

# Annual Report 2007

## Bellevue Group – Group

<b>Report of the Board of Directors</b>	3
<b>At a glance</b>	4
<b>Consolidated financial statements 2007</b>	7
Balance sheet	7
Profit and loss account	8
Statement of shareholders' equity	10
Cash flow statement	11
<b>Notes to the consolidated financial statements</b>	13
Consolidation and valuation principles	13
Risk management	17
Information on the balance sheet	21
Information on the profit and loss account	35
Earnings per share	37
Business segments	38
Significant consolidated Group companies	39
Disposals	40
Employee stock ownership plan	42
Client assets	43
IFRS reporting/accounting regulations for banks	43
Events after the balance sheet date	43
Scope of consolidation	44
<b>Report of the Group auditors</b>	45
<b>Corporate Governance</b>	46
Information on corporate governance	46

## Bellevue Group AG – Holding

<b>Financial statements 2007</b>	51
Balance sheet	51
Profit and loss account	52
Notes to the financial statements	53
Appropriation of profit	57
<b>Auditors' report</b>	58
<b>Addresses</b>	60



# Report of the Board of Directors

Dear Shareholders

In last year's report you were informed about the strategic realignment of Bellevue Group. Since then our business activities have been focused on the areas of Asset Management, Brokerage and Corporate Finance. We generated very good overall results with this structure in the 2007 financial year.

The financial markets of relevance to our company experienced widely differing swings in sentiment during the course of last year. Going into the summer months, sentiment sometimes bordered on almost euphoric bullishness, which led most stock markets to new all-time highs. All of our business activities benefited as markets advanced and recorded very high income flows. However, it was not long before the first reports of problems plaguing various banks around the world, which in the meantime were basically subsumed under the term "subprime crisis", began to occupy the headlines. As a result, volatility increased and the mood among clients gradually shifted from euphoria to uncertainty and hesitancy. Bellevue Group's conservative market profile and sound financial structure shielded it from any direct repercussions of a negative nature but there was an indirect effect in that the earnings intensity of the transaction-based activities did decrease somewhat. The share prices of the BB investment companies also fell below the thresholds that would have triggered payment of a performance fee.

In the Consolidated Financial Statements for 2007, total balance sheet assets declined by 19% to CHF 1,034 billion (previous year: CHF 1,281 billion). However, the prior-year figure still included the balance sheet items of Swissfirst Bank AG, which as you know was sold effective January 1, 2007. Excluding those available-for-sale balance sheet items, total assets increased by 17% year-over-year, largely driven by the surge in shareholders' equity as a result of the outstanding earnings growth during the year under review.

The profit and loss account for 2007 is not fully comparable with the 2006 profit and loss account because the prior-year statement still contained a positive contribution of CHF 23 million from the Private Banking division while 2007 profits included, in particular, the non-recurring proceeds of the divestment of Swissfirst Bank AG, which were reported under "Income from associated interests." What stands out on a comparative basis is fee and commission income, which is a crucial driver of Bellevue Group's operating performance. An increase in net fee and commission of 34% was recorded over the previous year, resulting in a total of CHF 143 million. Operating expenses were significantly higher at CHF 76 million (prior year: CHF 40 million). Virtually all of this increase is attributable to the variable, profit-based bonuses paid out to our employees after the introduction of a new employee compensation system. A new plan was necessary after the Bellevue Group was transformed from an employee-owned company to a listed company with public shareholders. However, our employees should also remain or become shareholders of the Bellevue Group in the new model. The increase in other operating expenses was largely attributable to costs for the reintegration of back office infrastructure and IT application development projects as well as for measures taken to guard Bellevue Group against unwarranted lawsuits contesting the merger between Bellevue and Swissfirst in the autumn of 2005. We strongly believe that the majority of these additional operating expenses in 2007 are non-recurring. Despite the sharp increase in operating costs, the cost/income ratio increased only to 43%, which in comparison to other Swiss financial services providers means the company remains very shareholder-friendly. Group net profit for fiscal 2007 amounted to CHF 160 million, of which approximately CHF 89 million can be considered

non-recurring. The comparable figure for the prior year was CHF 124 million, of which CHF 62 million was of a non-recurring nature. In view of this positive earnings growth the Board of Directors will propose an increase in the dividend to CHF 6.00 per registered share (prior year: CHF 5.00) at the General Meeting of Shareholders. The remaining profits will be retained and will primarily serve to fund Bellevue Group's continuing future growth. Excess capital not required for this purpose will be returned to our shareholders in the most efficient manner possible.

The aforementioned transformation of Bellevue Group's shareholder structure also prompted the enlargement of the Board of Directors through the election of three independent members – Fred Packard, Dr. Thomas von Planta and Daniel Sigg – at last year's ordinary General Meeting. In a separate move unrelated to this enlargement, Hans-Jörg Graf, one of the founders of Bank am Bellevue in 1993, announced that he would step down from the Board of Directors of Bellevue Group AG on the date of the coming General Meeting of Shareholders. Hans-Jörg Graf's strong drive and profound knowledge as well as his loyalty and dedication to Bellevue Group during the many years of building and growing the company are deeply appreciated.

We very quickly succeeded at the beginning of 2007 in leaving the undue hardship that had so troubled the company in the previous year behind us. We steadfastly adhered to the given strengths of the Bellevue Group, thereby ushering in a veritable new beginning for the company in several respects. This was particularly evident in the growth of our client base as well in the Group's appeal when recruiting top performing and successful talent. It is with this in mind that we would like to thank all of our clients and employees as well as you, our shareholders, for your support of and loyalty to Bellevue Group. We look forward to continuing down the path toward our future corporate success with you at our side.

Walter Knabenhans  
Chairman of the Board of Directors

## At a glance

	2007*	2006*	2005	2004	2003	2002
CHF m						
Gross operating profit**	180.220	119.597	76.437	47.893	67.407	69.627
Net profit (excl. minorities)	160.439	101.068	59.719	38.368	34.839	52.063
of which recurring	72.149	61.846	N/a	N/a	N/a	N/a
Net fee and commission income	143.013	106.818	81.623	62.501	78.481	84.044
Net interest income	10.762	2.394	13.617	11.307	9.152	10.154
Net trading income	5.679	2.516	12.077	7.054	11.847	8.537
Operating expenses	68.120	31.353	41.666	36.003	35.103	35.416
Shareholders' equity (excl. minorities)	478.145	394.249	315.539	238.656	280.440	252.442
Number of employees (full-time equivalent)	86.8	84.5	164.8	112.8	103.4	98.6
Earnings per share on the aggregate par value (adjusted for the share split)	CHF 15.28	9.59	5.69	3.84	3.49	5.11

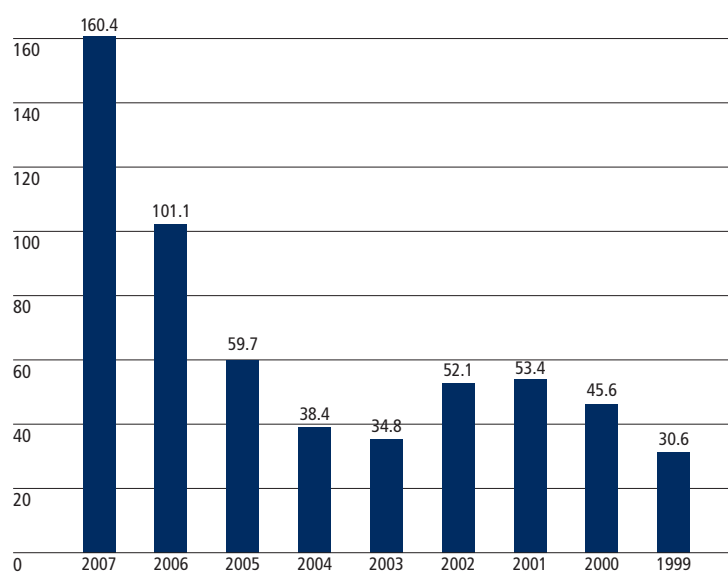
	2007*	2006*	2005	2004	2003	2002
CHF m						
<b>Assets under management</b>						
Private Banking	0	0	2,849	2,036	1,436	1,290
Asset Management	3,436	4,039	4,906	1,755	1,451	1,281
Investment Banking	3,055	2,732	3,085	1,039	1,540	1,481
Corporate Items	0	0	74	64	40	29
<b>Total</b>	<b>6,491</b>	<b>6,771</b>	<b>10,914</b>	<b>4,894</b>	<b>4,467</b>	<b>4,081</b>

\* Excluding the discontinued Private Banking business area

\*\* Defined as total operating income less personnel and other operating expenses

### Net profit (1999–2007)

CHF m



**2000–2007 performance of the Bellevue Group AG versus the SPI (adjusted) (was Swissfirst AG until Dec. 15, 2006)**

■ Bellevue Group  
■ Swiss Performance Index



Bellevue shares		
Initial listing on the former SWX New Market		10.11.1999
Listing switched to the main board of SWX		03.01.2003
CHF		
Issue price		33.25
Price at end 2006		78.00
2007 high (on April 20, 2007)		101.50
2007 low (on January 3, 2007)		78.80
Price at end 2007		86.50

Capital ratios for Bellevue Group		31.12.2007	31.12.2006	31.12.2005	31.12.2004	31.12.2003	31.12.2002
BIS tier 1 capital*	CHF m	239.4	133.0	93.8	195.9	280.6	246.5
BIS risk-weighted assets	CHF m	246.5	395.5	610.0	514.8	669.4	581.0
BIS tier 1 ratio	in %	97.1	33.6	15.4	38.1	41.9	42.4

\* After appropriation of profit.

Group

# Consolidated financial statements 2007

## Balance sheet

	Notes	31.12.2007	31.12.2006
CHF 1,000			
<b>Assets</b>			
Cash		201,663	112,316
Due from banks	1	263,770	245,927
Due from customers	1	27,455	32,494
Securities trading positions	2	37,608	19,920
Derivative financial instruments	17	9,638	2,516
Financial investments	3	258,697	186,340
Fixed assets	5	372	285
Intangible fixed assets	6	66,298	72,999
Goodwill	7	160,289	160,289
Prepaid expenses and accrued income		3,551	1,292
Current tax assets		623	459
Other assets	9	4,186	1,885
Available-for-sale assets	27	0	444,366
<b>Total assets</b>		<b>1,034,150</b>	<b>1,281,088</b>
<b>Liabilities</b>			
Due to banks		16,752	5,269
Due to customers		300,504	303,687
Derivative financial instruments and other trading liabilities	17	163,925	148,352
Deferred income		37,824	9,909
Other liabilities	10	2,134	21,836
Current tax liabilities		10,780	6,864
Deferred tax liabilities	11	14,272	14,795
Provisions	12	1,829	2,301
Available-for-sale liabilities	27	0	373,826
Minority interest in consolidated hedge fund		7,985	0
<b>Total liabilities</b>		<b>556,005</b>	<b>886,839</b>
Share capital	13	1,050	1,050
Treasury shares		-23,535	3,609
Capital reserves		27,250	27,250
Retained earnings		473,380	362,340
<b>Equity attributable to the shareholders of Bellevue Group AG</b>		<b>478,145</b>	<b>394,249</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,034,150</b>	<b>1,281,088</b>

The accompanying notes on pages 13 to 44 are an integral part of the consolidated financial statements.

## Profit and loss account

	Notes	2007	2006
CHF 1,000			
<b>Continuing business activities</b>			
<b>Net interest income</b>			
Interest and discount income		10,259	2,598
Dividend income		3,566	3,221
Interest expense		-3,063	-3,425
Subtotal: Net interest income		10,762	2,394
<b>Net fee and commission income</b>			
Commission income from securities and investment business	19	143,067	105,806
Commission income from other services		518	1,765
Commission expense		-572	-753
Subtotal: Net fee and commission income		143,013	106,818
<b>Net trading income</b>			
Securities trading		4,911	1,722
Foreign exchange trading		768	794
Subtotal: Net trading income		5,679	2,516
<b>Other ordinary income</b>			
Income from associated companies		81,839	20,710
Income from the sale of financial assets		-780	17,351
Other ordinary expense		-1,643	-11
Other ordinary income		9,470	1,172
Subtotal: Other ordinary income		88,886	39,222
<b>Total operating income</b>		<b>248,340</b>	<b>150,950</b>
<b>Operating expenses</b>			
Personnel expenses	20	-43,926	-19,841
Other operating expenses	21	-24,194	-11,512
Depreciation and amortization of fixed assets	22	-207	-320
Depreciation and amortization of intangible fixed assets	22	-7,364	-7,011
Valuation adjustments, provisions and losses	12	0	-831
<b>Total operating expenses</b>		<b>-75,691</b>	<b>-39,515</b>
Minority interest in consolidated hedge fund		-491	0
<b>Pretax profit of continuing business activities</b>		<b>172,158</b>	<b>111,435</b>
Tax expense	23	-11,719	-10,367
<b>Net profit of continuing business activities</b>		<b>160,439</b>	<b>101,068</b>
<b>Discontinued business activities</b>			
<b>Pretax profit of discontinued business activities</b>	27	<b>0</b>	<b>28,863</b>
Tax expense		0	-6,086
<b>Net profit of discontinued business activities</b>		<b>0</b>	<b>22,777</b>
<b>Group net profit</b>		<b>160,439</b>	<b>123,845</b>
attributable to: – Shareholders of Bellevue Group AG		160,439	120,046
– Minority interests		0	3,799

The accompanying notes on pages 13 to 44 are an integral part of the consolidated financial statements.

	Notes	2007	2006
CHF			
Earnings per share from continuing business activities	24	15.60	9.68
Earnings per share from discontinued business activities	24	0	1.86
Diluted earnings per share from continuing business activities	24	15.51	9.63
Diluted earnings per share from discontinued business activities	24	0	1.85

The accompanying notes on pages 13 to 44 are an integral part of the consolidated financial statements.

