.2015	10 000	23 806	33 806
Balance as of 31.12.2015	10 000	23 806	33 806
Balance as of 30.6.2016	**10 000**	**52 556**	**62 556**

The reported goodwill as of 1 January 2015 for the Bank am Bellevue and Asset Management business segments stems from the acquisition of Bank am Bellevue AG and Bellevue Asset Management AG by Bellevue Group AG (formerly swissfirst AG) in 2005, and from the acquisition of the 100% interest in Adamant Biomedical Investments AG ("Adamant") in 2014. The additions in the 2015 financial year are also due to the acquisition of the 100% interest in Adamant. Details of the merger with Adamant are listed in section 1.4 on page 11 of the 2015 half-year report and in section 4.4 on page 67 of the 2014 annual report. The additions in the 2016 financial year are due to the acquisition of a 100% interest in StarCapital AG. Details of the merger with StarCapital AG are provided in section 3.5 on page 19.

Bellevue Group will assess the goodwill value every six months, basing valuations on the projected recoverable amount for each business segment. The recoverable amount is calculated using the discounted cash flow method. 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.

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

In view of the lower volume of business activities and the reduced revenues from Bank am Bellevue's brokerage unit as of 30 June 2015, the Board of Directors and the Executive Board reassessed the unit's future earnings. On the one hand, the five-year financial plan on which these estimates are based was adjusted on the basis of income in the first half of 2015. On the other hand, variables and assumptions in respect of the general development of the brokerage area as well as Bank am Bellevue's market position were taken into account as well. Bellevue Group issued a media release informing of this matter immediately after the resolution was passed on 15 July 2015. Details regarding this topic are provided in section 4.6 on page 72 of the 2015 annual report.

Impairment tests were conducted again at the end of June of 2016. The discount rate used in these calculations was 8.5% (previous year: 8.3%) and the assumed growth rate was 1% (previous year: 1%). No impairment losses were identified.

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 in key 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 1.1.2015	84 838	1 274	3 262	89 374
Balance as of 30.6.2015	84 838	1 274	3 262	89 374
Balance as of 31.12.2015	84 838	1 274	3 262	89 374
Additions	15 207	279	4	15 490
Foreign currency effect	–304	–1	–	–305
Balance as of 30.6.2016	**99 741**	**1 552**	**3 266**	**104 559**
Accumulated valuation adjustments				
Balance as of 1.1.2015	–74 159	–1 184	–3 262	–78 605
Additions	–3 884	–9	–	–3 893
of which due to impairment	–2 700	–	–	–2 700
Balance as of 30.6.2015	–78 043	–1 193	–3 262	–82 498
Additions	–655	–10	–	–665
Balance as of 31.12.2015	–78 698	–1 203	–3 262	–83 163
Additions	–868	–14	–	–882
of which due to impairment	–358	–	–	–358
Balance as of 30.6.2016	**–79 566**	**–1 217**	**–3 262**	**–84 045**
Net carrying values				
Balance as of 1.1.2015	10 679	90	–	10 769
Balance as of 30.6.2015	6 795	81	–	6 876
Balance as of 31.12.2015	6 140	71	–	6 211
Balance as of 30.6.2016	**20 175**	**335**	**4**	**20 514**

The intangible assets for “Brand” and “Client base” as per 1.1.2014 stem from the acquisition of the Bank am Bellevue and Bellevue Asset Management 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 impairment in the procedure described above under “Goodwill”.

The additions during fiscal year 2016 resulted from the acquisition of a 100% interest in the StarCapital AG. The details of the business combination are listed in section 3.5 on page 19. The intangible assets will be amortized over a period of 5 to 10 years and tested for impairment in the procedures described above under “Goodwill”.

We have further adjusted our estimate for future expected profits on the acquired customer base of Bank am Bellevue, due to the continued adverse environment. As a result, we had to write off an additional CHF 0.35 million (as per 30 June 2015: CHF 2.7 million) of the related intangible assets.

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

2016 (1.7.–31.12.)	1 129
2017	2 250
2018	2 249
2019	2 244
2020	2 215
2021	2 135
2022	2 112
2023	2 112
2024	1 957
2025	1 490
2026	621
Total	**20 514**

3 Details on the consolidated balance sheet

3.7 Provisions

CHF 1 000	Actuarial BVG provisions	Other	30.6.2016 Total	31.12.2015 Total
Balance at the beginning of the year	1 656	–	1 656	2 281
Utilization in conformity with intended purpose	–	–	–	–332
New charge to profit and loss account	–	–	–	–
Write-backs credited to profit and loss account	–	–	–	–68
Remeasurements of post employment benefit obligations IAS 19	4 540	–	4 540	–225
Provisions as at the balance sheet date	**6 196**	**–**	**6 196**	**1 656**

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.

