



Half-year report 2017

Successful strategic repositioning

Bellevue Group successfully adapted its business strategy to the new reality for the financial industry over the past three years and is now focused on recurring income flows. As an internationally active asset and wealth manager, Bellevue Group offers innovative investment strategies and product solutions to demanding institutional and private clients.

Raising the bar on the operating front

Operating profit surged 73% and demonstrates quite clearly that Bellevue Group is steadily gaining momentum as a highly focused investment management boutique. Its growing earnings power and the high ratio of recurring income, of 78% of total operating income, augur well for the Group's sustainable development.

Client assets reach a record high

During the first half of 2017, national and international clients entrusted the Group with assets of CHF 11.8 bn. This corresponds to 12% y-o-y growth, of which CHF 653 mn is attributed to market developments and investment performance and a substantial CHF 574 mn to net new money inflows.

Successful launch of wealth management operations

The start-up phase for the wealth management business for entrepreneurial private clients was completed on schedule and initial success has already been achieved. Having attracted client assets of about CHF 325 mn, Bellevue Investment Partners had a successful start. Further growth in wealth management will be sought through organic as well as acquisitive means.

Strengthening of Management and Board

In order to accelerate the expansion of the asset and wealth management business, Bellevue Group is strengthening its expertise in these areas. On February 1, 2018 at latest, Thomas Pixner will assume the position of CEO of Bank am Bellevue and also have a seat on Bellevue Group's Executive Board. Veit de Maddalena will be proposed for election to the Board of Directors at the AGM in 2018. Both have extensive experience in international wealth management.

TOTAL CLIENT ASSETS

CHF 11.8 bn

(+12% since 12/31/2016)

INCREASE OPERATING PROFIT ON THE PREVIOUS PERIOD

73%

(Total: CHF 11.7 mn)

NET NEW MONEY IN HY1

CHF 574 mn

(annualized rate: 10.9%)

PERCENTAGE RECURRING REVENUES

78%

(as at 06/30/2017)

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Dear shareholders,

During the first half of 2017, Bellevue Group focused its profile as an innovative investment management boutique. Its focus on asset and wealth management services is generating a steady payback. The positive market trends since the beginning of the year, fanned by a moderate global economic upturn, persisting low interest rates and relatively firm oil prices, provided the Group's good operating performance in the first half an additional boost. Markets were supported by the European and Japanese central banks, which continued to pump large amounts of liquidity into the system, and by lower levels of political uncertainty in the wake of the French elections and other developments. Financial markets around the world were buoyed by this general environment and the key healthcare sector, biotechnology stocks in particular, staged a recovery.

Bellevue Group focused on asset and wealth management

With the restructuring of Bank am Bellevue and the ensuing discontinuation of the brokerage and corporate finance business in the first half of 2017, Bellevue Group is now clearly focused on asset management and wealth management. The bank has largely concluded its realignment due to constructive collaboration between all parties involved. Non-recurring restructuring expenses of CHF 5.5 million (gross) were charged to the first-half accounts. Bank am Bellevue's strategic focus is on wealth management going forward. Bellevue Investment Partners, a unit of Bank am Bellevue, provides classic portfolio management services, comprehensive asset structuring and consolidation solutions, and family office services for entrepreneurial private clients. Bank am Bellevue still offers custody, trading execution and market-making services.

Client assets at new record high – substantial inflow of net new money

Bellevue Group's diverse investment expertise, enlarged product range and greater presence in key markets have made the firm even more attractive to clients in national and international markets. Client assets at Bellevue Group rose by 12% to a new record high of CHF 11.8 billion during the first half. About CHF 8.6 billion of this sum was related to Bellevue Asset Management and CHF 3.2 billion (incl. custody assets of CHF 1.4 billion) to Bank am Bellevue. This positive growth is attributed to market developments and investment performance (CHF 653 million) and to a significant increase in net new money of CHF 574 million, which corresponds to an annualized net new money growth rate of 10.9%. That rate is within the targeted annual organic asset growth of 5% to 10%.

Asset Management (including StarCapital) and Bank am Bellevue contributed equally to the newly acquired client assets. Led by the BB Global Macro Fund, which continues to attract substantial amounts of new money from clients in

and outside Switzerland, new money growth was broad-based and underpinned by the broad range of available investment products. There was also strong demand for Bellevue's healthcare and entrepreneur equity strategies, and for StarCapital's fixed-income and multi-asset investment solutions. BB Healthcare Trust, an investment trust listed in London in December 2016, witnessed sustained inflows as well. Although Bellevue Investment Partners was still preoccupied with the establishment of its wealth management services during its initial months of operation, clients already entrusted the team with assets of about CHF 325 million. The substantial increase in client assets and the Group's greater appeal to institutional and private clients alike represent a strong platform for Bellevue Group's future growth.

Increase in client assets fueled by profit growth – earnings sustainability improves further

A slight pick-up in economic activity, the general trends on financial markets and the increase in client assets contributed to Bellevue Group's growing profits during the first half of 2017. Supported by a sharp rise of the income from commissions and fees, the main source of Group income, operating profit increased significantly by 50% to CHF 46.8 mn. Recurring revenues as a percent of total revenues rose year-on-year and now stands at 78%, a level that is likely to be sustained going forward. As for transaction-driven income, the trading operations, which have been retained, showed a promising trend. Income from the Brokerage and Corporate Finance units, which contributed around CHF 5 million to the bank's revenues thanks to the successful conclusion of the final capital market transactions, will be absent in future reporting periods, though.

Gross restructuring charges of CHF 5.5 million (offset by CHF 1.5 million in past service cost including effects of curtailment and loss from non-routine pension plan settlements) at the bank and the increase in personnel expenses at Asset Management, which reflects the acquisition of StarCapital and performance-based compensation, stand out on the cost side. Total operating income at Bellevue Group amounted to CHF 11.7 million, a substantial increase of 73% compared to the previous year. Profit after tax amounted to CHF 9.8 million and was almost three times the figure reported for the prior-year period. After the completion of its restructuring, Bellevue Group's work force ended up at 93 at the end of June 2017 (full-time equivalents).

