

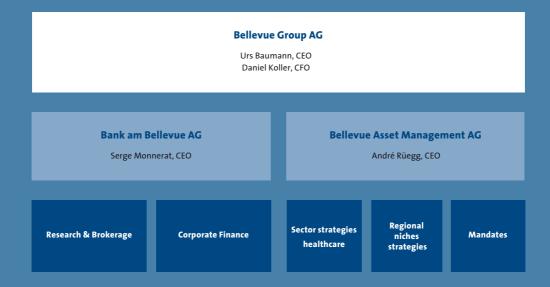
### Vision

"We are a leading, independent Swiss financial boutique **with proprietary investment and capital market expertise** for discerning private and institutional clients."

"As equity investment professionals, we aim to generate consistent above-average investment returns for our clientele through active investment services in selected markets and themes."

### **Company profile**

Bellevue Group is an independent Swiss financial boutique listed on the SIX Swiss Exchange. Established in 1993, the company and its approximately 80 employees are specialists in the fields of Brokerage, Corporate Finance and Asset Management. Bank am Bellevue and Bellevue Asset Management are the financial group's two subsidiaries. Bank am Bellevue is an expert for the Swiss stock and capital markets. Its independent research recommendations are highly appreciated, as are its sound solutions for capital market transactions. Bellevue Asset Management is a specialist for active investment strategies in selected themes. Expertise in regional growth markets, healthcare and other special themes such as owner-managed companies enhances traditional investment portfolios and offers investors superior return potential.



### At a glance

CHF 1 000	1.131.12.2014	1.131.12.2013		Change
Profit and loss account				
Net interest income	1862	3 965	-2103	-53%
Net fee and commission income	49 799	37 430	+12 369	+33%
Net trading income	987	1 0 0 8	-21	-2%
Other income	4 664	3 374	+1 290	+38%
Total operating income	57 312	45 777	+11 535	+25%
Total operating expenses	-45 736	-38 747	-6 989	+18%
Group net profit	11 099	6 484	+4 615	+71%
Balance sheet				
Total assets	417 943	405 688	+12 255	+3%
Total liabilities	268 332	256 237	+12 095	+5%
Total shareholders' equity	149 611	149 451	+160	+0%
Ratios				
Earnings per share (in CHF)	1.06	0.62	+0.44	+71%
Equity per share (in CHF)	14.29	14.27	+0.02	+0%
Dividend per share (in CHF)	1.001)	1.00	+0.00	+0%
Return on equity	7.4%	4.2%	_	+3.2%
Dividend yield <sup>2)</sup>	7.0%	7.4%		-0.4%
Cost/Income ratio <sup>3)</sup>	82.4%	87.8%	_	-5.4%
Self-financing ratio	35.8%	36.8%		-1.0%
Assets with management mandate (in CHF m)	4 675	2 639	+2 036	+77%
Other assets under management (in CHF m)	1 515	1689	-174	-10%
Total client assets (in CHF m) 4)	6 190	4 328	+1 862	+43%
Number of staff (full-time equivalent) at cutoff date	78.4	80.4	-2.0	-2%
Annual average number of staff (full-time equivalent)	78.2	79.9	-1.7	-2%
Share price of Bellevue registered shares (in CHF) as per 31.12.	14.30	13.50	+0.80	+6%
Market capitalization (in CHF m)	14.50	142	+0.80	+6%
Year high <sup>5)</sup>	19.15	142	+0 +4.70	+0%
Year low <sup>5)</sup>	11.65	8.96	+4.70	+30%
	11.05	0.90	+2.09	+507

 $^{\scriptscriptstyle (j)}$  Proposal of the Board of Directors to the Annual General Meeting

<sup>2)</sup> Calculated from share price as at 31.12.

<sup>3</sup> Defined as: Business expenses (excluding depreciation and movement in provisions)/Total income (excluding income from the sale of participations, income from financial investments and other financial assets at fair value and any other non-recurring items)

<sup>4)</sup> Before deduction of double counts
 <sup>5)</sup> End of day prices



## Surge in Bellevue Group profit

Bellevue Group's operating profit increased 74% to CHF 13.3 mn in 2014. Asset Management accounted for most of this growth, having tripled its operating profit. Bank am Bellevue was confronted with lower levels of interest income and brokerage commissions; its operating profit fell by half last year.