## Statement of shareholders' equity

	Share capital	Treasury shares	Capital reserves	Retained earnings	Minority interests	Total shareholders' equity
CHF 1,000						
<b>At 31.12. 2005</b>	<b>1,050</b>	<b>1,351</b>	<b>27,250</b>	<b>285,888</b>	<b>22,129</b>	<b>337,668</b>
Change in treasury shares		2,258		-9,372		-7,114
Other changes				-222		-222
Change in unrealized gains and losses (IAS 39)				3,877		3,877
Change in unrealized gains and losses reclassified to the income statement (IAS 39)				-17,400		-17,400
Dividend 2005				-21,000		-21,000
Change in minority interests due to divestments				523	-25,928	-25,405
Profit for the year 2006				120,046	3,799	123,845
<b>At 31.12. 2006</b>	<b>1,050</b>	<b>3,609</b>	<b>27,250</b>	<b>362,340</b>	<b>0</b>	<b>394,249</b>
Change in treasury shares		-27,144		-625		-27,769
Other changes				1,644		1,644
Change in unrealized gains and losses (IAS 39)				1,235		1,235
Change in unrealized gains and losses reclassified to the income statement (IAS 39)				-345		-345
Dividend 2006				-51,308		-51,308
Profit for the year 2007				160,439		160,439
<b>At 31.12. 2007</b>	<b>1,050</b>	<b>-23,535</b>	<b>27,250</b>	<b>473,380</b>	<b>0</b>	<b>478,145</b>

The accompanying notes on pages 13 to 44 are an integral part of the consolidated financial statements.

## Cash flow statement

	2007	2006
CHF 1,000		
<b>Cash flow from operating activities</b>		
Interest income (excluding financial investments)	9,18	25,694
Fee and commission income	145,655	136,834
Interest expense	-3,063	-12,251
Fee and commission expense	-572	-9,230
Personnel and general expense	-47,341	-66,549
Other income	8,176	42,891
Subtotal	111,973	117,389
<b>Change in assets and liabilities relating to operating activities</b>		
Receivables and assets	267,164	192,072
Trading positions	-3,996	55,091
Liabilities	-234,774	-451,578
Other	71,155	-148,994
<b>Cash flow from operating activities before tax</b>	<b>211,522</b>	<b>-236,020</b>
Tax expense	-9,235	-18,641
<b>Cash flow from operating activities after tax</b>	<b>202,287</b>	<b>-254,661</b>
<b>Cash flow from investing activities</b>		
Purchase of financial assets	-34,659	-53,038
Purchase of fixed assets	-957	-870
Proceeds from the disposal of financial assets	15,702	77,960
Disposal of fixed assets	0	12,579
Interest income from financial investments and associated companies	2,027	1,474
Dividends received from financial investments and associated companies	3,566	3,223
Disposal of subsidiaries and associated companies	0	54,144
Reduction in cash and cash equivalents following disposal of subsidiaries/shareholdings	-13,271	-5,693
<b>Net cash flow from investing activities</b>	<b>-27,592</b>	<b>89,779</b>
<b>Cash flow from financing activities</b>		
Dividends paid	-51,308	-21,000
Change in treasury shares	-27,329	-5,798
<b>Cash flow from financing activities</b>	<b>-78,637</b>	<b>-26,798</b>
<b>Balance</b>	<b>96,058</b>	<b>-191,680</b>
Cash and cash equivalents, end of prior-year reporting period	125,587	317,267
Cash flow from operating activities after tax	202,287	-254,661
Net cash flow from investing activities	-27,592	89,779
Cash flow from financing activities	-78,637	-26,798
<b>Cash and cash equivalents, end of reporting period</b>	<b>221,645</b>	<b>125,587</b>

The accompanying notes on page 13 to 44 are an integral part of the consolidated financial statements.

Cash and cash equivalents comprise cash (cash on hand, postal check account deposits and deposits at central banks) as well as repo-eligible debt securities (maturing < 3 months) accepted by central banks as eligible collateral.

The composition of cash and cash equivalents was as follows:

	2007	2006
CHF 1,000		
Cash	201,663	115,603
Immediately available repo-eligible securities	19,982	9,984
<b>Total</b>	<b>221,645</b>	<b>125,587</b>

	2007	2006
CHF 1,000		
Continuing business activities	221,645	112,316
Discontinued business activities	0	13,271
<b>Total</b>	<b>221,645</b>	<b>125,587</b>

The accompanying notes on page 13 to 44 are an integral part of the consolidated financial statements.

# Notes to the 2007 consolidated financial statements

## Consolidation and valuation principles

### Accounting policies

Bellevue Group AG, Küssnacht, is the listed holding company of Bellevue Group, a financial services corporation.

The consolidated financial statements of Bellevue Group were prepared in compliance with the International Financial Reporting Standards (IFRS) on the basis of the historical cost convention. The exceptions are trading positions, derivative financial instruments and securities available for sale, which are carried at fair value. Consolidation is based on the individual audited accounts of the Group companies, prepared in compliance with uniform accounting principles.

In preparing the accounts, management is required to make estimates and assumptions that influence the reported figures for assets, liabilities, contingent liabilities and contingent assets at the balance sheet date, as well as for expenses and income for the reporting period. The actual results may differ from these estimates.

The following balance sheet items are particularly exposed to estimates and assumptions:

- Goodwill impairment test. Refer to note 7 for further information.
- The calculation of liabilities or claims in connection with employee pension plans. Refer to note 15 for further information.

### Principles of consolidation

#### Scope of consolidation and consolidation method

The consolidated financial statements comprise the financial statements of the holding company Bellevue Group AG and the financial statements of the Group subsidiaries, which are presented as a single economic entity. All Group companies in which the Group directly or indirectly owns a majority of the voting rights or over which it in some other way exercises control are fully consolidated. Acquired subsidiaries are consolidated from the date on which effective control is transferred to the Group. The principal Group companies are listed in note 26 and on page 43 along with details on the scope of consolidation.

Equity and net profit attributable to minority interests is recognized in shareholders' equity in the consolidated balance sheet and reported in the consolidated income statement as minority interests in net profit.

The consolidated financial statements are prepared according to uniform accounting principles. Intra-Group transactions are eliminated in the consolidated financial statements.

### Unconsolidated interests

Associated companies in which Bellevue Group AG owns between 20% and 50% of voting rights and/or over which it exercises a significant influence are accounted for using the equity method and reported under associated companies.

### Foreign currency translation

The individual Group companies present their annual accounts in local currencies, which corresponds to their "functional currency." Transactions in foreign currency are translated into Swiss francs at the applicable exchange rates on the corresponding transaction dates. Financial assets and liabilities denominated in foreign currencies are translated into Swiss francs at the respective exchange rates on the balance sheet date. Exchange-rate gains and losses are recognized in the income statement under the item "Foreign currency trading." Non-monetary items in foreign currencies carried at acquisition or production cost are translated at historical exchange rates.

The consolidated financial statements are presented in Swiss francs. The Swiss franc is the functional currency of the Holding company. For consolidation purposes, the following principles apply when translating the financial statements prepared in foreign currency by foreign subsidiaries into Swiss francs: balance sheet items are translated at the applicable exchange rates on the balance sheet date and the income statement items at the average annual exchange rates. Any exchange-rate gains resulting from consolidation are reported as currency translation differences under earnings reserves.

### Consolidation period

The consolidation period for all associated companies is the calendar year, except for companies or shareholdings that were sold or established during the course of the year.

### Accounting and valuation principles

#### Recognition of business transactions

All completed transactions are recorded and valued. In compliance with IAS 39, all financial instruments are assigned to one of the following four categories:

- Receivables and loans
- Financial instruments which must be held to maturity
- Financial assets and liabilities carried at fair value in the income statement
- Financial assets available for sale

In the consolidated financial statements, all transactions are recorded on the closing date (closing date basis).

Income from services is recorded at the time the services were rendered, i.e. upon completion of a transaction, or throughout the time the corresponding services were rendered.

**Due from banks and clients**

Amounts due from banks are stated at fair value at the time of initial recognition, which normally corresponds to the nominal value. Amounts due from clients are initially stated at fair value, which, in the case of originated loans or advances, normally corresponds to the principal amount.

Impaired claims, i.e. claims for which there are indications that the counterparty will be unable to fulfill its future obligations (doubtful receivables), are re-valued on an individual basis and specific valuation adjustments are made for the impaired amounts. The valuation adjustment is calculated based on the difference between the carrying value of the claim and the prospective recoverable amount, taking into consideration the net proceeds from the liquidation of any collateral. Specific valuation adjustments are set off against the respective receivables in the balance sheet.

Loans are deemed impaired when the contractual payments of principal or interest are in arrears for more than 90 days. Loans are deemed non-performing when the collection of interest due is so doubtful that an accrual of such interest is no longer meaningful.

Increases in or reversals of impairment losses are recognized in the profit and loss account. As a rule, related positions are removed from the accounts when a legal authority confirms the conclusion of the liquidation process.

**Securities lending and borrowing transactions**

Own securities that have been lent continue to be reported as a trading position or financial investment as long as the risks and rewards arising from the ownership of the securities have not been relinquished. Borrowed securities are not carried in the balance sheet as long as the risks and rewards arising from the ownership of the securities are retained by the lender. Income from securities lending operations is reported in net fee and commission income.

**Trading positions**

All trading positions are stated at fair value. Realized and unrealized gains and losses are stated in the results from trading activities. Interest and dividend income from trading positions is credited to net interest income.

**Financial investments**

This item comprises securities purchased with a long-term investment objective.

**Held-to-maturity financial investments**

Fixed interest securities classified as held-to-maturity are measured at amortized cost using the effective interest rate method. They are considered impaired when there are indications that the full amount due in accordance with contractually agreed terms cannot be collected. In the event of impairment, a corresponding reduction in carrying value to the recoverable amount will be expensed.

**Available-for-sale financial investments**

All financial investments classified as "available for sale" are stated at fair value. Unrealized gains and losses are reported in equity until the financial investment is sold or its value is deemed to be impaired. A significant deterioration in creditworthiness, a breach of contract, a heightened probability of bankruptcy or other indications of difficulties experienced by the corresponding issuer of the securities held are grounds for impairment.

An impairment may also be recorded if the price is significantly lower than the acquisition cost or has been lower than the acquisition cost for a prolonged period of time. Upon disposal or in the event of impairment of these financial assets, the cumulative gains and losses carried in equity up to this time will be taken to the profit and loss account.

Interest and dividend income from financial assets is credited to interest income. Gains and losses on the sale of financial assets are recognized in the results from the disposal of financial assets.

**Fair value**

Financial instruments traded in an active market are carried at market prices. For all other financial instruments relevant valuation models, for example the Black-Scholes model for options, are used to determine fair value.

### Treasury shares

The Bellevue Group AG shares held by the Group are reported at cost in shareholders' equity as treasury shares. Gains and losses on the sale of treasury shares are credited to or debited from earnings reserves. Derivatives physically settled by delivery of own shares are carried under shareholders' equity as earnings reserves.

### Fixed assets

Tangible fixed assets comprise property, furniture, fixtures and fittings, IT and telecommunications equipment, and art objects. Valuation is based on acquisition cost less necessary depreciation. Fixed assets are depreciated on a straight-line basis over their estimated useful life as follows:

Real estate (value of buildings)	20 years
Furniture, fixtures and fittings	5 years
IT (hardware) and telecommunications equipment	3 years
Art objects	3 years

Fixed assets are tested for impairment on every balance sheet date if events or changes in circumstances indicate that the carrying value no longer corresponds to the economic benefits. If the carrying value exceeds the recoverable value, an impairment loss will be recognized.

### Intangible assets

This position comprises the client base, the company brand and other intangible assets (software, software licenses). Goodwill is reported as a separate balance sheet item. The client base includes intangible assets in the form of long-term customer relationships originating from acquisitions. The client base is amortized on a straight-line basis over an estimated useful life of ten to fifteen years, while the brand is amortized using the same method over five years. Software and software licenses are amortized on a straight-line basis over three years. All intangible assets are tested for impairment annually to ensure that their carrying value corresponds to their economic benefits. Where necessary a valuation adjustment is performed in the profit and loss account in addition to the depreciation.

### Goodwill

Goodwill is the amount paid by the Group in excess of fair value for the interest acquired in the net assets of a subsidiary. Goodwill is not amortized. Instead it is allocated to the corresponding cash-generating operating units, which are tested for impairment annually. If the carrying value exceeds the recoverable value, an adjustment is performed in the profit and loss account.

### Debt securities issued

Debt securities issued are carried at amortized cost using the effective interest rate method.

### Provisions

Provisions are made if the Group has, as a result of a past event, a current liability on the balance sheet date that will probably lead to an outflow of resources and whose amount can be reliably estimated. The formation and release of provisions is performed in the income statement through the item "Valuation adjustments, provisions and losses."

### Derivative financial instruments

Derivative financial instruments are initially recognized at acquisition cost in the balance sheet and then subsequently stated at fair value. Fair value is calculated based on quoted market prices, discounted cash flow models and valuation models for options. If the computed fair value is positive, the derivative instrument will be carried on the asset side of the balance sheet and if negative on the liability side.

### Pension plans

In addition to the legally prescribed social benefits, the Group maintains an employee pension plan (two in the previous reporting year) based on the principle of defined contribution. The pension plan is a legally independent foundation for which the Group is not liable. The necessary benefits prescribed by Swiss law are determined in accordance with national guidelines; these deviate from IAS 19 in that they include the contributions made up to the balance sheet date and the resulting earned interest but not the expected future increases in wages, salaries and pension benefits. Under IAS 19, this pension plan must be disclosed as a defined benefit plan, although it is a defined contribution plan under applicable local law. The Group insures its staff through a collective foundation and an insurance company, which provide benefits upon retirement or in the event of death or disability or after the conclusion of employment with the Company. The contributions to be paid by the employees and the Group companies are based on the employees' anticipated retirement date. The pension benefits are based on the contributions paid by the insured and the Group (defined contribution plan). The pension assets are independently managed by the collective foundation and the insurance company. The Group has not assumed any obligations to make additional funds available in the event that the foundation or the insurance company is unable to provide the specified range of benefits.