The interim results confirm that Bellevue Group has reached a new performance level as a highly focused asset management boutique. Our growing set of investment skills and our innovative offering for entrepreneurial private clients will enable us to address new client groups and strengthen our earnings power.

Broad range of first-rate portfolio management services and products

Bellevue Group offers extensive expertise and a diverse range of products in the Asset Management and Bank am Bellevue segments that meet the investment needs of institutional and private clients alike. In addition to its flagship product BB Biotech AG, Bellevue Asset Management offers a wide selection of healthcare and specialized regional strategies and, thanks to the acquisition of StarCapital, a number of successful multi-asset, global equity and global bond investment vehicles. All teams delivered another convincing investment performance for investors, building on their active management approach. Most of the investment products achieved double-digit returns in absolute terms over the first half and outperformed their benchmarks by a wide margin. Asset Management once again clearly improved its overall operating performance as segment operating revenues surged 49% to CHF 36.0 million. Despite a 53% increase in costs attributable to the integration of StarCapital and performance-based compensation plans, the segment's operating profit of CHF 13.7 million topped the year-ago figure by no less than 44%.

For Bank am Bellevue, the first half of 2017 was dominated by the discontinuation of the Brokerage and Corporate Finance activities. A constructive dialog between all parties and a good project management team enabled the restructuring of the bank to be concluded on schedule. Commission income from the Brokerage unit declined, as expected in the light of the restructuring project. Due to the successful conclusion of the remaining capital market transactions, the solid performance of the continuing trading activities for private and institutional clients, and initial income from the recently launched private client business, the bank's running costs and the one-time restructuring costs were well absorbed. Consequently, Bank am Bellevue nearly reached the break-even point during this turning point in its development.

New members for future expansion of wealth management business recruited

Bellevue Group's investment management expertise is being further strengthened by the strategic focus on the asset management and wealth management business. The Board of Directors has appointed Thomas Pixner CEO of Bank am Bellevue and a member of the Executive Board of Bellevue Group, effective February 1, 2018 at latest. It will also recommend the election of Veit de Maddalena as a new member of the Board of Directors at the Annual General Meeting in March 2018. Both have many years of experience in the wealth management business and stellar track records. Thomas Pixner (55) has held various executive positions in international wealth management over the past 20-plus years. He most recently served as a member of the Executive Committee Wealth Management & Trust and Head Investments Switzerland at Rothschild Bank AG, Zurich. Veit de Maddalena's (50) long international career includes various assignments and key positions at Credit Suisse and, since 2006, at Rothschild & Co. He was ultimately appointed Chief Executive

Officer and then Executive Vice Chairman of Rothschild Bank AG, Zurich. Thanks to their extensive knowledge and experience in international wealth management, both will promote the new strategy for Bank am Bellevue and accelerate the extension of the wealth management activities for entrepreneurial private clients in a joint effort with the existing team.

Outlook

Bellevue Group has steadily realigned its operations over the past three years to address the new reality in the financial industry. Our Group has become a pure-play asset and wealth manager with a clear focus on recurring income flows. The realigned investment management boutique operates in two business areas. Bellevue Asset Management has established itself as a strong partner for high-performing investment solutions for intermediary and institutional investors in national as well as international markets. Bank am Bellevue is moving in the same direction. Its wealth management and investment advisory services for entrepreneurial private clients were successfully launched and business is gaining momentum. Nevertheless, more time will be needed for the bank to produce the envisioned results under the new strategy. Organic growth and selective acquisitions are the means with which we will pursue our goals for the bank. In Asset Management, we want to introduce new client groups to the potential offered by the enlargement of our investment and product expertise and further grow new money inflows. The distinctive profile and track record of Bellevue Group in the investment management business coupled with its strong focus on client needs will help us achieve both goals.

Thanks to the gradual, methodical implementation of our strategy and the unwavering dedication of the entire work force, Bellevue Group is steadily strengthening its position and its earnings power. The trust and support of our shareholders and the needs of our clients are what motivate us in our pursuit of excellence every day. On behalf of the Board of Directors and the Executive Board, we thank our employees, our shareholders and our clients for their proven commitment to Bellevue Group. We will continue to endeavor to earn the trust and confidence of all stakeholders.



André Rüegg
Chief Executive Officer



Thomas von Planta
Chairman
of the Board of Directors

Consolidated income statement

CHF 1 000	1.1.–30.6.2017	1.7.–31.12.2016 restated*	1.1.–30.6.2016 restated*	Δ to 30.06.2016
Interest income	147	234	195	-48
Dividend income	1 654	-57	2 037	-383
Other financial income	28	-	-	+28
Interest expense	-91	-120	-94	+3
Other financial expenses	-465	-345	-210	-255
Net interest income	1 273	-288	1 928	-655
Fee and commission income	44 501	40 382	30 118	+14 383
Fee and commission expense	-1 359	-1 315	-286	-1 073
Net fee and commission income	43 142	39 067	29 832	+13 310
Securities trading	2 211	1 934	-676	+2 887
Foreign exchange trading	114	172	50	+64
Net trading income	2 325	2 106	-626	+2 951
Income from other financial instruments at fair value	3 121	1 888	-2 051	+5 172
Other ordinary income	83	84	26	+57
Other income	3 204	1 972	-2 025	+5 229
Total operating income	49 944	42 857	29 109	+20 835
Personnel expenses	-26 440	-24 466	-16 725	-9 715
Other operating expenses	-8 671	-8 781	-7 678	-993
Depreciation and amortization	-1 690	-1 646	-1 134	-556
Valuation adjustments and provisions	-	-10 000	-	-
Total operating expenses	-36 801	-44 893	-25 537	-11 264
Profit before tax	13 143	-2 036	3 572	+9 571
Taxes	-3 315	-1 928	-260	-3 055
Group net profit	9 828	-3 964	3 312	+6 516
Earnings per share				
Basic earnings per share (in CHF)	+0.73	-0.33	+0.28	+0.45
Diluted earnings per share (in CHF)	+0.73	-0.33	+0.28	+0.45

* The previous-year periods were adjusted. We refer to the statements in section 1.2.