# Assets under management at record high

Assets under management at Bellevue Asset Management reached a new record high of CHF 4.7 bn thanks to outstanding performance-driven gains and the acquisition of Adamant Biomedical Investments AG. Once again, BB Biotech AG was the top performance driver with a gain of 75.1%. A good performance was also achieved by the BB African Opportunities Fund, which passed the 100 million threshold in Swiss francs during the past year. Bellevue Group's family of funds attracted CHF 360 mn in new money but this inflow was largely offset by redemptions and the drawdown of seed capital. Together with Bank am Bellevue, total assets under management amounted to CHF 6.2 bn.

# Acquisition of Adamant

### a success

Bellevue Asset Management has expanded its international market leadership and expertise as a biotech and healthcare investor with the successful acquisition of Adamant. This new alliance creates promising business opportunities in the domestic market and abroad. The acquisition of Adamant assets also contributed to last year's improvement in operating results. The full earnings impact of the Adamant acquisition will be visible for the first time in the current year.

# Successful transactions at Corporate Finance

Corporate Finance is a reliable partner for capital market transactions and its successful participation in the initial public offerings of the Swiss manufacturing company SFS Group and the biotech firm Molecular Partners underscored its competence and experience. The Corporate Finance team's profound knowledge of the Swiss capital market is appreciated by business leaders and investors alike. Thanks to its extensive expertise in M&A advisory, it was also able to conduct several transactions in this segment. Annual average number of staff (full-time equivalent)

78.2

**Total client assets** 

CHF 6.2 bn

(2013: CHF 4.3 bn), before double counts

Annual performance of the investment company BB Biotech AG

75%

(2014, in CHF)

Supervised IPOs

2

(of total 6 in Switzerland)

Shareholders' equities

CHF 149.6 mn

(2013: CHF 149.5)

**Return on equity** 

(2013: 4.2%)

Dividend per share (proposed)

CHF 1.00

(2013: CHF 1.00)

CET1 Ratio Bellevue Group

21.6%

(2013: 32.5%)

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#### **Dear shareholders**

global stock markets extended their upward trends in 2014. Even the bouts of turbulence experienced during the final quarter of the year were unable to change the general direction. Developments in the market environment and the global economy were generally positive, despite considerable divergence at the regional and sectoral level. Most central banks continued to flood the system with liquidity. As the financial and currency crisis gradually receded from the spotlight, geopolitical hot spots flared up, for example in Ukraine and Syria. Those uncertainties were compounded by the collapse of oil prices during the second half, the meltdown of the Russian currency and the persisting low interest rate environment, which even led to the imposition of negative interest rates in some cases. All this uncertainty reinforced skepticism in the investment community. In view of general investor restraint, trading volumes in Swiss equities remained at a low level. Persisting low fixed income yields did little to stoke demand for higher risk equity investments.

In this environment of ambivalence, Bellevue Group, a financial services boutique with a focus on stock investing, managed to increase its consolidated net profit significantly. Bellevue Asset Management was instrumental in achieving this improvement thanks to its strong international standing as an investor in the biotechnology & healthcare sectors and the outperformance of its investment products.

#### Profit jumps on sustained income growth in Asset Management

Bellevue Group increased its fee and commission income – the Group's main source of income – by 33% to CHF 50.0 mn during the year under review. Total operating income at Group level rose to CHF 52.8 mn. This growth is mainly attributable to the strong business trends at Bellevue Asset Management. Spurred by the strong investment performance of our biotech and healthcare strategies and by the acquisition of Adamant Biomedical Investments AG, the Asset Management unit lifted its operating income 64%. Bank am Bellevue, on the other hand, experienced a 17% decline in operating income. This was partly attributable to the CHF 2.3 mn reduction in dividend income from the bank's interest in SIX Group compared to 2013. Operating expenses at Group level rose by 10% to CHF 39.5 mn, which reflects our investments in human resources to build up the company's market position as an investment specialist in the biotech & healthcare sectors.

Consolidated operating profit for Bellevue Group amounted to CHF 13.3 mn, an increase of 74% compared to the previous year. After consideration of seed capital, depreciation and amortization, impairments and taxes, Group net profit showed a y-o-y gain of 71% to CHF 11.1 mn. This very positive bottom-line result clearly proves that our strategy aimed at achieving sustainable growth from recurring income streams is steadily paying off. During the next phase of our strategic development, attention will be focused on increasing the brokerage unit's earnings power and on establishing and growing the sources of recurring income at Bank am Bellevue.