For accounting purposes in accordance with IAS 19, pension expenses and obligations are valued according to the projected unit credit method. The corresponding calculations are made by actuaries on a periodic basis. The pension expense entered in the income statement corresponds to the actuarially determined expense less employee contributions.

Actuarial gains and losses that exceed both 10% of the present value of the plan obligations and 10% of the fair value of plan assets are systematically amortized over the remaining working lives of employees participating in the plan.

### Taxes and deferred taxes

Income taxes are based on the tax legislation of each sovereign authority vested with power of taxation and are recognized as an expense in the profit and loss account for the period in which the corresponding income is reported. Receivables or liabilities related to current income taxes are reported separately in the balance sheet in the items "current tax assets" or "current tax liabilities."

Tax effects arising from temporary differences between the stated value of assets and liabilities in the Group balance sheet and their corresponding tax value are respectively reported as "deferred tax assets" and "deferred tax liabilities." They are calculated at the tax rates expected to apply in the accounting period in which the asset will be realized or the liability will be settled. Changes in the deferred tax liabilities are reported as tax expense in the profit and loss account.

### Minority interest in consolidated hedge fund

The hedge fund is obligated to take back an investor's share at any time upon request. Due to this obligation, the invested capital is to be defined as a liability according to IAS 32. The minority interest is therefore shown as part of the borrowings.

### Changes to accounting principles

The changes decided by the International Accounting Standards Board (IASB) which became compulsory on January 1, 2007 have been adopted by Bellevue Group AG. The most important consequences are described below:

- IFRS 7, Financial instruments: disclosures (applies as of January 1, 2007)

The following amendments or interpretations listed below did not have a material impact on shareholders' equity, Group net profit and Group cash flows.

- IFRIC 7, Applying the restatement approach under IAS 29 Financial reporting in hyperinflationary economies (applies as of January 1, 2007)
- IFRIC 8, Scope of IFRS 2 (applies as of May 1, 2006)
- IFRIC 9, Reassessment of embedded derivatives (applies as of June 1, 2006)
- IFRIC 10, Interim financial reporting and impairment (applies as of November 1, 2006)

The possibility of earlier application of other standards and interpretations introduced as of January 1, 2008 was not used. These are:

- IAS 1 (amendment), Presentation of financial statements (applies as of January 1, 2009)
- IAS 23 (amendment), Borrowing costs (applies as of January 1, 2009)
- IAS 27 (amendment), Consolidated and separate financial statements (applies as of January 1, 2009)
- IFRS 2 (amendment), Share-based payments (applies as of January 1, 2009)
- IFRS 3 (amendment) Business combinations (applies as of January 1, 2009)
- IFRS 8, Segment reporting (applies as of January 1, 2009)
- IFRIC 11, IFRS 2 – Group and treasury share transactions (applies as of March 1, 2007)
- IFRIC 12, Service concession arrangements (applies as of January 1, 2009)
- IFRIC 13, Customer loyalty programs (applies as of July 1, 2008)
- IFRIC 14, IAS 19, The limit on a defined benefit asset, minimum funding requirements and their interaction (applies as of January 1, 2008)

Some of the new standards and interpretations applicable as of this date will have an impact on the consolidated financial statements. A project team is currently analyzing what effects they will have on the Group accounts.

### Approval by the Audit Committee of the Board of Directors

The Audit Committee of the Board of Directors of Bellevue Group AG approved these consolidated financial statements on March 3, 2008.

# Risk management

## 1. General information

Risk management is based on the risk policy formulated by the Board of Directors, which is reviewed periodically.

Independent risk control bodies are charged with monitoring risks at the individual operating units and at Group level.

The Group Executive Board is informed on a regular basis about the assets, financial position, liquidity and earnings of the Group and all related risks by means of financial and risk reporting procedures commensurate with each particular level of management. Risk reports are prepared for the individual companies as well as at Group level.

Group policy regarding concentration of risk is based on the Swiss Law on Banks and Saving Banks.

## 2. Credit risks

Credit risk is the risk of loss resulting from all forms of credit exposure in the event of counterparty default.

Credit risks in dealings with individual clients are primarily assumed on a collateralized basis. Credit risks are limited by means of an approval procedure commensurate with the various management levels as well as by authorization limits, the application of appropriate lending margins and the periodic reevaluation of long-term loans. Exception reports are available to facilitate the monitoring of compliance with authorized limits and lending margins. The credit business is not one of the Bellevue Group's core business activities.

In dealings with professional clients (banks/brokers/institutionals) and when investing in bonds, credit risks are assumed only with counterparties with high (investment grade) credit standings.

Adherence to guidelines on concentration of risk is monitored by an independent risk control body. New counterparties in the securities and foreign exchange trading departments must be evaluated and approved by the executive boards.

The maximum risk of credit default risk is reported in the corresponding book value stated in the balance sheet.

## 3. Market risks

Market risks arise from the constantly changing prices in equity, bond and money markets. Market risks are relevant in various areas, especially in trading portfolios, financial investments and with regard to the balance sheet structure.

Market risks are minimized by constant risk monitoring activities. Derivative financial instruments are solely used for business hedging purposes. The members of the Executive Board and Risk Management are briefed on a daily basis.

## 3.1 Trading portfolios

Securities trading for own account is largely limited to equities and related derivatives and certificates. All positions in trading portfolios are carried at fair value. Wherever possible, market prices are automatically retrieved and used for valuation purposes. OTC derivatives for which there are no prices directly observable on the exchanges are valued using appropriate valuation models. The adequacy of the valuation of these positions is assured through independent controls. The positions are monitored daily directly by the Executive Board and/or the independent Risk Control Officer. Average holdings (12 end-month values), including the corresponding derivatives, amounted to CHF 2.4 million (previous year: CHF 23.7 million). Every change in prices is recognized in full in Group profit or equity. A 10% change in market value with respect to the year-end value would correspond to a  $\pm$  CHF 3.8 million change in profit (previous year: 1.9 million). Securities trading is conducted primarily through SWX/Virt-X.

Foreign exchange positions result mainly from client transactions. Significant currency positions are of a business nature and are therefore the exclusive domain of the Executive Board or the Board of Directors of the company in question. There is no trading in commodities or goods. The table on page 18 gives a breakdown of the balance sheet by currency and an overview of the gross foreign currency position.

## 3.2 Financial investments

The composition of the financial investments is defined and monitored by the respective Executive Boards or the Group Executive Board. A 10% change in market value with respect to the year-end value would correspond to a CHF 19.4 million change in profit (previous year: 16.5 million).

## 3.3 Balance sheet structure

In balance sheet management, differences between the interest rate profiles and underlying currencies of positions on the asset and liability side of the balance sheet and of off-balance-sheet positions give rise to interest rate and currency risks. The interest and currency risks of the Group are low due to the following reasons:

- Bellevue Group is not active in the traditional lending and deposit business.
- Long-term loans at fixed rates be granted will be granted only in exceptional cases.
- There is no active trading in foreign currency for own account.
- Foreign-currency loans with a fixed term are usually refinanced with matching maturities.

The interest rate risks are measured and monitored using various methods (sensitivity of equity capital, tables with interest rate profiles, etc.). Assuming a parallel change in interest rates of 1% at the bank, the measured change in market value of the bank's equity capital on the respective measurement dates in 2006/2007 was consistently below 2.0% (previous year: 2.0%) of the bank's BIS eligible capital. Interest rate and currency risks are monitored and measured by independent risk control bodies. No derivative financial instruments are used to control interest rate risks.

#### 4. Capital management

The objectives of capital management are:

- Compliance with all capital adequacy guidelines issued by regulatory authorities.
- Secure performance of all business activities must be assured.
- The company must be able to carry out the investments that have been decided or approved by the Board of Directors.
- Temporary excess capital will be invested at low risk before it is allocated to a definitive intended purpose.

The Bellevue Group manages all available capital. The objectives relating to capital management were met throughout the entire year, not only by Bellevue Group but also by each individual subsidiary.

	2007	2006
BIS tier 1 capital (CHF m)	239.4	133.0
Risk-weighted assets	246.5	395.5
BIS tier 1 ratio	97.1%	33.6%

#### 5. Liquidity risks

Liquidity risks refer to the possibility that Bellevue Group or its corporate entities will not have sufficient liquidity to meet their liabilities.

Daily liquidity management at individual Group companies is performed by the responsible departments. The SNB balance is computed daily along with the relevant bank balances. These balances are settled according to the expected movements per value date. The actual cash flows are constantly monitored. Independent risk control bodies ensure compliance with the liquidity requirements stipulated by banking law. The Group companies constantly endeavor to maintain a significantly higher amount of liquidity than is legally stipulated.

The management of liquidity at Group level is performed by the Group Executive Board in consultation with those responsible for liquidity management at the individual Group companies. This process is conducted daily.

The table on page 19 shows the maturities of the assets and liabilities and the net position in the time frames specified.

#### 6. Operational risks

Operational risks can arise, for example, from the inadequacy or failure of internal processes, procedures and systems, from inadequate business management or as a result of external events.

Operational risks are limited by means of internal regulations and directives pertaining to organizational structures and controls. Internal procedures, processes and systems are continually analyzed and improved.

The IT systems of the Group companies are continually upgraded.

#### 7. Risk concentration

Risk concentration occurs when the weighted assets of a counterparty exceeds 25% of the BIS eligible capital. There was no evidence of any such concentrations of risk on the balance sheet date. During the course of the year under review there were two short-term concentrations of risk.

#### 8. Legal and compliance risks

The terms "legal risks" and "compliance risks" refer to those risks arising from legal and regulatory aspects inherent to the business environment, in particular liability and default risks as well as regulatory risks.

These risks are minimized when processing transactions by requiring standardized master agreements and individual transaction confirmations. The monitoring of risks in connection with the acceptance of client assets and due diligence obligations at the individual Group companies has been delegated to the corresponding compliance offices and specially trained employees. When appropriate, external attorneys will be consulted to limit legal risks.

## Balance sheet by currency

31.12.2007	CHF	EUR	USD	Other	Total
CHF 1,000					
<b>Assets</b>					
Cash	201,663	0	0	0	201,663
Due from banks	241,201	19,996	2,566	7	263,770
Due from clients	26,601	0	9	845	27,455
Trading portfolio	23,067	14,541	0	0	37,608
Derivative financial instruments	9,638	0	0	0	9,638
Financial investments	256,567	0	2,130	0	258,697
Prepaid expenses and accrued income	3,501	0	50	0	3,551
Other assets	4,186	0	0	0	4,186
<b>Total assets</b>	<b>766,424</b>	<b>34,537</b>	<b>4,755</b>	<b>852</b>	<b>806,568</b>
<b>Claims from spot and forward forex transactions and from currency options</b>		<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total assets</b>		<b>34,537</b>	<b>4,755</b>	<b>852</b>	
<b>Liabilities</b>					
Due to banks	14,655	2,097	0	0	16,752
Due to clients	287,868	12,300	336	0	300,504
Derivative financial instruments and other trading liabilities	163,925	0	0	0	163,925
Accrued expenses and deferred income	37,065	331	428	0	37,824
Other liabilities	2,045	86	3	0	2,134
<b>Total liabilities</b>	<b>505,558</b>	<b>14,814</b>	<b>767</b>	<b>0</b>	<b>521,139</b>
<b>Liabilities from spot and forward forex transactions and from currency options</b>		<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total liabilities</b>		<b>14,814</b>	<b>767</b>	<b>0</b>	
<b>Net position per currency</b>		<b>19,723</b>	<b>3,988</b>	<b>852</b>	<b>24,563</b>
<b>Gross currency position 31.12.2007</b>					<b>24,563</b>
<b>Gross currency position 31.12.2006</b>					<b>7,631</b>

A 1% change in an exchange rate has the following impact on the profit and loss account or on equity:

2007					
EUR		+/-197			
USD			+/-40		
Other				+/-9	

2006					
EUR		+/-6			
USD			+/-59		
Other				+/-11	

## Liquidity risk

	On sight	Callable	Due within 3 months	Due within 3 to 12 months	Due within 1 to 5 years	Due after 5 years	Total
<b>31.12.2007</b>							
CHF 1,000							
<b>Assets</b>							
Cash	201,663						201,663
Due from banks	106,470	157,300					263,770
Due from clients	3,017	24,438					27,455
Trading portfolio	37,608						37,608
Derivative financial instruments	9,638						9,638
Financial investments	166,747	0	24	68,364	26,933	1,024	263,092
Prepaid expenses and accrued income	1,132	119	0	481	1,819	0	3,551
Current tax assets	623						623
Other assets	1,334		2,039	813			4,186
<b>Total cash inflow</b>	<b>528,232</b>	<b>181,857</b>	<b>2,063</b>	<b>69,658</b>	<b>28,752</b>	<b>1,024</b>	<b>811,586</b>
<b>Liabilities</b>							
Due to banks	16,752						16,752
Due to clients	300,504						300,504
Derivative financial instruments and other trading liabilities	163,925						163,925
Accrued expenses and deferred income	11,587			26,237			37,824
Other liabilities	2,134						2,134
Current tax liabilities	10,780						10,780
Deferred tax liabilities	0		298	893	4,664	8,417	14,272
Provisions	0					1,829	1,829
Minority interest in consolidated hedge fund	7,985						7,985
<b>Total cash outflow</b>	<b>513,667</b>	<b>0</b>	<b>298</b>	<b>27,130</b>	<b>4,664</b>	<b>10,246</b>	<b>556,005</b>
<b>Net inflow 31.12.2007</b>	<b>14,565</b>	<b>181,857</b>	<b>1,765</b>	<b>42,528</b>	<b>24,088</b>	<b>-9,222</b>	<b>255,581</b>
<b>31.12.2006</b>							
CHF 1,000							
<b>Total cash inflow</b>	<b>745,337</b>	<b>201,342</b>	<b>33,937</b>	<b>34,027</b>	<b>26,832</b>	<b>239,613</b>	<b>1,281,088</b>
<b>Total cash outflow</b>	<b>746,229</b>	<b>8,102</b>	<b>25,121</b>	<b>891</b>	<b>89,451</b>	<b>17,045</b>	<b>886,839</b>
<b>Net inflow 31.12.2006</b>	<b>-892</b>	<b>193,240</b>	<b>8,816</b>	<b>33,136</b>	<b>-62,619</b>	<b>222,568</b>	<b>394,249</b>