Consolidated statement of comprehensive income

CHF 1 000	1.1.–30.6.2017	1.7.–31.12.2016 restated*	1.1.–30.6.2016 restated*	Δ to 30.6.2016
Group net profit in the income statement	9 828	-3 964	3 312	+6 516
Other comprehensive income (net of tax)				
Items that may be reclassified subsequently to net income				
Currency translation adjustments	950	-456	-1 062	+2 012
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	410	-1 968	3 116	-2 706
Remeasurements of post employment benefit obligations IAS 19	2 108	2 766	-3 451	+5 559
Total comprehensive income	13 296	-3 622	1 915	+11 381

* The previous-year periods were adjusted. We refer to the statements in section 1.2.

Consolidated balance sheet

CHF 1 000	Note	30.6.2017	31.12.2016 restated*	Δ to 31.12.2016
Assets				
Cash	3.1	149 076	122 815	+26 261
Due from banks	3.1	90 371	112 500	-22 129
Due from clients	3.1	21 360	17 979	+3 381
Trading portfolio assets	3.1	54 008	64 358	-10 350
Positive replacement values	3.1	3 484	1 197	+2 287
Other financial assets at fair value	3.1	30 334	27 969	+2 365
Accrued income and prepaid expenses	3.1	14 824	11 089	+3 735
Financial investments	3.1/3.2	24 470	24 120	+350
Property and equipment		839	1 395	-556
Goodwill and other intangible assets	3.4	69 971	70 188	-217
Current tax assets		2 455	2 121	+334
Deferred tax assets		422	1 081	-659
Other assets		11 970 ¹⁾	6 898	+5 072
Total assets		473 584	463 710	+9 874
Liabilities				
Due to banks	3.1	14 729	16 176	-1 447
Due to clients	3.1	213 127	197 327	+15 800
Negative replacement values	3.1	3 459	1 286	+2 173
Liabilities from other financial instruments at fair value	3.1	33 821	26 590	+7 231
Other financial liabilities at fair value	3.1/3.2	14 485	21 301 ²⁾	-6 816
Accrued expenses and deferred income	3.1	22 291	23 355 ²⁾	-1 064
Current tax liabilities		1 353	4 669	-3 316
Deferred tax liabilities		11 081	10 460	+621
Provisions and pension obligations		–	3 011	-3 011
Other liabilities		1 532	660	+872
Total liabilities		315 878	304 835	+11 043
Share capital		1 346	1 346	–
Capital reserves		45 513	58 974	-13 461
Unrealized gains and losses recognized in other comprehensive income		23 111	20 593	+2 518
Currency translation adjustments		-953	-1 903	+950
Retained earnings		88 866	80 042	+8 824
Treasury shares		-177	-177	–
Total shareholder's equity		157 706	158 875	-1 169
Total liabilities and shareholders' equity		473 584	463 710	+9 874

* The previous-year periods were adjusted. We refer to the statements in section 1.2.

¹⁾ The other assets contain assets from occupational pensions amounting to CHF 777 000.

²⁾ The contingent purchase price payment valued at fair value in connection with the acquisition of StarCapital AG was reclassified and moved from the item "Accrued income" to "Other financial liabilities at fair value".

Statement of shareholder's equity

CHF 1 000	1.1.–30.6.2017	1.1.–30.6.2016 restated*
Share capital		
On January 1	1 346	1 047
Change during period under review	–	299
On June 30	1 346	1 346
Capital reserves		
On January 1	58 974	27 250
Change during period under review	–13 461	31 725
On June 30	45 513	58 975
Unrealized gains and losses recognized in other comprehensive income		
On January 1	20 593	20 130
Change in unrealized gains and losses on financial instruments	410	3 116
Remeasurements of post employment benefit obligations IAS 19	2 108	–3 451
On June 30	23 111	19 795
Currency translation adjustments		
On January 1	–1 903	–385
Change during period under review	950	–1 062
On June 30	–953	–1 447
Retained earnings		
On January 1	80 042	91 564
Group net profit	9 828	3 312
Dividends and other cash distributions	–	–10 470
Income from the sale of own shares	54	259
Employee stock ownership plan	–1 058	–1 229
On June 30	88 866	83 436
Treasury shares		
On January 1	–177	–3 646
Purchases	–4 122	–10 573
Disposals	4 122	13 953
On June 30	–177	–266
Total shareholder's equity		
On January 1	158 875	135 960
On June 30	157 706	161 839

* The previous-year periods were adjusted. We refer to the statements in section 1.2.

Consolidated cash flow statement

CHF 1 000	1.1.–30.6.2017	1.1.–30.6.2016 restated*
Cash flow from operating activities		
Group profit	9 828	3 312
Reconciliation to net cash flow from operating activities		
Non-cash positions in Group results:		
Depreciation of fixed assets	599	253
Amortization of intangible assets	1 091	882
Impairment of goodwill	–	–
Change in provisions	–408	279
Tax expense/benefit	1 705	1 625
Deferred tax expense/benefit	695	3 890
Change in fair value of financial assets and other financial assets at fair value	–3 433	2 809
Change in other financial liabilities at fair value	334	–453
Other non-cash items	–975	–970
Net increase/decrease in operating assets		
Due from banks	22 129	–14 434
Due from clients	–3 381	–26 833
Trading positions and replacement values net	10 236	–8 924
Accrued income, prepaid expenses and other assets	–8 807	–644
Net increase/decrease in liabilities		
Due to banks	–1 447	32 889
Due to customers	15 800	–10 820
Liabilities from other financial instruments at fair value	7 231	17 558
Other financial liabilities at fair value	131	–
Accrued expenses, deferred income and other liabilities	–192	–11 445
Taxes paid	–5 355	–552
Cash flow from operating activities	45 781	–11 578
Cash flow from investing activities		
Investment in other financial assets at fair value	–3 102	112
Divestments of other financial assets at fair value	4 202	891
Divestments of financial assets at amortized cost	118	–
Purchase of property and equipment	–43	–11
Payments for acquisitions of controlled entities, net of cash	–7 281	–22 136
Net cash flow from investing activities	–6 106	–21 144
Cash flow from financing activities		
Proceeds from capital increases / capital repayments	–13 461	32 024
Dividends paid	–	–10 470
Net movements in treasury shares and derivatives on own shares	47	3 380
Net cash flow from investing activities	–13 414	24 934
Currency translation effects	–	–69
Net increase/decrease in cash and cash equivalents	26 261	–7 857
Further information		
Cash received as interest	–	–
Cash paid as interest	465	57
Cash received as dividends on equities	2 086	2 037
Cash at the beginning of the year	122 815	90 573
Cash at the end of the year	149 076	82 716