#### Walter Knabenhans, Chairman of the Board of Directors Bellevue Group

## Asset Management: Dawn of a new era – income and assets under management at new highs

Bellevue Asset Management's skills as a manager of equity strategies in the healthcare space and for regional niches are recognized and appreciated in Switzerland and abroad. The acquisition of Adamant Biomedical Investments AG has strengthened its prominent international market position as a healthcare investor. At the same time this new alliance creates interesting opportunities for further growth both in the domestic Swiss market and in foreign markets. An example here is the investment fund recently launched together with Shin Kong Investment Trust, an asset manager based in Taiwan. The full earnings contribution of the Adamant acquisition will be visible for the first time in the current year.

Assets under management rose to a new record high of CHF 4.7 bn thanks to BB Biotech's impressive performance-driven asset growth of CHF 1.1 bn and the acquisition of CHF 870 mn in assets through the Adamant transaction. BB Biotech was also one of the market's top performing stocks again as its share price advanced +75.1% (in CHF) over the year, which beat the benchmark performance by 23 percentage points. The BB African Opportunities Fund also deserves special mention for passing the CHF 100 million threshold during the past year and for delivering a return of 61.9% (in EUR) since its launch in 2009. The attractive investment fund products offered by the Asset Management unit were entrusted with some CHF 360 mn in new money. That inflow was largely offset, however, by the drawdown of seed capital and redemption activity.

The above-average investment performance and the acquisition of Adamant were the drivers behind the three-fold increase in the Asset Management unit's operating profit to CHF 14.2 mn.

#### Bank am Bellevue: Good results in Corporate Finance – low volumes in Brokerage

Corporate Finance generated much higher income thanks to its participation in the initial public offerings of the Swiss manufacturing company SFS Group and the biotech firm Molecular Partners, and to its lead role in several M&A transactions. Its growth was overshadowed by a renewed slowdown in the Brokerage business, however. The brokerage business in general is struggling with structural change and at Bank am Bellevue the challenging situation was exacerbated by organizational adjustments and personnel constraints in the Research and Sales departments. Although operating expenses declined by about 6% due to the lower headcount, Bank am Bellevue's operating profit slumped 53% to CHF 2.3 mn. Factoring out the special dividend received from SIX in 2013, however, the reported operating result is only about 11% less than in the previous year. During the course of routine testing of intangible assets as required by IFRS, additional amortization in the amount of CHF 3.1 mn was recognized. This resulted in an after-tax loss of CHF 1.5 mn for the bank. This revaluation is merely an accounting adjustment and has no impact on operating activities. Bank am Bellevue continues to operate with a high level of regulatory capital and a large cash position. Its CET 1 ratio of 32.2% (previous year 41.5%) remains very high.

#### Payout of entire profit thanks to ample capital reserves

Significant bottom-line growth at the Group level combined with the Group's very strong equity base of CHF 150 mn permits us to maintain our attractive dividend policy. The Board of Directors will propose a dividend of CHF 1.00 per registered share at the Annual General Meeting, which means the entire consolidated net profit for the year is to be paid out to shareholders in the form of dividends. Given its CET 1 ratio of 21.6% (2013: 32.5%), the Group's eligible capital and reserves will still remain well above the regulatory capital requirements even after the proposed dividend payout.

#### Improving income streams at Bank am Bellevue the next step

Bellevue Group is widely respected as a financial boutique offering distinctive equity and capital market expertise. Our investment ideas and active equity strategies are appreciated by private and institutional investors at home and abroad. Management intends for both of the Group's operating units, the bank and the Asset Management unit, to generate sustainable growth and thus promote the Group's overall development. The results presented for the preceding year show that we have achieved this objective at Bellevue Asset Management. Sharply higher assets under management provide a solid framework for further income growth. Meanwhile the acquisition of Adamant opens the door to promising business opportunities at home and abroad. We are confident that we have positioned ourselves well to take advantage of the supercycle in healthcare and to draw in new money from clients in the process.

Action has been taken during the past few years to optimize Bank am Bellevue's operating activities. Some of the positive effects of this action have been absorbed by the ongoing change in the external business environment. And we are quite confident that the Brokerage and Corporate Finance departments can generate attractive returns on required regulatory capital over the course of the cycle. Therefore we will continue to invest in the quality of our research and advisory activities and continually optimize our business model. We aim to grow the bank's recurring income base and put its capital to efficient use. With those goals in mind, we will also be examining market opportunities that would augment the bank's business activities.