## Information on the balance sheet

	31.12.2007	31.12.2006
<b>1. Due from clients and banks</b>		
CHF 1,000		
Due from clients	27,455	32,494
of which: Private clients	4,391	3,467
Commercial clients	23,064	29,027
Impairments/provisions for credit risks	0	0
<b>Total, net</b>	<b>27,455</b>	<b>32,494</b>
Claims due from clients, grouped according to type of collateral, are as follows:		
Lombard and other collateral	25,043	29,271
Without collateral	2,412	3,223
	<b>27,455</b>	<b>32,494</b>
No client loans were renegotiated during the year under review.		
Accounts due from banks, grouped according to type of collateral, are as follows:	263,770	245,927
of which money market assets	157,300	90,000
of which from securities management	11,204	12,166
Investment grade counterparties	100%	100%

	31.12.2007	31.12.2006
<b>2. Trading portfolio</b>		
CHF 1,000		
Debt securities	1,300	802
of which: listed	1,300	802
unlisted	0	0
Equities	36,308	19,118
of which: listed	36,308	19,013
unlisted	0	105
<b>Total trading positions</b>	<b>37,608</b>	<b>19,920</b>
of which repo-eligible securities	0	0

All positions in the trading portfolio have a high investment grade.

3. Financial investments	31.12.2007		31.12.2006	
	Book value	Market value	Book value	Market value
CHF 1,000				
<b>Financial investments – available for sale</b>				
Equities – at market value				
– listed	148,726	148,726	156,091	156,091
– unlisted	18,021	18,021	9,129	9,129
Debt securities – at market value				
– listed	26,988	26,988	0	0
<b>Total financial investments – available for sale</b>	<b>193,735</b>	<b>193,735</b>	<b>165,220</b>	<b>165,220</b>
Financial investments – held to maturity				
Debt securities				
– listed	64,962	65,754	21,120	21,822
<b>Total financial investments – held to maturity</b>	<b>64,962</b>	<b>65,754</b>	<b>21,120</b>	<b>21,822</b>
<b>Total financial investments</b>	<b>258,697</b>	<b>259,489</b>	<b>186,340</b>	<b>187,042</b>
of which repo-eligible securities	19,982	19,838	15,026	14,963

4. Associated participations	2007	2006
CHF 1,000		
<b>Accounted for by the equity method</b>		
Balance sheet value at January 1	0	1,383
Share of profit	0	536
Purchase	0	0
Sale	0	-1,919
<b>Balance sheet value at December 31</b>	<b>0</b>	<b>0</b>

The interest (20%) in 2trade Group Holding AG, Zug, was sold in 2006.

	2007			2006
	Furniture and fittings	IT and telecomm-unications	Total fixed assets	Total fixed assets
<b>5. Fixed assets</b>				
CHF 1,000				
<b>At January 1</b>				
Cost	6,959	180	7,139	45,497
Accumulated depreciation	-6,763	-91	-6,854	-23,205
<b>Net book value at January 1</b>	<b>196</b>	<b>89</b>	<b>285</b>	<b>22,292</b>
<b>Financial year 2007/2006</b>				
Net book value at January 1	196	89	285	22,292
Net book value deleted as a result of deconsolidation	0	0	0	-12,353
Change attributable to discontinuation of business activities	0	0	0	-8,216
Investments	256	38	294	241
Divestments	0	0	0	-104
Depreciation for continuing business activities	-106	-101	-207	-320
Depreciation for divested business activities	0	0	0	-1,255
<b>Net book value at December 31</b>	<b>346</b>	<b>26</b>	<b>372</b>	<b>285</b>
<b>At December 31</b>				
Cost	7,215	218	7,433	7,139
Accumulated depreciation	-6,869	-192	-7,061	-6,854
<b>Net book value at December 31</b>	<b>346</b>	<b>26</b>	<b>372</b>	<b>285</b>

	2007			2006
	Client base	Brand	Other intangible fixed assets	Total intangible fixed assets
<b>6. Intangible fixed assets</b>				
CHF 1,000				
<b>At January 1</b>				
Cost	78,617	1,179	2,739	82,535
Accumulated depreciation	-7,583	-295	-1,658	-9,536
<b>Net book value at January 1</b>	<b>71,034</b>	<b>884</b>	<b>1,081</b>	<b>72,999</b>
<b>Financial year 2007/2006</b>				
Net book value at January 1	71,034	884	1,081	72,999
Net book value added/subtracted as a result of first-time consolidation/deconsolidation	0	0	172	172
Investments	0	0	491	491
Depreciation for continuing business activities	-6,066	-236	-1,062	-7,364
Depreciation for divested business activities	0	0	0	0
<b>Net book value at December 31</b>	<b>64,968</b>	<b>648</b>	<b>682</b>	<b>66,298</b>
<b>At December 31</b>				
Cost	78,617	1,179	3,402	83,198
Accumulated depreciation	-13,649	-531	-2,720	-16,900
<b>Net book value at December 31</b>	<b>64,968</b>	<b>648</b>	<b>682</b>	<b>66,298</b>

	31.12.2007	31.12.2006
<b>7. Goodwill</b>		
CHF 1,000		
<b>Opening balance</b>	160,289	160,289
Amortization	0	0
<b>Total goodwill</b>	<b>160,289</b>	<b>160,289</b>
of which Investment Banking	97,375	97,375
of which Asset Management	62,914	62,914

Annual impairment testing is performed on the existing goodwill positions for each cash-generating unit (CGU) by determining the value in use of each CGU, based on the discounted present value of estimated future cash flows.

One-year budgets are used as the basis in these calculations. A perpetual yield is used for subsequent years. The projections are based on empirical values and on management's assessment of probable developments in the relevant markets. It is assumed that no major organizational change will occur in any of the business groups. A perpetual growth rate (inflation) of 1.0% is assumed. Applying the capital asset pricing model, an average cost of capital of 10.4% was calculated (previous year: 9.9%).

The tests performed on the balance sheet date confirmed the carrying value of all goodwill positions. In management's opinion, no potential changes to the assumptions made could produce a situation where the book values of the goodwill positions would exceed the recoverable projected amounts, barring extraordinary events.

	31.12.2007		31.12.2006	
	Amount/ book value of claim	of which used	Amount/ book value of claim	of which used
<b>8. Assets not freely available</b>				
CHF 1,000				
Due from banks	4,980	4,980	0	0
Securities – financial assets	64,962	64,962	21,732	21,732
Other assets	836	836	800	800
<b>Total assets not freely available</b>	<b>70,778</b>	<b>70,778</b>	<b>22,532</b>	<b>22,532</b>
<b>Available-for-sale pledged assets</b>				
– due from banks	0	0	27,127	11,833
– securities – financial assets	0	0	700	700
<b>Total available-for-sale pledged assets</b>	<b>0</b>	<b>0</b>	<b>27,827</b>	<b>12,533</b>

The pledge arrangements were made at market terms.

	31.12.2007	31.12.2006
<b>9. Other assets</b>		
CHF 1,000		
Withholding tax	1,301	1,056
Other assets	2,885	829
<b>Total other assets</b>	<b>4,186</b>	<b>1,885</b>

	31.12.2007	31.12.2006
<b>10. Other liabilities</b>		
CHF 1,000		
Withholding tax	0	18,233
Other liabilities	2,134	3,603
<b>Total other liabilities</b>	<b>2,134</b>	<b>21,836</b>

	31.12.2007	31.12.2006
<b>11. Deferred tax liabilities</b>		
CHF 1,000		
Valuation adjustments and provisions*	1,871	1,203
Intangible fixed assets	12,401	13,592
<b>Total deferred tax liabilities</b>	<b>14,272</b>	<b>14,795</b>

\* Arising from temporary discrepancies due to valuation differences between IFRS accounting and statutory accounting standards.

12. Valuation adjustments and provisions	Notes	31.12.2006	Specified usage	Change as a result of discontinued business activities	Deletions as a result of deconsolidation	Reversals credited to P&L	New allocations charged to P&L	Total per 31.12.2007
CHF 1,000								
Valuation adjustments for credit risks		0	0	0	0	0	0	0
Actuarial BVG provisions		1,494	0	0	0	-472	0	1,022
Other provisions		807	0	0	0	0	0	807
<b>Total valuation adjustments and provisions</b>		<b>2,301</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-472</b>	<b>0</b>	<b>1,829</b>
Valuation adjustments offset directly against accounts "due from customers"		0						0
<b>Total valuation adjustments and provisions in the balance sheet</b>		<b>2,301</b>						<b>1,829</b>

### Pending legal proceedings

The Bellevue Group is involved in legal proceedings brought by a shareholder in connection with the merger between Swissfirst and Bellevue. Lawsuits were filed in the meantime.

The Bellevue Group makes provisions for ongoing or potential legal proceedings if the competent persons responsible are of the opinion that there is more than a fifty percent chance that Group companies will have to make payments or will incur losses, and if it is possible to reliably estimate the amount in question.

<b>13. Share capital</b>	Number of shares	Share capital CHF 1,000
<b>Shares issued at 31.12.2006</b>	<b>10,500,000</b>	<b>1,050</b>
Par value reduction	0	0
Capital increase	0	0
<b>Shares issued at 31.12.2007</b>	<b>10,500,000</b>	<b>1,050</b>
<b>Treasury shares at 31.12.2005</b>	<b>-21,724</b>	<b>-2</b>
corresponding to	-0.22 %	-0.22 %
Sale of treasury shares	-2,881,221	-288
Purchase of own shares	2,856,618	286
<b>Treasury shares at 31.12.2006</b>	<b>-46,327</b>	<b>-5</b>
corresponding to	-0.44 %	-0.44 %
Sale of treasury shares	-901,419	-90
Purchase of own shares	1,211,385	121
<b>Treasury shares at 31.12.2007</b>	<b>263,639</b>	<b>26</b>
corresponding to	2.51 %	2.51 %

All transactions involving own shares were completed at market prices.

The share price of treasury shares as at December 31, 2007 was CHF 86.50 per share (31.12.2006: CHF 78.00).

Conditional capital of CHF 100,000 and authorized capital of CHF 100,000 was created at the extraordinary general meeting on December 15, 2006.

## 14. Related party transactions/Major shareholders

Related party transactions CHF 1,000	2007			2006		
	Key management personnel*	Associated participations	Other related parties**	Key management personnel*	Associated participations	Other related parties**
Due from clients	4,759		292	9,325		
of which 1 member of the Group Executive Board (previous year: 2)	4,759		292	9,325		
Interest income	233	0	11	216	24	88
Due to clients	98,265		20	53,340		
Interest expense	870			219		
Fee and commission income	1,755	0	69	1,098	96	
Compensation						
Paid to members of the Board of Directors of Bellevue Group AG:						
– Remuneration (cash) CHF 1,000	686			279		
– Number of shares (at discount)***	0			105,000		
of which to the member with the highest total remuneration:						
– Remuneration (cash) CHF 1,000	315					
– Number of shares (at discount)***	0			105,000		
Paid to members of the Group Executive Board:						
– Gross remuneration (without shares) CHF 1,000	2,569			807		
– Stock-based remuneration	500					

\* Board of Directors and senior executive management

\*\* Incl. family members

\*\*\* The discount granted corresponds to the equivalent amount of CHF 1,522,500.

Transactions with related parties are also conducted during the normal course of business. These transactions are executed at customary market terms. Receivables are covered by the customary bank guarantees (custody accounts). No contractual severance packages have been agreed with any member of the Board of Directors and senior executive management. No severance benefits were paid to any directors who stepped down last year.