* The previous-year periods were adjusted. We refer to the statements in section 1.2.

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 2016. 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 Correction of the 2016 consolidated half-year and consolidated annual financial statements according to IAS 8

After issuing the 2016 consolidated annual financial statements, Bellevue Group detected errors in the 2016 consolidated half-year and 2016 consolidated annual financial statements. According to IFRS, incorrect postings in the financial statements of a company are to be corrected in the period in which they are detected. Consequently, the comparative periods are to be adjusted (restatement). The facts of the case are described in detail below.

1.2.1 Foreign-currency conversion of contingent purchase price payment

On 6 June 2016, Bellevue Group acquired a 100% interest in StarCapital AG. The contingent purchase price payment was valued at fair value in both the 2016 consolidated half-year report and the 2016 consolidated annual report. In this context, the FX change was incorrectly recorded as not affecting net income in the currency translation adjustments as a part of equity, instead of recording it in net income in the consolidated result (in the item "Profit from other financial instruments at fair value"). The fair value disclosure in connection with the contingent purchase price payment was expanded (see comments 3.1 and 3.2 on pages 14 ff.).

Effects on the 2016 consolidated half-year report

This error led to the consolidated result in the 2016 consolidated half-year report being posted too low by TCHF 466, and it was actually TCHF 3,312 instead of the reported TCHF 2,846. The earnings per share were increased in the 2016 half-year report from CHF 0.24 to CHF 0.28.

Effects on the 2016 consolidated annual report

The same method was also applied in the 2016 consolidated annual report as at 31 December 2016, thus leading to the same error. The figure posted for the consolidated result was too low by TCHF 672, and was actually TCHF -652 instead of the reported TCHF -1324. The loss per share was reduced in the annual report from CHF -0.10 to CHF -0.05.

1.2.2 Presentation of cash-flow statement

Exchange differences that do not affect net income for the reporting period were incorrectly posted in the cash flow statement under cash flow from operating activities, and eliminated via the item "Currency translation effects".

Effects on the 2016 consolidated half-year report

The net cash flow from operating activities was posted too high by TCHF 527, while the effect of currency translation was posted too low by TCHF 527. The incorrect presentation did not have any effect on the total net increase (/decrease) of cash and cash equivalents.

Effects on the 2016 consolidated annual report

The net cash flow from operating activities was posted too high by TCHF 824, while the effect of currency translation was posted too low by TCHF 824. The incorrect presentation did not have any effect on the total net increase (/decrease) of cash and cash equivalents.

1.2.3 Result per share

Bellevue Group carried out a capital increase in April 2016 with subscription rights for the existing shareholders at a price below the share price. When calculating the consolidated result per share, the effect of this bonus component on the average number of registered shares issued was wrongly applied in the weighted average for the shares for the dilution effect, and not in the average of shares for the undiluted result.

Adjustments half-year report 2016

Position	Published	Adjustment	Adjusted
Consolidated income statement			
Income from other financial instruments at fair value	-2 517	466	-2 051
Other income	-2 491	466	-2 025
Total operating income	28 643	466	29 109
Profit before tax	3 106	466	3 572
Group net profit	2 846	466	3 312
Consolidated statement of comprehensive income			
Currency translation adjustments (OCI)	-596	-466	-1 062
Total comprehensive income	-1 915	-	-1 915
Consolidated balance sheet			
Currency translation adjustments	-981	-466	-1 447
Retained earnings	82 970	466	83 436
Total shareholder's equity	161 839	-	161 839
Consolidated cash flow statement			
Cash flow from operating activities	-11 051	-527	-11 578
Currency translation effects	-596	527	-69
Earnings per share			
Basic earnings per share (in CHF)	0.25	0.03	0.28
Diluted earnings per share (in CHF)	0.24	0.04	0.28

Adjustments annual report 2016

Position	Published	Adjustment	Adjusted
Consolidated income statement			
Income from other financial instruments at fair value	-835	672	-163
Other income	-725	672	-53
Total operating income	71 294	672	71 966
Profit before tax	864	672	1 536
Group net profit	-1 324	672	-652
Consolidated statement of comprehensive income			
Currency translation adjustments (OCI)	-846	-672	-1 518
Total comprehensive income	-1 707	-	-1 707
Consolidated balance sheet			
Currency translation adjustments	-1 231	-672	-1 903
Retained earnings	79 370	672	80 042
Total shareholder's equity	158 875	-	158 875
Consolidated cash flow statement			
Group profit	-1 324	672	-652
Non-cash positions in Group results:			
Amortization of intangible assets	2 701	-457	2 244
Impairment of goodwill	10 874	-874	10 000
Other non-cash items	-1 329	-165	-1 494
Cash flow from operating activities	34 003	-824	33 179
Currency translation effects	-846	824	-22
Net increase/decrease in cash and cash equivalents	32 242	-	32 242
Earnings per share			
Undiluted weighted average of the shares	12 445 345	170 889	12 616 234
Diluted weighted average of the shares	12 616 234	-	12 616 234
Group net profit (corrected); CHF 1000	-1 324	672	-652
Basic earnings per share (in CHF)	-0.11	0.06	-0.05
Diluted earnings per share (in CHF)	-0.10	0.05	-0.05

1.3 New accounting standards used

Since 1 January 2017, the following new and revised standards and interpretations have come into force:

Changes to IAS 12 – Income Taxes

In January 2016, the IASB published limited changes to IAS 12 – Income Taxes, clarifying how deferred tax assets are to be posted in connection with debt instruments measured at fair value. These changes do not affect Bellevue Group.