We are making good progress toward our stated goals although we do acknowledge that there will be more challenges to overcome further down the road. As we move forward, we can count on the talented and dedicated employees at our side, all of whom are likewise focused on clearly defined goals and objectives. On behalf of the Board of Directors and the Executive Board, we thank them for their enduring commitment and support. We also thank our clients and, not least, you, our shareholders. It is your trust in and loyalty to Bellevue Group that makes its ongoing corporate development possible in the first place.

Walter Knabenhans Chairman of the Board of Directors

#### **Board** of Directors Bellevue Group

#### Dr. Daniel H. Sigg, member of the Board

Daniel Sigg has held various senior management positions in asset management and consulting. At UBS, Daniel Sigg was Global Head of Institutional Asset Management. In 2000 he joined Times Square Capital Management in New York as President. He currently provides financial consultancy services through DHS International Advisors LLC and is a member of the Board of Directors of VP Bank, Vaduz and Auerbach Grayson & Co. Daniel Sigg holds a doctorate degree in law from the University of Zurich and is a graduate of the Executive Management Program of Columbia University.

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#### Walter Knabenhans, Chairman

Walter Knabenhans held various positions at Credit Suisse Group up to 1997, ultimately serving as Chief Risk Officer with a seat on the Group Executive Board. From 1998 to 2006, he was a member of the Executive Board of Julius Bär Group, from 2001 on as President and CEO. He is currently self-employed as a financial and investment consultant. Walter Knabenhans holds a civil engineering degree from ETH Zurich and an economics degree from the University of Zurich.

#### Dr. Thomas von Planta, member of the Board

Thomas von Planta has many years of international experience in investment banking. He initially held various executive positions at Goldman Sachs over a period of ten years and then joined Vontobel Group as Head Corporate Finance and a member of its extended executive board. In 2006 he founded CorFinAd AG, a consulting company for M&A and capital market financing transactions. Thomas von Planta earned a doctorate degree in law following his studies at the Universities of Basel and Geneva.



## Interview CEO Group

## Urs Baumann on Bellevue Group's strategy and greater earnings power

## Bellevue Group's net profit surged last year. What factors fueled this positive development?

Urs Baumann: The results we presented for last year reflect our efforts to build up the Group's sustainable, recurring income flows. We are now reaping the rewards of the plan we introduced in 2012 to reposition our asset management activities. By focusing on the growth themes of biotech and healthcare as well as selected regional niches, we have increased the amount of assets entrusted to us by 155% since the beginning in 2012 and nearly doubled the Group's recurring income. Asset growth has also been supported by the above-average performance of our investment products and our inorganic growth strategy, which led us to the acquisition of Adamant.

#### Operating revenues 2011–2014 (in CHF Mio.)



### Our strengths

#### Focused business model

We are experts for active equity strategies and a full range of capital market transactions.

Original investment and capital market expertise

Our more than 60 investment and capital market experts have a total of more than 1 000 years of industry experience.

#### Proven track record

We have offered our select clientele sustained value in the form of above-average investment returns for more than 20 years.

#### Experienced and highly qualified employee

80% of our employees have completed an academic degree program and 15% have a Phd.

#### Financial stability, limited risks, no conflicts of interes

With a CET 1 ratio of 21.6%, we are one of the best capitalized financial groups in Switzerland. Operational risks are well contained in our business model and there are no conflicts of interest.

### Speaking of the Adamant acquisition, that reinforced your expertise in the healthcare sector and was somewhat of a surprise. Conceivably you could have expanded in the wealth management business or diversified your expertise to other asset classes or categories. What were the winning arguments that prompted you to seal the Adamant deal?

During the past three years we have in fact systematically reviewed fitting acquisition targets that would have optimized or expanded our business model. But besides the strategic aspects, corporate culture matters too, of course, and the price is always an important piece of the puzzle. Adamant is a perfect fit for us. It's a win-win situation for both sides. With Adamant we can build up our international leadership as an investor in the biotech and healthcare sectors while benefiting from better access to the Swiss market. At the same time we can take advantage of interesting business opportunities on the international side of the business model that come from offering a wider range of investment services.

### Bellevue Group has succeeded in repositioning the Asset Management unit, but can you say you're satisfied with the performance of Bank am Bellevue?

Today 70% of our earnings mix is recurring in nature and 10% of that recurring income comes from the bank, 90% from Asset Management. We are now turning our attention to diversifying the bank's recurring income streams. Up to now its business model has mainly been transaction-oriented. The first steps to grow the bank's recurring income sources have been taken with the launch of the special mandate business and two investment funds based on our research recommendations for Swiss equities. Establishing or acquiring additional business areas for the bank is also an option.