The following persons and companies owned more than 3% (previous year: 5%) of the issued share capital of Bellevue Group AG, Küsnacht:

Major shareholders in %	% of capital and votes 31.12.2007	% of capital and votes 31.12.2006
Martin Bisang, Küsnacht	14.3	13.0
Hans-Jörg Graf, Wollerau	7.5	6.4
Jürg Schächli, Rapperswil-Jona	6.8	6.0
Dieter Albrecht, Erlenbach	5.3	< 5
Thomas Matter, Zug	5.2	5.3
Daniel Schlatter, Herrliberg	4.9	< 5
Bellevue Holding AG, Küsnacht	0	< 5
Rumen Hranov, Zollikon	< 3	< 5

## 15. Employee benefit plans

Actuarial calculation of employee pension obligations

	31.12.2007	31.12.2006	31.12.2005
<b>1. Balance sheet</b>			
CHF 1,000			
Fair value of plan assets	27,702	30,177	37,374
Defined benefit obligation	-28,438	-29,938	-39,462
Funding surplus/shortfall	-736	239	-2,088
Unrecognized actuarial gains/losses	-286	-4,634	-3,114
<b>Pension liabilities in the balance sheet</b>	<b>-1,022</b>	<b>-4,395</b>	<b>-5,202</b>
Change as a result of discontinued business activities	0	-2,901	0
<b>Continuing pension liabilities at year-end</b>	<b>-1,022</b>	<b>-1,494</b>	<b>-5,202</b>
Experience adjustments on plan liabilities	-7.21 %	4.97 %	-0.75 %
Experience adjustments on plan assets	-0.64 %	3.26 %	9.13 %

	31.12.2007	31.12.2006	31.12.2005
<b>2. Income statement</b>			
CHF 1,000			
Service cost	-1,723	-2,927	-2,060
Interest cost	-775	-1,381	-896
Expected net return on plan assets	1,020	1,494	816
Actuarial gains/losses	0	953	0
Gains/losses on the disposal of discontinued business activities	2,901	0	0
Past service cost	0	0	0
Net pension cost for the period	1,423	-1,861	-2,140
Employees' contributions	185	687	860
<b>Expense recognized in the income statement</b>	<b>1,608</b>	<b>-1,174</b>	<b>-1,280</b>
of which discontinued business activities	-	-691	-619

	Notes	31.12.2007	31.12.2006	31.12.2005
<b>3. Movements in the net assets or liabilities</b>				
CHF 1,000				
Net pension liabilities at January 1	13	-4,395	-5,202	-5,365
Prepaid pension costs:				
Expense recognized in the income statement		1,608	-1,174	-1,280
Employer's contributions		1,765	1,981	1,443
<b>Net pension liabilities at December 31</b>		<b>-1,022</b>	<b>-4,395</b>	<b>-5,202</b>
of which discontinued business activities			-2,901	0
<b>Net pension liabilities of continuing business activities</b>	13	<b>-1,022</b>	<b>-1,494</b>	<b>-5,202</b>

<b>4. Change in gross pension liabilities and plan assets</b>	<b>2007</b>	2006	2005
CHF 1,000			
<b>Change in gross pension liabilities</b>			
At January 1	-29,938	-39,462	-23,527
Additions due to first-time consolidation	0	0	-13,956
Deletions due to discontinued business activities	7,785	0	0
Actuarial pension cost	-1,538	-2,240	-1,200
Employees' contribution	-185	-687	-860
Interest cost	-775	-1,381	-896
Pension payments and portable benefits paid	2,044	12,343	1,274
Additions due to admissions and voluntary contributions	-3,781	0	0
Actuarial gains/losses	-2,050	1,489	-297
<b>At December 31</b>	<b>-28,438</b>	<b>-29,938</b>	<b>-39,462</b>
<b>Change in pension assets</b>			
At January 1	30,177	37,374	20,762
Additions due to first-time consolidation	0	0	11,356
Deletions due to discontinued business activities	-7,004	0	0
Expected return on plan assets	1,020	1,494	816
Employees' contributions	185	687	860
Employer's contributions	1,765	1,981	1,443
Pension payments and portable benefits paid	-2,044	-12,343	-1,274
Additions due to admissions and voluntary contributions	3,781	0	0
Actuarial gains/losses	-178	984	3,411
<b>At December 31</b>	<b>27,702</b>	<b>30,177</b>	<b>37,374</b>
<b>Actual return on plan assets</b>	<b>842</b>	<b>2,478</b>	<b>4,227</b>

<b>Investment categories</b>	<b>31.12.2007</b>	31.12.2006	31.12.2005
CHF 1,000			
- Equities	7,502	8,473	9,567
- Bonds	15,233	16,556	17,415
- Real estate	216	1,370	2,256
- Other	4,751	3,778	8,136

Expected return by investment category	31.12.2007	31.12.2006	31.12.2005
in %			
– Equities	7.0	7.0	7.0
– Bonds	3.5	3.0	3.0
– Real estate	5.0	5.0	5.0
– Other	3.0	3.0	3.0

#### Comment on the actuarial calculation of pension obligations

Bellevue Group maintains one employee benefit plan that is legally set up as a defined contribution plan. In accordance with IAS 19, this plan should be disclosed as a defined benefit plan. Although underfunded under IFRS accounting guidelines, this plan is not underfunded according to Swiss law. The last actuarial calculation was conducted as of December 31, 2007. The actuarial assumptions are based on general local economic conditions.

5. Actuarial assumptions	2007	2006	2005
in %			
Discount rate (technical interest rate)	3.5	3.5	3.5
Expected net return on plan assets	4.4	4.0	4.0
Expected future salary increases	2.5	2.5	2.5
Expected future pension increases	0.5	0.5	0.5

The expected ordinary pension fund contributions for 2008 amount to CHF 2 million.

16. Fair value of financial instruments	31.12.2007			31.12.2006		
	Book value	Fair value	Deviation	Book value	Fair value	Deviation
CHF 1,000						
<b>Financial assets</b>						
Cash	201,663	201,663	0	112,316	112,316	0
Due from banks	263,770	263,770	0	245,927	245,927	0
Due from clients	27,455	27,455	0	32,494	32,494	0
Trading portfolio	37,608	37,608	0	19,920	19,920	0
Derivative financial instruments	9,638	9,638	0	2,516	2,516	0
Financial investments	258,697	261,065	2,368	186,340	187,042	702
Available-for-sale financial assets	0	0	0	418,930	418,970	40
	<b>798,831</b>	<b>801,199</b>	<b>2,368</b>	<b>1,018,443</b>	<b>1,019,185</b>	<b>742</b>
<b>Financial liabilities</b>						
Due to banks	16,752	16,752	0	5,269	5,269	0
Due to clients	300,504	300,504	0	303,687	303,687	0
Derivative financial instruments and other trading liabilities	163,925	163,925	0	148,352	148,352	0
Available-for-sale financial liabilities	0	0	0	350,487	349,933	554
	<b>481,181</b>	<b>481,181</b>	<b>0</b>	<b>807,795</b>	<b>807,241</b>	<b>554</b>
<b>Difference between fair value/book value</b>			<b>2,368</b>			<b>1,296</b>

#### Short-term financial instruments

Financial instruments with a term to maturity or refinancing profile of one year or less are generally classed as short-term instruments. Depending on their maturity, these include the balance sheet items due to/from banks/clients, debt instruments issued and cash. For short-term financial instruments, it is assumed that the book value corresponds to the fair value.

#### Long-term financial instruments

These include the balance sheet items due to/from banks/clients, debt instruments issued with a term to maturity or refinancing profile of more than one year. The fair value of long-term financial instruments is determined using the discounted cash flow method.

#### Securities trading portfolios, financial investments and derivative financial instruments

The fair value of these financial instruments is generally the same as their market value. If no market value is available, the fair value is determined using recognized valuation models.

The fair value of listed investments in active markets is based on quoted bid prices. If there is no active market for financial assets, the Group will use a valuation method to determine fair value. This entails the use of recently concluded transactions between two independent parties, analysis of discounted cash flows, option price models and other valuation models that are typically used by other market participants. No assumptions in the valuation models were modified during the year under review.

	Fair value assets	Fair value liabilities	Contract volume
<b>17. Derivative financial instruments and other trading liabilities</b>			
CHF 1,000			
<b>Interest instruments</b>			
<b>Total interest instruments 31.12.2007</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total interest instruments 31.12.2006	0	0	0
<b>Foreign exchange</b>			
<b>Total foreign exchange 31.12.2007</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total foreign exchange 31.12.2006	0	0	0
<b>Equities</b>			
– Options (OTC)	9,638	153,977	423,903
<b>Total equities 31.12.2007</b>	<b>9,638</b>	<b>153,977</b>	<b>423,903</b>
Total equities 31.12.2006	2,516	148,352	188,965
<b>Hedging instruments</b>			
<b>Total hedging instruments 31.12.2007</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total hedging instruments 31.12.2006	0	0	0
<b>Total derivative financial instruments 31.12.2007</b>	<b>9,638</b>	<b>153,977</b>	<b>423,903</b>
Total derivative financial instruments 31.12.2006	2,516	148,352	188,965
<b>Other trading liabilities 31.12.2007</b>		<b>9,948</b>	
Other trading liabilities 31.12.2006		0	
<b>Total derivative financial instruments and other trading liabilities 31.12.2007</b>	<b>9,638</b>	<b>163,925</b>	<b>423,903</b>
Total derivative financial instruments and other trading liabilities 31.12.2006	2,516	148,352	188,965

**Equities:**

The fair value of the liabilities mainly pertain to covered written OTC call options. End-to-end client transactions and own holdings of warrants are also reported here.

**Other trading liabilities:**

These are short positions on shares.

<b>18. Irrevocable commitments, contingent liabilities and fiduciary transactions</b>	Due within 3 months	Due within 3 to 12 months	Due within 1 to 5 years	Due after 5 years	Total 31.12.2007	Total 31.12.2006
CHF 1,000						
<b>Irrevocable commitments</b>						
Rental and leasing commitments	478	1,279	6,619	2,482	10,858	11,707
Deposit collateral					94	3,160
					<b>10,952</b>	<b>14,867</b>
of which irrevocable commitments available for sale					0	2,307
<b>Contingent liabilities</b>						
Credit guarantees	0	4,860	0	0	4,860	4,726
Performance guarantees	0	0	0	0	0	0
					<b>4,860</b>	<b>4,726</b>
of which contingent liabilities available for sale					0	702
<b>Fiduciary transactions</b>						
Fiduciary deposits	0	0	0	0	0	359,812
Fiduciary loans	0	0	0	0	0	1,831
					<b>0</b>	<b>361,643</b>
of which fiduciary transactions available for sale					0	361,643

Fiduciary transactions include investments and loans which banks of the Bellevue Group conduct or grant in their own name but solely for the account and risk of the client, on the basis of a written mandate.

In order to reduce the risk of loss for clients, fiduciary business is conducted only with counterparties that have at least a Single A rating from qualified rating agencies. Limits authorized by the Board of Directors limit the amount of exposure per counterparty.

## Information on the profit and loss account

	2007	2006
<b>19. Commission income from securities and investment business</b>		
CHF 1,000		
Commission income from brokerage services and investment banking activities	66,738	63,653
Performance fees from asset management activities	45,802	16,902
Management fees from asset management activities	19,481	20,696
Miscellaneous commission income	11,046	4,555
<b>Total commission income from securities and investment business</b>	<b>143,067</b>	<b>105,806</b>

The performance fees are only booked when they effectively become due. The miscellaneous commission income consists mainly of securities account fees.

	2007	2006
<b>20. Personnel expenses</b>		
CHF 1,000		
Salary and bonus payments	41,176	17,703
Contribution to employee benefit plans	1,293	483
Other social insurance expenses	1,143	1,108
Other personnel expenses	314	547
<b>Total personnel expenses</b>	<b>43,926</b>	<b>19,841</b>

The Group employed a workforce of 86.8 full-time equivalents on December 31, 2007 (previous year: 64.1 employees, without divested business activities).

	2007	2006
<b>21. Operating expenses</b>		
CHF 1,000		
Premises	1,850	1,901
Telecommunications and IT	7,225	4,317
Legal, consultation and auditing expenses	7,292	1,018
Advertising and public relations	4,429	2,569
General administrative and business expenses	3,398	1,707
<b>Total operating expenses</b>	<b>24,194</b>	<b>11,512</b>

<b>22. Depreciation</b>	Notes	2007	2006
CHF 1,000			
Fixed assets	5	207	320
Intangible fixed assets	6	7,364	7,011
<b>Total depreciation</b>		<b>7,571</b>	<b>7,331</b>

<b>23. Taxes</b>	2007	2006
CHF 1,000		
Current taxes	12,853	11,869
Deferred taxes	-1,134	-1,502
<b>Total taxes</b>	<b>11,719</b>	<b>10,367</b>
Calculated tax rate on pretax Group profit	20.00%	20.00%
Tax difference arising from varying local tax rates	-7.47%	-6.32%
<b>Total taxes (effective tax rate)</b>	<b>12.53%</b>	<b>13.68%</b>

The change in the effective tax rate is attributable to changes in the relative share of profits generated by the different business segments, which are subject to different tax rates.

24. Earnings per share	2007	2006
<b>Continuing business activities</b>		
Group net profit attributable to shareholders of Bellevue Group AG (CHF 1,000)	160,439	100,694
Weighted average number of outstanding shares	10,281,436	10,401,871
<b>Earnings per share (CHF)</b>	<b>15.60</b>	<b>9.68</b>
<b>Discontinued business activities</b>		
Group net profit attributable to shareholders of Bellevue Group AG (CHF 1,000)		19,352
Weighted average number of outstanding shares		10,401,871
<b>Earnings per share (CHF)</b>		<b>1.86</b>
<b>Continuing business activities</b>		
Group net profit attributable to shareholders of Bellevue Group AG (CHF 1,000)	160,439	100,694
Weighted average number of outstanding shares	10,281,436	10,401,871
+ Adjustment for outstanding share options	46,911	49,131
Adjusted weighted average number of outstanding shares	10,328,347	10,451,002
<b>Fully diluted earnings per share (CHF)</b>	<b>15.53</b>	<b>9.63</b>
<b>Discontinued business activities</b>		
Group net profit attributable to shareholders of Bellevue Group AG (CHF 1,000)		19,352
Weighted average number of outstanding shares		10,401,871
+ Adjustment for outstanding share options		49,131
Adjusted weighted average number of outstanding shares		10,451,002
<b>Fully diluted earnings per share (CHF)</b>		<b>1.85</b>
<b>Continuing business activities</b>		
Group net profit attributable to shareholders of Bellevue Group AG (CHF 1,000)	160,439	100,694
Number of outstanding shares	10,500,000	10,500,000
<b>Nominal earnings per share (CHF)</b>	<b>15.28</b>	<b>9.59</b>
<b>Discontinued business activities</b>		
Group net profit attributable to shareholders of Bellevue Group AG (CHF 1,000)		19,352
Number of outstanding shares		10,500,000
<b>Nominal earnings per share (CHF)</b>		<b>1.84</b>

The average number of outstanding shares is adjusted for all potential dilution in the calculation of diluted earnings per share.