Changes to IAS 7 – Statement of Cash Flows

In January 2016, the IASB published changes to IAS 7 – Statement of Cash Flows. According to the new standard, companies have to provide details about changes to their financial obligations deriving from financing activities, including cash and non-cash changes, for example profits or losses from currency conversions. Bellevue Group will implement the additional details in the 2017 annual report.

1.4 International Financial Reporting Standards and interpretations which will be introduced in 2018 or later, as well as other amendments

Many new standards, revisions and interpretations of existing standards were published, which are mandatory to apply for business years starting 1 January 2018 or later. The new or changed IFRS standards and interpretations are currently being analysed. Apart from the early use of IFRS 9 (version 2009), since 2010, Bellevue Group has not made any use of the option of early application. It is planned to implement the new and revised standards on their respective application date.

Changes to accounting rules	To be applied as of
IFRS 15 – Revenue from Contracts with Customers	01.01.2018
IFRS 9 – Financial Instruments (version 2014)	01.01.2018
IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01.01.2018
IAS 40 – Transfers of Investment Property	01.01.2018
Annual improvements to IFRS (cycle 2014 to 2016)	01.01.2018
IFRS 2 – Clarifications of Classification and Measurement of Share-Based Payment Transactions	01.01.2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	01.01.2018
IFRS 16 – Leases	01.01.2019
IFRIC 23 – Uncertainty over Income Tax Treatments	01.01.2019
IFRS 17 – Insurance Contracts	01.01.2021

1.5 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 2016.

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 2016 Annual Report.

3 Details on the consolidated balance sheet

3.1 Fair value of financial instruments

CHF 1 000	30.6.2017		31.12.2016	
	Book value	Fair Value	Book value	Fair Value
Assets				
Cash	149 076	149 076	122 815	122 815
Due from banks	90 371	90 371	112 500	112 500
Due from clients	21 360	21 360	17 979	17 979
Subtotal receivables	260 807	260 807	253 294	253 294
Financial assets at amortized cost	260 807	260 807	253 294	253 294
Trading portfolio assets	54 008	54 008	64 358	64 358
Positive replacement values	3 484	3 484	1 197	1 197
Other financial assets at fair value	30 334	30 334	27 969	27 969
Financial investments at fair value	454	454	604	604
Subtotal other financial assets at fair value through profit and loss	88 280	88 280	94 128	94 128
Financial investments	24 016	24 016	23 516	23 516
Financial assets at fair value	112 296	112 296	117 644	117 644
Liabilities				
Due to banks	14 729	14 729	16 176	16 176
Due to customers	213 127	213 127	197 327	197 327
Financial liabilities at amortized cost	227 856	227 856	213 503	213 503
Negative replacement values	3 459	3 459	1 286	1 286
Liabilities from other financial instruments at fair value	33 821	33 821	26 590	26 590
Other financial liabilities at fair value*	14 485	14 485	21 301	21 301
Financial liabilities at fair value	51 765	51 765	49 177	49 177

* The contingent purchase price payment valued at fair value in connection with the acquisition of StarCapital AG. For more details about the valuation, please refer to note 3.2.

3 Details on the consolidated balance sheet

3.1 Valuation methods of financial instruments

CHF 1 000	Level-1	Level-2	Level-3	Total
30.6.2017				
Assets				
Cash	149 076	–	–	149 076
Due from banks	–	90 371	–	90 371
Due from customers	–	21 360	–	21 360
Financial assets at amortized cost	149 076	111 731	–	260 807
Trading portfolio assets	9 148	44 860	–	54 008
Positive replacement values	–	3 484	–	3 484
Other financial assets at fair value	72	17 712	12 550	30 334
Financial investments at fair value	–	454	24 016	24 470
Financial assets at fair value	9 220	66 510	36 566	112 296
Total financial assets	158 296	178 241	36 566	373 103
Liabilities				
Due to banks	–	14 729	–	14 729
Due to customers	–	213 127	–	213 127
Financial liabilities at amortized cost	–	227 856	–	227 856
Negative replacement values	–	3 459	–	3 459
Liabilities from other financial instruments at fair value	–	33 821	–	33 821
Other financial liabilities at fair value*	–	–	14 485	14 485
Financial liabilities at fair value	–	37 280	14 485	51 765
Total financial liabilities	–	265 136	14 485	279 621

* The contingent purchase price payment valued at fair value in connection with the acquisition of StarCapital AG. For more details about the valuation, please refer to Note 3.2.

3 Details on the consolidated balance sheet

CHF 1 000	Level-1	Level-2	Level-3	Total
31.12.2016				
Assets				
Cash	122 815	–	–	122 815
Due from banks	–	112 500	–	112 500
Due from customers	–	17 979	–	17 979
Financial assets at amortized cost	122 815	130 479	–	253 294
Trading portfolio assets	12 675	51 683	–	64 358
Positive replacement values	–	1 197	–	1 197
Other financial assets at fair value	78	16 208	11 683	27 969
Financial investments at fair value	–	604	23 516	24 120
Financial assets at fair value	12 753	69 692	35 199	117 644
Total financial assets	135 568	200 171	35 199	370 938
Liabilities				
Due to banks	–	16 176	–	16 176
Due to customers	–	197 327	–	197 327
Financial liabilities at amortized cost	–	213 503	–	213 503
Negative replacement values	–	1 286	–	1 286
Liabilities from other financial instruments at fair value	–	26 590	–	26 590
Other financial liabilities at fair value*	–	–	21 301	21 301
Financial liabilities at fair value	–	27 876	21 301	49 177
Total financial liabilities	–	241 379	21 301	262 680

* The contingent purchase price payment valued at fair value in connection with the acquisition of StarCapital AG. For more details about the valuation, please refer to note 3.2.