Details regarding the 2015 data are provided in section 4.7 on page 74 of the 2015 annual report.

3 Details on the consolidated balance sheet

3.8 Share capital/Conditional capital

	Number of shares	Par value CHF 1 000
Share capital (registered shares)		
Balance as of 1.1.2015	10 470 000	1 047
Balance as of 30.6.2015	10 470 000	1 047
Balance as of 31.12.2015	10 470 000	1 047
Change during period under review	2 991 428	299
Balance as of 30.6.2016	**13 461 428**	**1 346**
Conditional capital		
Balance as of 1.1.2015	1 000 000	100
Balance as of 30.6.2015	1 000 000	100
Balance as of 31.12.2015	1 000 000	100
Balance as of 30.6.2016	**1 000 000**	**100**

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.

	Number of shares	Par value CHF 1 000
Authorized capital		
Balance as of 1.1.2015	1 500 000	150
Balance as of 30.6.2015	1 500 000	150
Balance as of 31.12.2015	1 500 000	150
Change during period under review	8 572	1
Balance as of 30.6.2016	**1 508 572**	**151**

At the Annual General Meeting held on 22 March 2016, it was resolved to replace the existing authorised capital with new authorised capital in a higher amount and for a restricted purpose. For the purposes of financing acquisitions of companies by share swaps or for financing or refinancing the acquisition of companies, parts of companies or shareholdings, the Board of Directors was authorised to increase the share capital, at any time, by a maximum amount of CHF 450,000 until 22 March 2018 by issuing no more than 4,500,000 fully paid registered shares with a nominal value of CHF 0.10 per share. The increases may be underwritten, including by transfer or subscription by Bank am Bellevue AG, or they 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 will 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. 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.

In connection with the acquisition of a 100% interest in StarCapital AG, the Board of Directors of Bellevue Group AG resolved at its meeting on 10 April 2016 to increase the capital in the amount of CHF 299,142.80 from the authorised share capital. Details of the merger with StarCapital AG are provided in section 3.5 on page 19. The increase in capital resulted in a premium of CHF 32,606,565 million, which was entered in the capital reserves. Costs of CHF 881,796 that were directly attributable to the increase in capital were posted directly to shareholders' equity.

3 Details on the consolidated balance sheet

3.9 Treasury shares

	Number of shares	CHF 1 000
Own shares in trading portfolio of Bank am Bellevue		
Balance as of 1.1.2015	1 516	21
Purchases	117 883	1 714
Disposals	–116 399	–1 693
Balance as of 30.6.2015	3 000	42
Purchases	396 432	5 575
Disposals	–189 477	–2 661
Balance as of 31.12.2015	**209 955**	**2 956**
Purchases	565 876	7 982
Disposals	–758 528	–10 695
Balance as of 30.6.2016	**17 303**	**243**
Treasury shares held by Bellevue Group AG		
Balance as of 1.1.2015	–	–
Purchases	81 345	1 143
Disposals	–	–
Balance as of 30.6.2015	81 345	1 143
Purchases	–	–
Disposals	–32 238	–453
Balance as of 31.12.2015	**49 107**	**690**
Purchases	17 500	261
Disposals	–65 983	–942
Balance as of 30.6.2016	**624**	**9**
Treasury shares held by Bellevue Group AG		
Balance as of 1.1.2015	–	–
Purchases	–	–
Disposals	–	–
Balance as of 30.6.2015	–	–
Purchases	–	–
Disposals	–	–
Balance as of 31.12.2015	**–**	**–**
Purchases	156 000	2 330
Disposals	–155 095	–2 316
Balance as of 30.6.2016	**905**	**14**

3 Details on the consolidated balance sheet

3.10 Assets pledged or assigned as collateral for own liabilities

CHF 1 000		30.6.2016		31.12.2015
	Carrying amount	Actual liability	Carrying amount	Actual liability
Due from banks	57 922	–	40 655	–
Other assets	5	–	–	–
Total	**57 927**	–	**40 655**	–

The "Receivables from banks" represent in the reporting period as well as in the previous period cash collateral with SIX. These are used to secure the trade on the SIX.