	Asset Management	Investment Banking	Corporate Items	Total
<b>25. Business segments</b>				
CHF 1,000				
<b>1.1.–31.12.2007</b>				
Net income from ordinary operating activities	67,266	90,530	90,544	248,340
Operating expenses	–25,547	–32,525	–10,048	–68,120
Minority interest in consolidated hedge fund	–491	0	0	–491
<b>Gross operating profit</b>	<b>41,228</b>	<b>58,005</b>	<b>80,496</b>	<b>179,729</b>
Depreciation, valuation adjustments, provisions and losses	–2,714	–4,857	0	–7,571
Taxes	–724	–9,521	–1,474	–11,719
<b>Profit after taxes</b>	<b>37,790</b>	<b>43,627</b>	<b>79,022</b>	<b>160,439</b>
Total assets	50,310	509,115	474,886	1,034,311
Total liabilities	39,664	363,425	125,985	556,074
Total capital expenditure	324	633	0	957
<b>Assets under management</b>	<b>CHF m 3,436</b>	<b>3,055</b>	<b>0</b>	<b>6,491</b>

The entire Private Banking business segment constitutes the discontinued business activities.

	Private Banking	Asset Management	Investment Banking	Corporate Items	Total
CHF 1,000					
<b>1.1.–31.12.2006</b>					
Net income from ordinary operating activities	68,112	38,894	71,443	38,362	216,811
Operating expenses	–31,983	–10,869	–16,908	–6,314	–66,074
Intercompany services, net	–4,182	425	187	3,570	0
<b>Gross operating profit</b>	<b>31,947</b>	<b>28,450</b>	<b>54,722</b>	<b>35,618</b>	<b>150,737</b>
Depreciation, valuation adjustments, provisions and losses	–3,084	–2,681	–4,674	0	–10,439
Taxes	–6,086	–1,079	–10,192	904	–16,453
Minority interests	–3,425	–374	0	0	–3,799
<b>Profit after taxes</b>	<b>19,352</b>	<b>24,316</b>	<b>39,856</b>	<b>36,522</b>	<b>120,046</b>
Total assets	444,366	13,571	396,242	426,909	1,281,088
Total liabilities	373,826	2,216	342,778	168,019	886,839
Total capital expenditure	116	11	743	0	870
<b>Assets under management</b>	<b>CHF m 2,237</b>	<b>4,039</b>	<b>2,732</b>	<b>0</b>	<b>9,008</b>

The Group operates primarily in Switzerland. Since the geographic region in which assets are reported is inconsequential to the assessment of risks or profit opportunities, a breakdown of the business segments by region is not given.

Allocation to the individual segments is primarily based on direct allocations. Items that cannot be directly allocated to one particular segment will be allocated by means of secondary business management criteria (e.g. number of staff, total square meters of floor space required, etc.). Non-allocable items are stated under the Corporate Items segment.

**26. Significant consolidated Group companies**

Listed companies included within the scope of consolidation:

Company	Domicile	Share capital CHF 1,000	Consolidated quote	
			direct in %	indirect in %
Bellevue Group AG	Küsnacht	1,050	100	0

Unlisted companies included within the scope of consolidation:

Company	Domicile	Share capital CHF 1,000	Consolidated quote	
			direct in %	indirect in %
Bank am Bellevue AG	Küsnacht	25,000	100	0
BAB Management NV	Curaçao	9	0	100
Bellevue Asset Management AG	Küsnacht	1,750	100	0
Asset Management BAB NV	Curaçao	9	0	100
Bellevue Capital NV	Curaçao	1	0	100
BEK Partners NV	Cayman Islands	1	0	100
Toros Prime	Cayman Islands	17,628	0	57

## 27. Disposals

### Private Banking

Bellevue Group AG sold its interest in Swissfirst Bank (Liechtenstein) AG, Vaduz (incl. Swissfirst [Lie] Opportunities), effective November 8, 2006.

This equity interest was consolidated for the last time on December 31, 2006.

The extraordinary general meeting on December 15, 2006 voted to withdraw from Private Banking and sell Swissfirst Bank AG, Zurich. It was sold effective January 1, 2007.

	2006
CHF 1,000	
Net operating income	63,930
Operating expenses	-35,067
<b>Pre-tax profit of discontinued business activities</b>	<b>28,863</b>
Taxes	-6,086
<b>After-tax profit of discontinued business activities</b>	<b>22,777</b>
<b>Net cash flow from</b>	
– operating activities	-91,761
– investment activities	-1,073
– financing activities	-8,825

### Corporate Items

Swissfirst Services AG, Zurich, was sold as of December 31, 2006.

This equity interest was consolidated for the last time on December 31, 2006.

**Available-for-sale assets/liabilities**

Swissfirst Bank AG, Zurich, which was sold as of January 1, 2007, is stated under this item.

The following assets/liabilities were included in the balance sheet as of December 31, 2006:

	2006
CHF 1,000	
Cash	13,271
Due from banks	207,267
Due from clients	149,715
Trading positions	18,250
Derivative financial instruments	15,314
Financial investments	15,113
Associated participations	0
Fixed assets	8,216
Intangible fixed assets	0
Goodwill	0
Prepaid expenses and accrued income	1,462
Current tax assets	15,177
Other assets	581
<b>Available-for-sale assets</b>	<b>444,366</b>
Due to banks	122,918
Due to clients	120,156
Derivative financial instruments and other trading liabilities	28,323
Debt issued	79,090
Deferred income	9,997
Other liabilities	4,050
Current tax liabilities	2,043
Deferred tax liabilities	2,948
Provisions	4,301
<b>Available-for-sale liabilities</b>	<b>373,826</b>

## 28. Employee stock ownership plan

### Bonus plan

Bellevue Group offered employees of the then Swissfirst Group a choice of drawing their bonus in the form of cash, shares or options on Swissfirst AG shares in the 2002 to 2004 financial years. In the 2005 financial year employees could only choose between cash and shares. The aggregate bonus expense is charged to the income statement regardless of how the bonuses are actually drawn. Any shares drawn are purchased on the open market and any options drawn are taken into account in the derivatives trading position and stated at market prices. The options were European-style options with a three-year term. The shares drawn are blocked for three to four years. The options were not eligible for sale. In the 2006 financial year bonus compensation was in cash only. Employees will be able to draw the bonus for the 2007 financial year in cash or shares.

The following options were outstanding at the following terms on the balance sheet date:

Issue year	Expiry date	Exercise price CHF	Exchange ratio (warrants/ shares)	Number of options 31.12.2007	Number of options 31.12.2006
2004	25.02.2007	58.95	0.4716:1	0	40,000

The change in the number of options outstanding during the year under review was as follows:

	2007	2006
Number of options, expressed in units of the underlying shares		
Number		
At January 1	84,820	94,275
Exercised	-84,820	-9,455
<b>At December 31</b>	<b>0</b>	<b>84,820</b>

### Stock ownership plan

In 2007 (2006) some of the members of the Board of Directors and company employees were allowed to purchase Bellevue Group AG shares on preferential terms.

A total of 63,100 shares blocked until 2011 (2006: 2,000 shares blocked until 2008, 15,000 shares blocked until 2009 and 105,000 blocked until 2010) were purchased. The difference between the fair value and the preferential price is recorded over the entire period of service (same as lock-up period) as compensation costs under personnel expenses. The fair value was determined based on the closing price on the date of allocation and ranged from CHF 89.80 to CHF 92.00 (2006: CHF 75.00 and CHF 96.55). The reported compensation costs from shares drawn in 2007 amount to TCHF 1,318 (2006: TCHF 2,206). A total of TCHF 1,876 (2006: TCHF 841) was booked under personnel expenses in the year under review.

	31.12.2007	31.12.2006
<b>29. Client assets</b>		
CHF 1,000,000		
Assets with management mandate	3,454	4,039
Other client assets	3,055	2,732
<b>Total client assets before deduction double counts</b>	<b>6,509</b>	<b>6,771</b>
of which double counts	-18	0
<b>Total client assets after deduction double counts</b>	<b>6,491</b>	<b>6,771</b>
Net inflow of new assets	-221	65
<b>Change due to divestment*</b>	<b>0</b>	<b>-2,076</b>
<b>Available-for-sale client assets**</b>	<b>0</b>	<b>-2,237</b>
(not included in the numbers above)		

\* Bellevue Group AG sold its 52.5% interest in Swissfirst Bank (Liechtenstein) AG, Vaduz, effective November 8, 2006.

\*\* Bellevue Group AG sold its 100% interest in Swissfirst Bank AG, Zurich, on January 3, 2007 (retroactive to January 1, 2007).

Client assets include all cash deposits and assets of clients available for investment with the exception of the pure "custody-only" assets. These custody-only assets include unissued shares of participation and investment companies, and the assets of certain institutional clients stemming from special transactions (e.g. share buy-backs through a second line of trading).

The inflow/outflow of client assets includes all cash deposits and withdrawals as well as inward and outward deliveries of securities without compensation.

### 30. IFRS reporting/accounting regulations for banks

The most important differences between IFRS and the accounting regulations for banks under Swiss law are as follows:

#### Available-for-sale financial assets

Under IFRS, available-for-sale financial assets are carried at fair value. Changes in the fair value of available-for-sale financial assets are recognized in shareholders' equity, less related deferred taxes, until the financial asset is sold, collected or otherwise disposed of, or its value is deemed to be impaired. As soon as an available-for-sale financial asset is deemed to be impaired, the cumulative unrealized loss previously carried in shareholders' equity will be recognized in the income statement for the reporting period as an impairment of available-for-sale financial assets. Under Swiss law, these kinds of financial assets are reported at acquisition cost or at market value if lower (lower of cost or market method). Write-downs to market value, any reversals of previously recognized impairment losses as well as disposal gains and losses are recognized in "Other ordinary income."

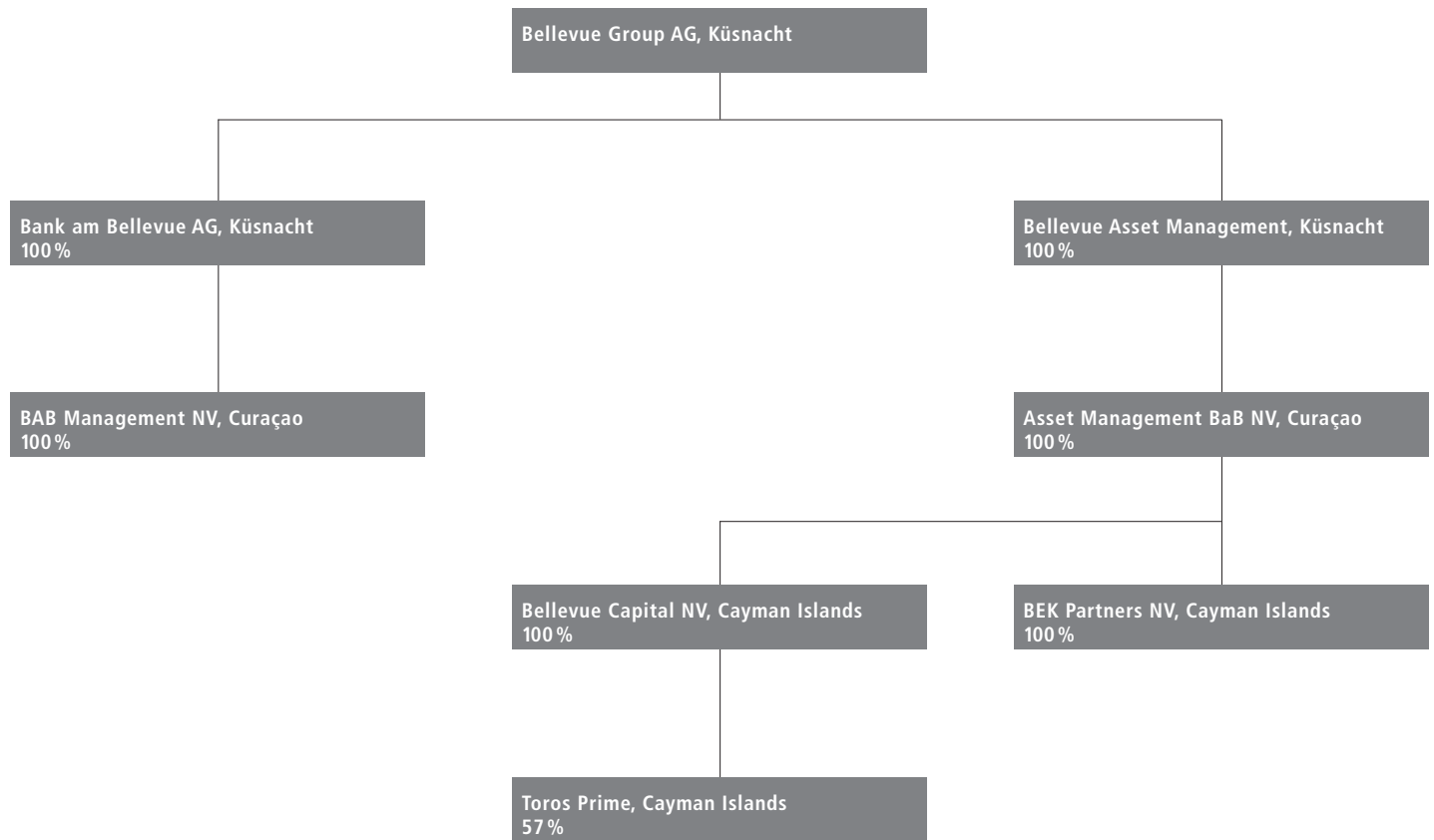
#### Extraordinary income

According to IFRS, almost all items of income and expense are allocated to ordinary operating activities. Extraordinary items are therefore rare. In accordance with Swiss law, income and expenses are classified as extraordinary if they are not recurring and/or not related to operational activities or are from different reporting periods.

### 31. Events after the balance sheet date

No events have occurred since the balance sheet date of December 31, 2007 that would have a material impact on the consolidated financial statements.