No transfers between levels of the fair value hierarchy took place in the first half of 2017 or in the comparable period of the previous year.

Level-1-instruments

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

Level-2-instruments

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

Level-3-instruments

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

3 Details on the consolidated balance sheet

3.2 Level-3-Financial Instruments

CHF 1 000	30.06.2017			30.06.2016		
	Other financial assets at fair value	Financial investments at fair value	Total	Other financial assets at fair value	Financial investments at fair value	Total
Assets						
Holdings at the beginning of the year	11 683	23 516	35 199	13 744	22 100	35 844
Investments	–	–	–	–	–	–
Redemptions/Payments	– 765	–	– 765	– 484	–	– 484
Losses recognized in the income statement	–	–	–	– 1 713	–	– 1 713
Gains recognized in the income statement	1 632	–	1 632	–	–	–
Gains recognized as other comprehensive income	–	500	500	–	3 800	3 800
Total book value at balance sheet date	12 550	24 016	36 566	11 547	25 900	37 447
Unrealised profit/losses from level 3 instruments which were held on the balance sheet date recorded in the income statement in the period	1 632	–	1 632	– 1 378	–	– 1 378

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	1 829
	– 5 Percentage points	– 1 829
Reduction for illiquidity	+ 5 Percentage points	– 1 414
	– 5 Percentage points	1 414

CHF 1 000	Per 30.6.2017	Per 30.6.2016
	Other financial liabilities at fair value	Other financial liabilities at fair value
Assets		
Holdings at the beginning of the year	21 301	–
Investments	–	21 906
Payments	– 7 281	–
Losses recognized in the income statement	465	–
Gains recognized in the income statement	–	– 453
Total book value at balance sheet date	14 485	21 453
Unrealised profit/losses from level 3 instruments which were held on the balance sheet date recorded in the income statement in the period	334	– 453

The contingent purchase price payment from the acquisition of StarCapital AG is contained in the other financial liabilities at fair value, and represents the remaining purchase price liability that is still owed. The valuation is mainly based on the underlying contractual share purchase terms and conditions.

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

The estimate used for the 2016 consolidated annual financial statements assumed a profit within the contractually defined range. As of 30 June 2017, Bellevue Group has analysed possible changes in the measurement of fair value by using scenario calculations, and continues to assume an average profit within the contractually defined range. The total purchase price based on this analysis remains at EUR 40.0 million, meaning the contingent purchase price payment does not have to be adjusted. The adjustment to the fair value posted as affecting net income in the reporting period is due to the effects of foreign currency and interest. The contingent purchase price payment in euros is subject to a foreign-currency risk.

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

Key assumptions	Changes in key assumption	Change in fair value in CHF 1 000
Profit	+ 5 Percentage points	–
	– 5 Percentage points	–2 095

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

3.3 Financial investments

CHF 1 000	30.6.2017	31.12.2016
Valued at fair value		
Equity instruments ¹⁾	24 016	23 516
of which unlisted	24 016	23 516
Debt instruments	454	604
of which unlisted	454	604
Total	24 470	24 120
Total financial investments	24 470	24 120
of which repo-eligible securities	–	–

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

In the period under review, financial investments amounting to CHF 0.5 million (31.12.2016: CHF 1.4 million) were revalued without affecting net income. This took account of CHF 0.09 million (31.12.2016: CHF 0.25 million) of deferred taxes.

3 Details on the consolidated balance sheet

3.4 Goodwill and other intangible assets

CHF 1 000	Bank am Bellevue	Asset Management	Total
Goodwill			
Acquisition cost			
Balance as of 31.12.2016	97 374	102 103	199 477
Write-offs	-97 374	-	-97 374
Foreign currency effect	-	585	585
Balance as of 30.6.2017	-	102 688	102 688
Accumulated valuation adjustments			
Balance as of 31.12.2016	-97 374	-50 915	-148 289
Write-offs	97 374	-	97 374
Balance as of 30.6.2017	-	-50 915	-50 915
Net carrying values			
Balance as of 31.12.2016	-	51 188	51 188
Balance as of 30.6.2017	-	51 773	51 773

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

Bellevue Group basically examines the recoverable value of the goodwill annually, based on the estimated amount that can be obtained per each single cash-generating unit, or group of such units (depending on allocation). If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently. Detailed explanations of the methods used in calculating the recoverable amount are given in the note in the annexe, item 4.7 on page 76, of the 2016 annual report.

CHF 1 000	Client base	Brand	Other	Total
Other intangible assets				
Acquisition cost				
Balance as of 31.12.2016	99 596	1 545	3 266	104 407
Write-offs	-53 844	-1 179	-3 266	-58 289
Foreign currency effect	284	5	-	289
Balance as of 30.6.2017	46 036	371	-	46 407
Accumulated valuation adjustments				
Balance as of 31.12.2016	-80 890	-1 254	-3 263	-85 407
Additions	-1 051	-37	-3	-1 091
Write-offs	53 844	1 179	3 266	58 289
Balance as of 30.6.2017	-28 097	-112	-	-28 209
Net carrying values				
Balance as of 31.12.2016	18 706	291	3	19 000
Balance as of 30.6.2017	17 939	259	-	18 198

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

3 Details on the consolidated balance sheet

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

2017 (01.7.–31.12.)	1101
2018	2202
2019	2198
2020	2183
2021	2151
2022	2128
2023	2128
2024	1973
2025	1506
2026	628
Total	18198