## Bank am Bellevue is overcapitalized. How can you increase the bank's profitability?

The bank's results for last year clearly show that it works operationally profitable even in a prolonged period of adverse business conditions. We have no doubt that the Brokerage and Corporate Finance departments can generate attractive returns on required regulatory capital over the cycle. And in fact we are actually aiming higher than that. We want to earn a good return relative to the bank's total capital and reserves. To achieve this goal we need to make better operational use of the capital that is not required for regulatory purposes and that cannot be paid out to shareholders either. Which means selective organic or inorganic expansion of the bank's business activities is imperative.

#### Can Bellevue Group even afford to make another acquisition?

Yes, absolutely. Bellevue Group's total capital and reserves are higher than average for its sector. That's particularly true for the bank, which, with a CET 1 ratio of 32.2%, obviously has a significant amount of capital that is not needed for operating purposes and could therefore be used to finance acquisitions. The motion to renew the Group's authorized share capital at the General Meeting will create further leeway for corporate transactions.





#### Serge Monnerat, CEO Bank am Bellevue

Serge Monnerat has been active in the field of Swiss equities research and brokerage for almost 20 years. He began his career at BZ Bank and then joined Bank am Bellevue in 2001, where he headed the research unit for 10 years. As part of a generational change in leadership, he assumed the position of CEO in 2010. Serge Monnerat holds a degree in economics from the University of Zurich.

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### André Rüegg, CEO Bellevue Asset Management

André Rüegg has held various executive positions in asset management since 1995. During his tenure at Julius Bär he set up global marketing and distribution activities, which he then headed for more than a decade, ultimately serving on the bank's extended management board. In 2009 he joined Bellevue Asset Management and played a key role in its strategic repositioning. André Rüegg holds a degree in economics, which he studied at the University of Zurich and at Columbia University.

### Daniel Koller, CFO Bellevue Group

Daniel Koller began his career as an auditor for Ernst & Young. He subsequently joined Valartis Group, where he first served as Head Controlling and then Head Compliance. In 2008 he joined Bellevue Group. As CFO of Bellevue Group, he is responsible for all areas pertaining to finance, compliance, risk management, IT, HR and Investor Relations. Daniel Koller is a certified public accountant.

### Urs Baumann, CEO Bellevue Group

Urs Baumann has extensive management experience in Switzerland and abroad, having served as CEO of Swisscard AECS, Managing Director at Barclays Bank and CEO of Lindorff Group. Urs Baumann has a proven track record in developing and executing growth strategies in the financial sector. He holds a degree in business administration from the University of St. Gallen as well as an MBA from the University of Chicago.

## Bank am Bellevue – significantly higher income from Corporate Finance, downturn in brokerage activity

Bank am Bellevue operated at a profit in the face of persisting market challenges last year but was not able to prevent a decline in its operating profit despite relentless cost management efforts. Income from the Corporate Finance unit did increase but this was unable to offset the sharp decline in interest and dividend income and the effect of weak trading activity at our UK and US clients. Thanks to two successful IPO transactions on SIX Swiss Exchange (SFS, Molecular Partners), three completed M&A transactions and various block trades, Corporate Finance significantly improved its operating profit compared to the previous year.

Adverse market developments continued to dampen the bank's core business with institutional investors. Another round of new regulations affecting UK clients in particular, an important market segment for Bank am Bellevue, had a negative impact on business with smaller-sized equity traders. In the face of these market headwinds, Bank am Bellevue initiated several new projects to optimize efficiency and thus speed up "time to market."

Our investment recommendations produced another positive performance of 6.1%, but trailed the SMI benchmark performance by 3.4%. This was mainly because last year investors flocked to the Swiss market's defensive index heavyweights Roche, Nestlé and Novartis. Our equal-weighted Research portfolio was not quite able to keep pace with the benchmark.

These circumstances diminished the performance of our investment funds featuring our original investment ideas. On the other hand, the flow of income from the mandates business was very encouraging.

#### Operating profit of CHF 2.3 mn at Bank am Bellevue

Operating income declined by 16.8% during the year under review, or by 6.3% after factoring out the one-off SIX dividend income received during the previous year. Operating expenses were reduced by 5.5% reflecting a further reduction in personnel expense (-12.8%) and slightly higher material expense (+6.1%). The resulting operating profit was CHF 2.3 mm (previous year: CHF 5.0 mn). For the most part the y-o-y decline can be attributed to the absence of the special dividend received from SIX in the preceding fiscal year. Bank am Bellevue employed an average of 34.6 persons in 2014, measured on an FTE basis (previous year: 37.0).