## Scope of consolidation as at December 31, 2007



# Report of the Group auditors

## Report of the Group auditors to the general meeting of **Bellevue Group AG, Küssnacht**

As auditors of the Group, we have audited the consolidated financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes) of Bellevue Group AG for the year ended December 31, 2007.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss auditing standards and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

### **PricewaterhouseCoopers AG**

Albert Schönenberger  
Auditor in Charge

Cornelia Herzog

Zurich, March 5, 2008

# Information on corporate governance

## 1. Group structure

The Group structure is illustrated on page 43 of the Annual Report. The shares of the holding company Bellevue Group AG, Küsnacht, are listed on the main board of the SWX Swiss Exchange under the security number 2 842 210 (ISIN: CH0028422100). The company's market capitalization as of December 31, 2007 amounted to CHF 908.25 m (December 29, 2006: CHF 819.0 m). No other listed companies are included in the consolidated accounts. The other Group companies are not listed (see also note 26, page 38). There are no cross-shareholding arrangements.

Significant shareholders of Bellevue Group AG are listed in note 14 (page 27) of the consolidated financial statements.

Bellevue Group AG is not party to, nor does it have any knowledge of, any significant shareholder pooling agreements.

Bellevue Group has not outsourced any significant management activities to third parties.

## 2. Capital structure

The share capital of Bellevue Group AG amounts to CHF 1.05 million (previous year CHF 1.05 million) and consists of 10,500,000 registered shares (previous year 10,500,000 registered shares) with a par value of CHF 0.10 each. The extraordinary general meeting of December 15, 2006 voted to create authorized capital of CHF 100,000 (1 million registered shares) and conditional capital of CHF 100,000 (1 million registered shares). The authorized capital is intended to enhance the company's financial flexibility. Possible uses are to finance the acquisition of other companies or specific operations of other companies and equity interests as well as earnings-relevant capital spending plans. The authorized capital may also be used for employee stock ownership plans. The authorized capital may be utilized until December 15, 2008. Up to half of the conditional capital can be used for the exercise of option rights granted to shareholders; half of the conditional capital may also be used for the exercise of option rights granted to employees. At the present time neither the conditional nor the authorized capital has been utilized.

There are no privileged or preferential share categories. There are no restrictions regarding registration in the company's share register except for the so-called "Treuhandvinkulierung" (restrictions for trustees and financial advisors). There are no limitations on the transferability of the shares nor are there any restrictions on voting rights. Only those persons or entities registered in the share ledger are deemed to be shareholders or beneficiaries in relations with the company. Purchasers of registered shares will, upon request, be entered in the company's share register as shareholders with voting rights when they expressly acknowledge that the shares were acquired in their own name and for their own account.

Bellevue Group AG has not issued any participation certificates or non-voting equity certificates.

The General Meeting is entitled to convert registered shares into bearer shares or bearer shares into registered shares at any time by amending the Articles of Association. Currently only registered shares have been issued.

The number of treasury shares is given in note 4 (page 53) of the holding company's statutory financial statements.

During the past three reporting years there has been one reduction in share capital. In 2005 the nominal share capital was reduced from CHF 5.0 million to CHF 1.0 million before the conditional capital was exercised, which resulted in an increase in share capital to the current amount of CHF 1.05 million. The statement of shareholders' equity is on page 10 of this Annual Report.

Information on employee options issued by Bellevue Group AG can be found in note 28 (page 41) of the consolidated financial statements. No new options were issued in the 2005, 2006 and 2007 reporting years.

There are no outstanding warrant bonds or convertible bonds.

## 3. Board of Directors

The Board of Directors comprised the following persons as at December 31, 2007:

Walter Knabenhans, Chairman, Swiss citizen (board member since 2006)

- Studies at the Swiss Federal Institute of Technology, Zurich (ETH graduate, Civil Engineer)
  - Business and economics degree, University of Zurich (lic. oec. publ.)
  - Julius Bär Group, until 2006, in various functions including President of the Group Executive Board and CEO
  - Currently an independent financial and investment consultant
- Daniel Schlatter, Vice Chairman, Swiss citizen (board member since 2006)
- Legal degree, University of Zurich (lic. iur.)
  - Lawyer
  - With Bellevue Group since 1993; previously engaged as a lawyer with Baker & McKenzie, Zurich
  - Mandates:
    - Member of the Board of Directors of Metalor Technologies International SA
    - Member of the Board of Directors of Metalor Dental Holding AG

Hans-Jörg Graf, Swiss citizen (board member since 2006)

- Business and economics degree, University of St. Gallen (lic. oec.)
- With Bellevue Group since 1993; previously with various banks in various positions, last serving as a member of executive management at BIL GT

Fred Packard, British citizen (board member since 2007)

- University of Cambridge (UK), degree in history
- 1997–2001 Gerrards PLC (later renamed Old Mutual PLC), UK, non-executive director
- With Thornhill Investment Management Limited, UK, since 2001, shareholder and board member
- Mandates:
  - Chairman of the Board of Directors of The Rank Foundation
  - Member of the Board of Directors of The Latin American Investment Trust PLC

Daniel H. Sigg, Swiss citizen (board member since 2007)

- Degree in law, University of Zurich (Dr. iur.)
- 1997–1999 UBS, Global Head of Institutional Asset Management, Senior Managing Director
- 2000–2005 TimesSquare Capital Management Inc., President
- DHS International Advisors LLC, Principal since 2006 (advisor on financial issues)

Dr. Thomas von Planta, Swiss citizen (board member since 2007)

- Degree in law, Universities of Basel and Geneva (Dr. iur.)
- Lawyer
- 1992–2002 Goldman Sachs, ultimately in London, Equity Capital Markets Group & Investment Banking Division
- 2002–2006 Bank Vontobel, Head Corporate Finance, Member of the (extended) Executive Committee
- since 2006: Owner/Director of CorFinAd AG – Corporate Finance Advisory (activities: M&A transactions and capital market financing)

The Members of the Board of Directors do not also simultaneously hold seats on the boards of directors of other listed companies.

None of the directors are engaged in any other significant duties with the exception of the aforementioned activities. There are also no significant conflicts of interest with the Company.

All directors are independent and do not perform any executive functions for Bellevue Group AG.

Walter Knabenhans, Fred Packard, Thomas von Planta und Daniel Sigg never served on the Executive Board of Bellevue Group AG or of any Group subsidiary.

Hans-Jörg Graf was a member of the Executive Board of Bank am Bellevue AG and of Bellevue Asset Management AG long ago, prior to the merger with the Swissfirst Group.

No member of the Board of Directors has a material business relationship with Bellevue Group, with the exception of an ordinary banking relationship with Bank am Bellevue AG.

Only persons who are shareholders of the Company are eligible to stand for election to the Board of Directors. Directors are elected for a term of one year and may be reelected. There are no age limitations. The General Meeting elects each director individual.

If the Board of Directors consists of more than one director, it shall constitute itself and elect a Chairman, a Vice Chairman and a Secretary. The Secretary need not be a member of the Board of Directors.

The Board of Directors meets at the invitation of the Chairman or when requested by one of its members. It shall meet at least twice a year. Four meetings of the Board of Directors were convened in 2007, each lasted approximately five hours.

Resolutions are passed by a majority of the votes cast. In the event of a tie vote, the Chairman will cast the deciding vote. No quorums are specified. Circular resolutions are permitted as long as no member requests oral deliberation.

The Board of Directors may take decisions on all matters that are not conferred upon another corporate body by law or by the Articles of Association. In particular, the Board of Directors is responsible for:

- the strategic direction and management of the Company; issuing guidelines and directives necessary for the conduct of business; as well as for defining the Company's organization;
- laying down the principles governing the accounting, financial controlling and financial planning activities, to the extent required for the management of the Company;
- appointing and dismissing the persons entrusted with executive management and representation of the Company;
- supervision of the persons entrusted with executive management, in particular with respect to compliance with the law, the Articles of Association, organizational rules and directives;
- preparation of the Annual Report and organization of the General Meeting and ensuring execution of the resolutions approved by the General Meeting;
- informing judicial authorities in the event of excessive indebtedness;
- decisions regarding the subsequent payments for shares that are not fully paid up;
- decisions ascertaining capital increases and the corresponding amendments to the Articles of Association;
- appointing the persons authorized to represent the Company.

The Board of Directors is informed about the course of business on a regular basis, in particular through the following means:

- quarterly and monthly figures (financial accounting)
- change in assets under management (inflow and outflow; major positions, performance data)
- budget comparisons
- key figures on risk (credit risks, market risks and liquidity risks)
- notifications of concentrations of risk, overview of credit limits

Two of the six members of Bellevue Group AG's Board of Directors also sit on the Board of Directors of Bank am Bellevue AG; the internal auditors report directly to these two directors. KPMG act as internal auditors to Bank am Bellevue AG.

Two Board of Directors Committee meetings were held in 2007. The Board of Directors Committee consists of Walter Knabenhans, Hans-Jörg Graf and Daniel Schlatter. The Board of Directors Committee assumes the function of the Board of Directors during these regular meetings.

The Audit Committee shall advise and support the Board of Directors in questions regarding financial accounting, the design of half-year and annual results and risk policies.

The Board of Directors created an Audit Committee effective as of January 1, 2008. The Audit Committee will assist and advise the Board of Directors in accounting matters and on other issues relating to the form of the quarterly and annual accounts and to risk management policies. In addition, the Audit Committee will organize the interaction with internal and external auditors and evaluate their performance. The Audit Committee is chaired by Thomas von Planta; its other two members are Daniel Schlatter and Daniel Sigg.

#### 4. Group Executive Board

The Group Executive Board comprised the following persons as at December 31, 2007:

- Martin Bisang, CEO Bellevue Group AG (since January 1, 2007)
- Business and economics degree, University of Basel (lic. rer. pol.)
  - Harvard Business School, Boston (MBA)
  - With Bellevue Group since 1993; previously with BZ Group
  - Mandates:
    - Director at Metalor Technologies International SA
    - Director at Metalor Dental Holding AG
- Daniel Hefti, CFO Bellevue Group AG (since May 1, 2000)
- Business and economics degree, University of St. Gallen (lic. oec. HSG)
  - Swiss Certified Accountant
  - With PricewaterhouseCoopers until 2000
- Jürg Schächli, CEO Bank am Bellevue AG (since January 1, 2001)
- Business and economics degree, University of St. Gallen (lic. oec. HSG) and University of Massachusetts (BA)
  - With Bellevue Group since 1993; previously with SG Warburg, Geneva
- Roland Maier, CEO Bellevue Asset Management AG (since August 28, 2006)
- Biochemistry studies at the University of Tübingen and the Swiss Federal Institute of Technology (ETH graduate Natural Sciences)
  - Business and economics degree, University of St. Gallen (lic. oec. HSG)
  - With Bellevue Group since 1999; previously with BASF Pharma, Ludwigshafen

No member of the Group Executive Board has any other significant commitments.

There are no so-called management agreements.

All members of the Executive Board are Swiss citizens with the exception of Roland Maier, who is German.

The Group Executive Board is responsible for the operational management of the company at Group level. Group strategy as presented to the Board of Directors is formulated in consultation with the executive managers of the Group companies. Every two weeks there is a meeting between the Board of Directors and the executive management of the Group companies. The purpose of these meetings is to coordinate medium-term planning and to set short-term goals within the Group.

### 5. Remuneration, shareholdings, and loans

The Board of Directors decides on compensation, stock ownership programs and loans granted to members of the Board of Directors and the Executive Board. In the case of executive management members, these decisions are based on the proposals made by the CEO.

The fix compensation paid to every member of the Executive Board was a uniform CHF 240,000 p.a. The performance-related compensation depends on the individual performance of the board member in terms of their target attainment level and the extent to which the Group budget was achieved, but it is not determined arithmetically.

Employees will be able to choose whether to accept the bonus paid in 2008, based on the results of the 2007 financial year, in cash or in shares. No such choice was offered with the bonuses paid in 2007.

Bank am Bellevue AG is authorized within the scope of its normal business activities to grant loans to corporate bodies. Loans to corporate bodies are granted at standard market terms. As a rule, interest is based on LIBOR rates plus a risk-related margin. Currently the interest rate on loans granted to corporate bodies is 3%.

The loans granted by Bank am Bellevue AG to corporate bodies are listed in note 3.12 (page 13) of the Bank's financial statements.

None of the directors left the board during the 2007 financial year.

No contractually fixed severance packages were arranged with any employees of Bellevue Group. Such payments to executive management and Board members will be decided by the Board of Directors.

Internal transactions involving management, the Group Executive Board and the Board of Directors are listed on page 28 (note 14) of the Annual Report.

Remuneration and shares granted to the members of the Board of Directors and Executive Board are disclosed in pages 54 and 55 (notes 7 to 9 of the annual accounts of Bellevue Group AG).

### 6. Participatory rights of shareholders

The participatory rights of shareholders comply with the provisions of the Swiss Code of Obligations. Entitlement to vote at a General Meeting is based on proof of share ownership. Each share is entitled to one vote at the General Meeting. There are no shares with preferential voting rights. A shareholder can only be represented by proxy by another shareholder. According to the Articles of Association, the General Meeting conducts elections and passes resolutions by an absolute majority of votes cast by shareholders present or represented by proxy, unless the law or the Articles of Association

stipulate a qualified majority. At present, the Articles of Association do not stipulate a qualified majority in any instances other than those prescribed by law. General Meetings shall be called by the Board of Directors or the corporate bodies and persons designated by law at least twenty days prior to the date on which the Meeting is to be held. Invitations are published in the Swiss Commercial Gazette (Schweizerisches Handelsamtsblatt). Items placed on the agenda are subject to the provisions of the law.