3.5 Treasury shares

	Number of shares	CHF 1 000
Treasury shares in trading portfolio of Bank am Bellevue		
Balance as of 1.1.2016	209 955	2 956
Purchases	565 876	7 982
Disposals	–758 528	–10 695
Balance as of 30.6.2016	17 303	243
Purchases	58 539	843
Disposals	–64 996	–933
Balance as of 31.12.2016	10 846	153
Purchases	221 333	3 846
Disposals	–223 038	–3 840
Balance as of 30.6.2017	9 141	159
Treasury shares held by Bellevue Group AG		
Balance as of 1.1.2016	49 107	690
Purchases	17 500	261
Disposals	–65 983	–941
Balance as of 30.6.2016	624	10
Purchases	–	–
Disposals	–	–
Balance as of 31.12.2016	624	10
Purchases	15 959	276
Disposals	–16 370	–282
Balance as of 30.6.2017	213	4
Treasury shares held by Bellevue Asset Management AG		
Balance as of 1.1.2016	–	–
Purchases	156 000	2 330
Disposals	–155 095	–2 316
Balance as of 30.6.2016	905	14
Purchases	–	–
Disposals	–	–
Balance as of 31.12.2016	905	14
Purchases	–	–
Disposals	–	–
Balance as of 30.6.2017	905	14

3 Details on the consolidated balance sheet

3.6 Assets pledged or assigned as collateral for own liabilities

CHF 1 000	Carrying amount	30.6.2017 Actual liability	Carrying amount	31.12.2016 Actual liability
Due from banks	53 966	–	52 611	–
Other assets	–	–	5	–
Total	53 966	–	52 616	–

The “Receivables from banks” represent in the reporting period as well as in the previous period essentially 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	30.6.2017	31.12.2016
Contingent liabilities		
Credit guarantees	11 000	11 000
Total	11 000	11 000
Irrevocable commitments		
Rental commitments due within 1 year	2 392	2 148
Rental commitments due between 1 and 5 years	2 003	1 447
Undrawn irrevocable credit facilities	142	142
of which payment obligation to the protection of deposits	142	142
Total	4 537	3 737
Securities lending and pension transactions		
Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions	12 597	11 261

CHF million	30.6.2017	31.12.2016
Client assets		
Assets under management	10 383	10 550
Structured products outstanding	34	27
Total advised client assets	10 417	10 577
Custody assets	1 387	–
Total client assets	11 804	10 577

Client assets

Client assets is a broader term than assets under management and comprises all bankable assets that are managed by or deposited with Bellevue, including assets that are held solely for transaction or custody purposes or for which further services are provided.

Assets under management

Assets in self-managed collective investment instruments	8 554	7 740
Assets with management mandate	181	140
Other assets under management	1 648	2 670
Total assets under management (including double counts)	10 383	10 550
of which double counts	285	56

Development of assets under management

Total assets under management (including double counting) at the beginning of the reporting period	10 550	6 751
+/- net new money inflow or net new money outflow	572	1 578
+/- price gains/losses, interest, dividends and currency gains/losses	648	–259
+/- other effects ¹⁾	–1 387	2 480
Total managed assets (including double counting) at the balance sheet date	10 383	10 550

¹⁾ One deposit was reclassified as a custody asset in the reporting year. This reclassification is due to the shut down of the Corporate Finance business activities of Bank am Bellevue. The assets acquired following the acquisition of StarCapital AG were listed under this item in the previous year.

Assets under management and net inflows/outflows of new money

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

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

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 1000	Key management personnel ¹⁾	Major shareholders ²⁾	Associated companies	Other related companies and persons ³⁾	Total
30.6.2017					
Due from clients	742	–	–	–	742
Due to clients	2 893	23 950	–	–	26 843
Credit guarantees	2 500	–	–	–	2 500
1.1.–30.6.2017					
Interest income	7	1	–	–	8
Fee and commission income	1	313	–	–	314
Other operating expenses	20	–	–	–	20
31.12.2016					
Due from clients	575	–	–	–	575
Due to clients	6 419	26 793	–	–	33 212
Credit guarantees	2 500	–	–	–	2 500
1.1.–30.6.2016					
Interest income	4	–	–	–	4
Fee and commission income	3	264	25	–	292

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 29 of the annual report 2016.

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 applied:

- Interest rate charged for secured loans: 0.50%–2.00% (previous year: 0.50%–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.

Thomas von Planta has invoiced Bellevue Group AG for a total of CHF 19 800 (excluding 8% VAT) for his consultancy services in the period from 1 January to 30 June 2017 (comparison period: CHF 48 600).

Off-balance-sheet transactions:

Securities lending and borrowing transactions are conducted with related parties under market conditions.

4 Off-balance sheet and other information

4.3 Restructuring of Bank am Bellevue AG

Bank am Bellevue has for some time now been facing an erosion of revenues in its core areas Brokerage and Corporate Finance. After carefully weighing various strategic options, the Board of Directors concluded in the first half-year of 2017 that the Brokerage and Corporate Finance activities of the Bank am Bellevue segment can no longer be operated economically and were therefore to be shut down (see media releases of 21 February and 17 March 2017).

The Brokerage and Corporate Finance activities which were shut down were an integral part of the cash-generating unit Bank am Bellevue, and did not constitute an independent business division or cash-generating unit with clearly distinguishable cash flows. This means it was not a business division that was considered as discontinued operation according to IFRS 5.

The restructuring of the corresponding business activities was completed by the end of June 2017 according to plan. The following table provides a summary of the restructuring costs charged to the corresponding positions in the income statement and disclosed in the Bank am Bellevue segment:

CHF 1 000	
Position	Restructuring costs
Personnel expenses ¹⁾	4 872
Other operating expenses ²⁾	315
Depreciation ³⁾	305
Restructuring costs (gross)	5 492
Income from pension plan curtailment and reduction of the reserves for occupational pensions ⁴⁾	-1 515
Restructuring costs (net)	3 977

¹⁾ The costs include standard salary costs from the start of an employee's garden leave and any termination payments contractually agreed as part of the social partnership (also including the waiver of the reclaim of shares from a long-term incentive programme).

²⁾ The costs mainly include prepaid fees for communication and information systems that are no longer used, software and the costs of legal advice.

³⁾ As a result of the restructuring, the estimated useful life of certain property, plant and equipment has been reduced (now until the end of 2017). This has led to a corresponding higher level of write-downs. In the second half of 2017, an additional impairment of CHF 305 000 will be charged.