4 Off-balance sheet and other information

4.1 Off-balance sheet

CHF 1 000	30.6.2016	31.12.2015
Contingent liabilities		
Credit guarantees	11 000	6 000
Total	**11 000**	**6 000**
Irrevocable commitments		
Rental commitments	4 316	4 907
Undrawn irrevocable credit facilities	560	150
of which payment obligation to "Einlagensicherung"	150	150
of which remaining irrevocable payment promises	410	–
Total	**4 876**	**5 057**
Securities lending and pension transactions		
Book value of liabilities from cash deposits in securtities lending and repurchase transactions	150	–
Book value of own holdings of securities lent in securitites lending or provided as collateral in securities borrowing, and transferred in repurchase transactions	11 272	11 647

CHF million	30.6.2016	31.12.2015
Assets under management		
Assets with management mandate	6 904	5 330
Other assets under management	2 532	1 421
Total assets under management (including double counts)	**9 436**	**6 751**
of which double counts	–230	–254
Development of managed assets		
Total managed assets (including double counting) at beginning	6 751	6 190
+/– net new money inflow or net new money outflow	1 317	–222
+/– price gains/losses, interest, dividends and currency gains/losses	–1 112	783
+/– other effects	2 480	–
Total managed assets (including double counting) at end	9 436	6 751

Calculation in accordance with table 31 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
30.6.2016					
Due from clients	599	–	–	–	599
Due to clients	10 335	17 504	–	–	27 839
Credit guarantees	2 500	–	–	–	2 500
Irrevocable commitments	410	–	–	–	410
1.1.–30.6.2016					
Interest income	4	–	–	–	4
Interest expense	–	–	–	–	–
Fee and commission income	3	264	25	–	292
Other operating expenses	–	–	–	–	–
31.12.2015					
Due from clients	316	–	–	–	316
Due to clients	16 719	19 740	–	–	36 459
1.1.–30.6.2015					
Interest income	–	–	–	–	–
Interest expense	–	–	–	–	–
Fee and commission income	6	245	14	–	265
Other operating expenses	22	–	–	–	22

[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 28 of the annual report 2015
[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%)

The credit guarantees serve as collateral for loans from third-party banks to members of the Group management.

The irrevocable commitment relates to a payment promise by Bank am Bellevue AG to a third-party bank.

Thomas von Planta has invoiced Bellevue Group AG for a total of CHF 48,600 (excluding 8% VAT) for his consultancy services in the period from 1 January to 30 June 2016 (previous year: CHF 21,600). The entire amount was posted directly to shareholders' equity as transaction costs connected with the increase in share capital.

4.3 Major foreign exchange rates

The following exchange rates were used for the major currencies:	30.6.2016 Half year-end rate	1.1.– 30.6.2016 Average rate	31.12.2015 Half year-end rate	1.1.–31.12.2015 Average rate
EUR	1.08385	1.09590	1.08855	1.06901
USD	0.97745	0.98190	1.00195	0.96310

4.4 Events after the balance sheet date

No events have occured since the balance sheet date of June 30, 2016 that would hav a material impact on the interim financial statements.

4.5 Approval of the consolidated interim financial statements

The Audit Committee discussed and approved the consolidated interim financial statements during its meeting on July 22, 2016, the Board of Directors during its meeting on July 25, 2016.

5 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Intercompany	Total
1.1.–30.6.2016					
Net interest income	1 860	85	−17	–	1 928
Net fee and commission income	5 671	24 555	–	−394	29 832
Net trading income	−77	−553	4	–	−626
Other income	6	−2 489	−8	–	−2 491
Service from/to other segments	27	−17	−10	–	–
Operating income	**7 487**	**21 581**	**−31**	**−394**	**28 643**
Personnel expense	−5 089	−10 570	−1 066	–	−16 725
General expense	−3 412	−3 762	−898	394	−7 678
Service from/to other segments	−134	−243	377	–	–
Depreciation and amortization	−624	−508	−2	–	−1 134
thereof on intangible assets	−431	−451	–	–	−882
Valuation adjustments and provisions	–	–	–	–	–
Operating expense	**−9 259**	**−15 083**	**−1 589**	**394**	**−25 537**
Profit before taxes	**−1 772**	**6 498**	**−1 620**	**–**	**3 106**
Taxes	102	−552	190	–	−260
Group net profit	**−1 670**	**5 946**	**−1 430**	**–**	**2 846**
Additional information as per 30.06.2016					
Segment assets [1]	304 293	126 237	3 333	–	433 863
Segment liabilities	215 156	33 381	23 487	–	272 024
Assets with management mandate (CHF m)	23	6 881	–	–	6 904
Net new money (CHF m)	13	2 593	–	–	2 606
Other assets under management (CHF m)	2 532	–	–	–	2 532
Net new money (CHF m)	1 191 [3]	–	–	–	1 191
Total client assets (CHF m) [2]	2 555	6 881	–	–	9 436
Net new money (CHF m)	1 204	2 593	–	–	3 797
Capital expenditure	–	11	–	–	11
Number of staff full-time equivalent (at cutoff date)	37.9	63.5	3.8	–	105.2
Half year average number of staff (full-time equivalent)	35.7	51.4	3.7	–	90.8

[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 67.5 million, in all other countries amounts to CHF 44.1 million.