Purchasers of registered shares will, upon request, be entered in the company's share register as shareholders with voting rights when they expressly acknowledge that the shares were acquired in their own name and for their own account. If a buyer is unwilling to make such an acknowledgement, the Board of Directors may refuse the entry in the share register. After hearing the registered shareholder or nominee, the Board of Directors may cancel, with retroactive effect as of the date of registration, the registration of shareholders if the registration was effected based on false information. The respective shareholder or nominee must be informed immediately of the cancellation of the registration. The entry of shares, be it with right of ownership or right of usufruct, is always subject to approval by the Board of Directors.

### 7. Dividend policy

In the proposal to the General Meeting regarding the appropriation of profit for 2002, the first-time payment of a dividend was proposed and subsequently passed. The gross dividend amounted to CHF 0.50 per share (adjusted for the split). The gross dividend for the 2003 business year amounted to CHF 0.60 per share (adjusted for the split). For the 2004 business year a gross dividend of CHF 5.00 per share was paid plus – to mark the occasion of the bank's 10-year anniversary – a reduction in nominal share capital of CHF 0.40 per share. A dividend of CHF 2.00 per share was paid for the 2005 financial year and CHF 5.00 per share for the 2006 financial year. Bellevue Group AG intends to distribute profits to its shareholders on a continuous basis in the future.

### 8. Change of control and defense measures

The buyer or acquirer of shares of Bellevue Group AG is not required to issue a public offer as stipulated by Art. 32 and 52 of the Federal Act on Stock Exchanges and Securities Trading ("opting out" as per Art. 22 para. 2 SESTA).

In compliance with the provisions of Art. 29 SESTA, the Board of Directors will publish a notification if a public tender offer has been received. As prescribed by law, no significant legal transactions will be effected from the moment a public tender offer has been received.

The period of notice for all employees in Switzerland with ten or more years of service is three months. Notice periods for employees with less than ten years of service are shorter.

### 9. Company auditors

The auditors of the companies belonging to Bellevue Group are appointed for a term of one year. All Group companies are audited by PricewaterhouseCoopers ("PwC"). PwC has been the Group auditor since 1999; it has audited individual Group companies since 1994.

The auditor in charge for Bellevue Group AG and Bellevue Asset Management AG is Albert Schönenberger. He has exercised this function since the 2004 financial year. Peter Günter is the auditor in charge for Bank am Bellevue. He has exercised this function since the 2005 financial year.

Auditing fees paid to PwC in the 2007 financial year amounted to a total of CHF 367,882. No other additional fees were paid.

Each year a detailed report is drawn up for Bank am Bellevue AG and Bellevue Group AG (consolidated) in accordance with Swiss banking law and submitted to the Swiss Federal Banking Commission (EBK). The Board of Directors is bound by law to review these reports at its meetings.

The consolidated financial statements and the main findings of the audit are discussed with the Audit Committee in the presence of the external auditors. The meeting with the Audit Committee of the Board of Directors on the 2007 financial year took place on March 3, 2008.

#### **10. Information policy**

Bellevue Group AG publishes half-year figures on a biannual basis. These can be accessed at the website [www.bellevue.ch](http://www.bellevue.ch). The publication dates are announced on the Agenda page on this website.

The quarterly reports (3) and the Annual Report are also available to all interested parties in printed form.

The general meeting of shareholders is scheduled for April 4, 2008 in Zurich.

Bellevue Group complies with the ad-hoc disclosure rules of SWX.

Information and communication duties are performed primarily by the Investor Relations Office. All press releases can be downloaded from the Internet ([www.bellevue.ch](http://www.bellevue.ch)).

Contact address Investor Relations:

Mrs. Anja Stubenrauch  
Bellevue Asset Management AG  
Seestrasse 16  
8700 Küsnacht  
Phone +41(0)44 267 67 06  
Fax +41(0)44 267 67 02  
[as@bellevue.ch](mailto:as@bellevue.ch)

Additional contact addresses are listed on the final page of the Annual Report.

#### **11. Material events after the balance sheet date**

On January 1, 2008, Hans-Peter Diener assumed the position of CEO of Bellevue Asset Management AG. On March 4, 2008, Daniel Koller assumed the position of CFO of Bellevue Group AG.

Holding

## Balance sheet at December 31

	2007	2006
CHF		
<b>Assets</b>		
<b>Current assets</b>		
Due from banks	65,327,039	61,882,283
Securities	164,054,124	192,826,452
Prepaid expenses and accrued income	2,023,085	937,100
Other assets	3,197,018	1,068,157
<b>Total current assets</b>	<b>234,601,266</b>	<b>256,713,992</b>
<b>Non-current assets</b>		
Participating interests	276,610,000	303,646,474
<b>Total non-current assets</b>	<b>276,610,000</b>	<b>303,646,474</b>
<b>Total assets</b>	<b>511,211,266</b>	<b>560,360,466</b>
Due from Group companies	28,594,156	65,391,846
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Short-term liabilities</b>		
Due to banks	27	140,000,000
Accounts payable	0	209,453
Deferred income	9,840,700	8,469,791
Other liabilities	1,095,348	266,350
	10,936,075	148,945,594
<b>Long-term liabilities</b>		
Derivative financial instruments	123,017,581	143,594,560
	123,017,581	143,594,560
<b>Total liabilities</b>	<b>133,953,656</b>	<b>292,540,154</b>
<b>Shareholders' equity</b>		
Share capital	1,050,000	1,050,000
Legal reserve		
– General reserves	42,692,275	66,226,933
– Reserves for own shares	23,534,658	0
Other reserves	9,300,000	4,000,000
Disposable profit		
– Retained earnings brought forward	138,743,379	65,973,765
– Profit for the year	161,937,298	130,569,614
<b>Total shareholders' equity</b>	<b>377,257,610</b>	<b>267,820,312</b>
<b>Total liabilities and shareholders' equity</b>	<b>511,211,266</b>	<b>560,360,466</b>
Due to Group companies	0	140,000,000

## Profit and loss account for the year ending December 31

	2007	2006
CHF		
<b>Net interest income</b>		
Interest and dividend income	5,388,331	3,964,095
Interest expense	-25,394	-3,763,896
	5,362,937	200,199
<b>Net fee and commission income</b>		
Fee and commission income	42,556	100,764
Fee and commission expense	-25,936	-800
	16,620	99,964
<b>Net income from securities business</b>		
Income from securities	-2,407,395	-2,084,578
<b>Other operating income</b>		
Net income from the sale of financial investments	-176,333	12,522,021
Net income of participating interests	123,057,291	35,836,087
Income from associated companies	40,000,000	96,850,000
Other ordinary income	8,144,000	160,282
	171,024,958	145,368,390
<b>Operating expenses</b>		
Personnel expenses	-2,075,894	-8,186,589
Other operating expenses	-7,008,162	-4,677,772
	-9,084,056	-12,864,361
<b>Gross operating profit</b>	<b>164,913,064</b>	<b>130,719,614</b>
Extraordinary income	-1,600,766	0
Taxes	-1,375,000	-150,000
<b>Profit for the year</b>	<b>161,937,298</b>	<b>130,569,614</b>

# Notes to the financial statements

Information required by Art. 663b,b<sup>bis</sup>,c of the Swiss Code of Obligations

	31.12.2007	31.12.2006
<b>1. Total amount pledged to meet own obligations for pledged assets</b>		
CHF		
Securities	0	39,521,775
Participating interests	0	303,646,474
<b>Total</b>	<b>0</b>	<b>343,168,249</b>

The assets are pledged at December 31, 2006, in favor of Swissfirst Bank AG as collateral for a loan of CHF 140,000,000.

	31.12.2007	31.12.2006
<b>2. Significant subsidiaries and associated companies (percentage of nominal share capital)</b>		
CHF		
<b>Company</b>		
100% Bank am Bellevue, Küsnacht, of CHF 25,000,000 nom.	25,000,000	25,000,000
100% Swissfirst Bank AG, Zurich, of CHF 21,600,000 nom.	0	21,600,000
100% Bellevue Asset Management, Küsnacht, of CHF 1,750,000 nom.	1,750,000	1,750,000
100% Swissfirst Derivatives AG in liquidation, Zug, of CHF 250,000 nom.	250,000	250,000

Swissfirst Derivatives AG, Zug, was liquidated according to the decision of the General Meeting of Shareholders of March 9, 2007.

	31.12.2007	31.12.2006
<b>3. Employee benefit plans</b>		
CHF		
Liabilities with employee pension plans	7,348	16,926

4. Treasury shares	Number	Price	CHF
<b>Bellevue Group AG</b>			
At 1.1.2007 (0.00% of total)	0	0	0
Purchase	27,500	54.60	1,501,500
Sales	-27,500	54.60	-1,501,500
<b>At 31.12.2007 (0.00% of total)</b>	<b>0</b>	<b>0</b>	<b>0</b>

	Number	Average price
<b>Transactions in subsidiaries</b>		
At 1.1.2007 (-0.44% of total)	-46,327	78.00
Purchase	1,211,385	90.25
Sales	-901,419	90.96
<b>At 31.12.2007 (2.51% of total)</b>	<b>263,639</b>	<b>86.50</b>

5. Information on capital increases and reductions	2007	2006
CHF		
Creation of authorized capital	100,000	100,000
Creation of conditional capital	100,000	100,000
The authorized and conditional capital was created in accordance with the resolution approved by the extraordinary general meeting on December 15, 2006		

6. Information on major shareholders	Participating interest in %	Numbers of shares
At 31.12.2007 the following major shareholders were known to Bellevue Group AG:		
Martin Bisang, Küsnacht	14.3	1,500,000
Hans-Jörg Graf, Wollerau	7.5	787,269
Jürg Schächli, Rapperswil-Jona	6.9	726,250
Dieter Albrecht, Erlenbach	5.3	553,000
Thomas Matter, Zug	5.2	550,000
Daniel Schlatter, Herrliberg	4.9	510,885

<b>7. Payments to Members of the Board of Directors and Group Executive Board in 2007</b> (according to Art. 663 b to Para. 2 OR)	Annual compensation Fixed	Annual compensation Variable	Social benefits	Share-based compensation	Total
CHF					
<b>Board of Directors</b>					
– Walter Knabenhans (Chairman of the Board of Directors)	160,000	0	9,148	0	169,148
– Daniel Schlatter (Vice Chairman of the Board of Directors)	240,000	0	74,820	0	314,820
– Hans-Jörg Graf (Member of the Board of Directors)	60,000	0	14,452	0	74,452
– Thomas Von Planta (Member of the Board of Directors)	40,000	0	2,420	0	42,420
– Daniel Sigg (Member of the Board of Directors)	40,000	0	2,420	0	42,420
– Fred Packard (Member of the Board of Directors)	40,000	0	2,420	0	42,420
<b>Total</b>	<b>580,000</b>	<b>0</b>	<b>105,680</b>	<b>0</b>	<b>685,680</b>
– Related parties	0	0	0	0	0
<b>Group Executive Board</b>					
Highest earning individual: – Roland Maier (CEO of Bellevue Asset Management AG)	200,000	800,000	161,025	500,000	1,661,025
– Martin Bisang (CEO of Bellevue Group AG)	240,000	0	74,760	0	314,760
– Other	490,200	400,000	203,201	0	1,093,401
<b>Total</b>	<b>930,200</b>	<b>1,200,000</b>	<b>438,986</b>	<b>500,000</b>	<b>3,069,186</b>
– Related parties	0	0	0	0	0

<b>8. Credits to the Board of Directors and Group Executive Board</b>	2007
CHF	
<b>Board of Directors</b>	<b>none</b>
– Related parties	none
<b>Group Executive Board</b>	
– Jürg Schächli (CEO of Bank am Bellevue)	4,759,141
– Related parties	291,519

<b>9. Share ownership by Members of the Board of Directors and the Group Executive Board</b>	<b>2007</b>	
Number of shares		
<b>Board of Directors</b>		
– Walter Knabenhans (Chairman of the Board of Directors)	166,000	
– Daniel Schlatter (Vice Chairman of the Board of Directors)	510,855	
– Hans-Jörg Graf (Member of the Board of Directors)	787,269	
– Thomas Von Planta (Member of the Board of Directors)	5,000	
– Daniel Sigg (Member of the Board of Directors)	0	
– Fred Packard (Member of the Board of Directors)	10,600	
<b>Group Executive Board</b>		
– Martin Bisang, CEO	1,500,000	
– Daniel Hefti, CFO	73,751	
– Jürg Schächli (CEO of Bank am Bellevue)	726,250	
– Roland Maier (CEO of Bellevue Asset Management AG)	1,875	

The Members of the Board of Directors and the Group Executive Board held no options or conversion rights.

## Appropriation of profit

The Board of Directors proposes the following appropriation of profit:

	2007	2006
CHF		
Profit carried over from the previous financial year	196,543,379	88,973,683
Dividend on eligible capital	-52,500,000	-20,999,918
Allocation to free reserves	-5,300,000	-2,000,000
Profit carried forward to new financial year	138,743,379	65,973,765
Profit for the year	161,937,298	130,569,614
<b>Amount available for allocation</b>	<b>300,680,677</b>	<b>196,543,379</b>

	2008	
CHF		
<b>Proposed allocation of retained earnings:</b>	<b>300,680,677</b>	
Dividend on eligible capital	-63 000 000	
Allocation to free reserves	-6 300 000	
<b>Profit carried forward to new financial year</b>	<b>231,380,677</b>	

# Report of the statutory auditors

Report of the statutory auditors to the general meeting of  
**Bellevue Group AG, Küsnacht**

As statutory auditors, we have audited the accounting records and the annual financial statements (balance sheet, income statement and notes) of Bellevue Group AG for the year ended December 31, 2007.

The financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss auditing standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records, financial statements and the appropriation of available earnings proposed by the Board of Directors for the year comply with Swiss law and the company's Articles of Incorporation.

We recommend that the financial statements submitted to you be approved.

**PricewaterhouseCoopers AG**

Albert Schönenberger  
Auditors in Charge

Cornelia Herzog

Zurich, January 31, 2008



# Addresses

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