⁴⁾ The restructuring represents a partial liquidation in respect of Bank am Bellevue's employee pension foundation. In this case, under the terms of IAS 19, income must be recognised from the pension plan curtailment and the reduction of the reserves for occupational pensions. The income is disclosed as a reduction to personnel expenses.

Bank am Bellevue continues to provide its services, including trading activities, for its other clients (see also comment 5 in the "Segment reporting" section).

4.4 Major foreign exchange rates

The following exchange rates were used for the major currencies:	30.6.2017	1.1.–30.6.2017	31.12.2016	1.1.–31.12.2016
	Half year-end rate	Average rate	Year-end rate	Average rate
EUR	1.09535	1.07673	1.07245	1.08998
USD	0.95924	0.99440	1.01812	0.98520

4.5 Events after the balance sheet date

No events have occurred since the balance sheet date of June 30, 2017 that would have a material impact on the interim financial statements.

4.6 Approval of the consolidated interim financial statements

The Board of Directors has approved the consolidated interim financial statements at the meeting of July 24, 2017.

5 Segment reporting

CHF 1 000	Asset Management	Bank am Bellevue	Group	Intercompany	Total
1.1.–30.6.2017					
Net interest income	-46	1 319	-	-	1 273
Net fee and commission income	35 866	7 276	-	-	43 142
Net trading income	129	2 188	8	-	2 325
Other income	3 057	10	137	-	3 204
Service from/to other segments	-18	18	-	-	-
Operating income	38 988	10 811	145	-	49 944
Personnel expenses	-17 460	-7 248	-1 732	-	-26 440
Other operating expenses	-4 762	-3 199	-710	-	-8 671
Service from/to other segments	-113	-692	805	-	-
Depreciation and amortization	-1 191	-497	-2	-	-1 690
thereof on intangible assets	-1 091	-	-	-	-1 091
Valuation adjustments and provisions	-	-	-	-	-
Operating expense	-23 526	-11 636	-1 639	-	-36 801
Profit before taxes	15 462	-825	-1 494	-	13 143
Taxes	-3 059	-262	6	-	-3 315
Group net profit	12 403	-1 087	-1 488	-	9 828
Additional information as per 30 June 2017					
Segment assets ¹⁾	143 467	322 658	7 459	-	473 584
Segment liabilities	43 545	257 099	15 234	-	315 878
Client assets (CHF m) ²⁾	8 653	3 151	-	-	11 804
Net new money (CHF m)	298	276	-	-	574
Capital expenditure	59	-	-	-	59
Number of staff full-time equivalent (at cutoff date)	66.5	19.6	7.2	0.0	93.3
Half year average number of staff (full-time equivalent)	66.2	33.7	7.2	0.0	107.1

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 53.0 million, in all other countries amounts to CHF 42.3 million.

²⁾ Including double counts.

Segment “Asset Management”

The Asset Management business segment consists of Bellevue Asset Management AG, its foreign subsidiaries (Bellevue Asset Management Group) and StarCapital AG, and has total assets under management of CHF 8.7 billion. Its offering includes a wide range of investment funds and investment solutions for institutional, intermediary and retail clients. The business segment’s investment philosophy features a purely active asset management concept.

The Bellevue Asset Management boutique has a clear focus on managing equity portfolios for selected sector and regional strategies, and these are based on a bottom-up, research-driven approach to stock picking. In contrast, StarCapital AG adopts a comprehensive asset management approach, based on quantitative, experience-driven and strongly anticyclical investment principles. Its well-diversified product offering lies in the areas of managed asset strategies, global bond and equity strategies and multi-asset-class solutions and acts as a strong complement to Bellevue Asset Management.

Segment “Bank am Bellevue”

The services of Bank am Bellevue include asset management and consultancy for entrepreneurial private clients. Besides the portfolio-related services, general asset services are also provided. These primarily include support and advice for setting up and running investment office structures (e.g. manager selection, applying tactical measures, and consolidated asset reporting). The Bank also offers securities trading with a focus on Swiss stocks and market-making services to selected clients. Moreover, it is an issuer of structured products. Other types of banking transactions are not provided or only to a limited extent. The Bank closed down its Brokerage and Corporate Finance activities in the first half-year of 2017 (see 4.3 Restructuring of Bank am Bellevue AG on page 24).

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 1000	Asset Management (restated)	Bank am Bellevue	Group	Intercompany	Total
1.1.–30.6.2016					
Net interest income	85	1 860	-17	-	1 928
Net fee and commission income	24 555	5 671	-	-394	29 832
Net trading income	-553	-77	4	-	-626
Other income	-2 023	6	-8	-	-2 025
Service from/to other segments	-17	27	-10	-	-
Operating income	22 047	7 487	-31	-394	29 109
Personnel expenses	-10 570	-5 089	-1 066	-	-16 725
Other operating expenses	-3 762	-3 412	-898	394	-7 678
Service from/to other segments	-243	-134	377	-	-
Depreciation and amortization	-508	-624	-2	-	-1 134
thereof on intangible assets	-451	-431	-	-	-882
Valuation adjustments and provisions	-	-	-	-	-
Operating expense	-15 083	-9 259	-1 589	394	-25 537
Profit before taxes	6 964	-1 772	-1 620	-	3 572
Taxes	-552	102	190	-	-260
Group net profit	6 412	-1 670	-1 430	-	3 312
Additional information as per 30 June 2016					
Segment assets ¹⁾	126 237	304 293	3 333	-	433 863
Segment liabilities	33 381	215 156	23 487	-	272 024
Client assets (CHF m) ²⁾	6 881	2 577	-	-	9 458
Net new money (CHF m)	2 593	1 221	-	-	3 814
Capital expenditure	11	-	-	-	11
Number of staff full-time equivalent (at cutoff date)	63.5	37.9	3.8	-	105.2
Half year average number of staff (full-time equivalent)	51.4	35.7	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.

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

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