[2] Including double counts

[3] New net money inflow resulted primarily from a transaction executed by Corporate Finance and is of a temporary nature. Without this transaction, net new money outflow would amount to CHF 155 million.

45% of revenue is allocated to Switzerland and 55% to other countries.

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". Non-domestic sales are negligible.

Segment "Asset Management"
The Asset Management business segment consists of Bellevue Asset Management AG and its foreign subsidiaries (Bellevue Asset Management Group) and StarCapital AG, which was acquired in June 2016 (cf. section 3.5 "Business Combination"). Bellevue Asset Management Group is an independent, highly specialised asset management boutique focusing on management of equity portfolios for selected regional and sector strategies, and on institutional assets. It has consistently outperformed the benchmark indices and has assets under management exceeding CHF 4 billion in healthcare products. This makes Bellevue Asset Management Group one of the world leaders in this specialised sector. The acquisition of StarCapital AG has made it possible to extend and broaden the offering of global pension, equity and mixed funds as well as ETF strategies in a targeted manner. Bellevue Asset Management Group's entire investment philosophy focuses purely on active asset management, based on a bottom-up, research-driven approach to stock picking. This business segment is oriented towards both institutional as well as retail clients.

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

5 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Intercompany	Total
1.1.–30.6.2015					
Net interest income	1 760	−71	–	–	1 689
Net fee and commission income	6 440	29 872	–	–	36 312
Net trading income	−233	−449	−5	–	−687
Other income	6	1 465	−3	–	1 468
Service from/to other segments	16	−12	−4	–	–
Operating income	**7 989**	**30 805**	**−12**	**–**	**38 782**
Personnel expense	−4 338	−13 587	−1 900	–	−19 825
General expense	−3 116	−3 588	−918	–	−7 622
Service from/to other segments	30	−108	78	–	–
Depreciation and amortization	−3 054	−973	−2	–	−4 029
thereof on intangible assets	−3 030	−863	–	–	−3 893
Valuation adjustments and provisions	−22 000	–	–	–	−22 000
Operating expense	**−32 478**	**−18 256**	**−2 742**	**–**	**−53 476**
Profit before taxes	**−24 489**	**12 549**	**−2 754**	**–**	**−14 694**
Taxes	485	−1 324	3	–	−836
Group net profit	**−24 004**	**11 225**	**−2 751**	**–**	**−15 530**
Additional information as per 30.06.2015					
Segment assets [1]	269 959	82 374	2 446	–	354 779
Segment liabilities	200 397	29 727	1 431	–	231 555
Assets with management mandate (CHF m)	10	5 189	–	–	5 199
Net new money (CHF m)	–	−7	–	–	−7
Other assets under management (CHF m)	1 463	–	–	–	1 463
Net new money (CHF m)	−56	–	–	–	−56
Total client assets (CHF m) [2]	1 473	5 189	–	–	6 662
Net new money (CHF m)	−56	−7	–	–	−63
Capital expenditure	1 461	215	2	–	1 678
Number of staff full-time equivalent (at cutoff date)	33.6	46.7	3.6	–	83.9
Half year average number of staff (full-time equivalent)	33.1	47.3	3.6	–	84.0

[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 64.2 million, in all other countries amounts to CHF 0.2 million.

[2] Including double counts

Investor Relations/Contacts

Investor Relations

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

Contacts

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

Bank am Bellevue AG
Seestrasse 16
CH-8700 Küsnacht
Telephone +41 (0)44 267 67 67
Fax +41 (0)44 267 67 50
info@bellevue.ch
www.bellevue.ch

Bellevue Asset Management AG
Seestrasse 16
CH-8700 Küsnacht
Telephone +41 (0)44 267 67 00
Fax +41 (0)44 267 67 01
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
Neidhart + Schön AG, Zurich

Design and concept
Nadiv Visual Communication, Zurich

Photography
Pablo Faccinetto, Zurich

Art director
Tanja Chicherio

Accounting scientists
Daniel Koller, Michael Hutter, Stefano Montalbano