Brokerage fees and commissions by region



#### Strong balance sheet and capital structure

Bank am Bellevue's balance sheet and capital structure remain extremely sound with a CET 1 ratio of 32.2%, which clearly exceeds the minimum legal requirement for banks as well as the average ratio for the sector.

#### Positioning and outlook

Bank am Bellevue is positioned as a highly focused specialist for equity markets offering research, brokerage and corporate finance services. We do not run proprietary trading operations and are therefore truly independent.

We remain confident that an agile, local player who puts the needs of its clients first can and will generate attractive returns across the cycle.

#### Corporate Finance Transactions 2014

	Share placement/ Block Trades	Initial Public Offerings		Strategic transaction		
	sonova	MOLECULAR partners	<u>SFS</u>	Michel&Cortesi	PRIVERA III	ADAMANT Biomadical Insectioned Als
Period	2014/2013/ 2012/2011	November 2014	May 2014	November 2014	October 2014	September 2014
Size	CHF 240 mn	CHF 106 mn	CHF 704 mn	Undisclosed	Undisclosed	Undisclosed
Company	Sonova Holding	Molecular Partners	SFS Group	Sale of Michel & Cortesi Asset Management to FERI AG	Acquisition of PRIVERA AG and TREOS AG by Investis SA	Acquisition of Adamant Biomedical Investments from Zürcher Kantonal- bank and Management
Type of transaction	Block Trades for core shareholder	IPO	IPO on SIX Swiss Exchange	Sole financial advisor to the sellers	Sole financial advisor to Investis SA	Sole financial advi- sor to Bellevue Asset Management
Role Bank am Bellevue	Sole Lead Manager	Co-Manager	Co-Lead Manager			

The fact that stock markets advanced to new record highs during the year under review should not distort the perception of the relevant market conditions in our targeted segments. Many institutional investors continued to show little interest in the "European equities" asset category and the category of "Swiss equities" we focus on. Moreover, the underlying economy has not helped much to boost corporate sales growth. The uptrends on stock markets were largely driven by the re-rating of defensive, cash-flow-rich companies that show some resistance to the economic cycle. In this general environment, the flood of liquidity provided by central banks around the world was a major factor that lifted markets into positive territory. Negative interest rates and ultra low bond yields will make it even harder for investors to generate attractive investment returns in the current year. It is difficult to predict to what extent the investment predicament that pension funds, insurance companies and even private investors find themselves in will help to increase transaction volumes in the Swiss market segments addressed by Bank am Bellevue.

At any rate, demand for financial market expertise from a highly specialized local broker remains firm and in this respect clients can rely on the know-how of Bank am Bellevue's experienced professionals in its Research, Sales, Sales Trading and Corporate Finance units to create tangible value added while addressing their needs. To better cope with volatile market developments, Bank am Bellevue is exploring ways of growing its recurring income streams. Two investment funds and the mandate business are examples of the means taken to reach this end. **CET1 Ratio Bank am Bellevue** 

**32.2%** 

Serge Monnerat, CEO Bank am Bellevue



# Bellevue Asset Management – acceleration of growth on a high level of quality

Fiscal 2014 was a highly successful year for Bellevue Asset Management (BAM) on several counts: Assets under management grew 78% to CHF 4.7 bn (CHF 2.6 bn in the previous year), eclipsing the initial target set by management. Years of continual optimization of the business model and the product range laid the groundwork for this pleasing growth. The greatest contribution to growth came in the form of performance-driven gains by our investment vehicles, especially the gains made by our flagship product BB Biotech AG, while the takeover of Adamant Biomedical Investments expanded the asset base by about one-quarter. Income rose in step with assets. Combined with the gratifying investment performance of the division's own products, BAM's operating profit for the year tripled to CHF 14.2 mn (previous year: CHF 4.3 mn).

#### Quantum leap in profits

Underpinned by the high quality of assets under management, income from management fees rose by 65% to CHF 34.6 mn (previous year: CHF 21.0 mn). Fee income was augmented by gains on investments in own products (seed capital), which had already been drawn down in previous years to mitigate risk yet nevertheless produced a gain of CHF 4.5 mn in 2014 thanks to active management. Special attention is drawn to the strong performance of private equity strategies in the healthcare sector. After years of trending sideways, positive momentum has returned to this segment and that has led to a rise in M&A activity as well as numerous exits and IPOs.

On the cost front, management maintained its prudent and cautious stance on business fixed investment and the cost/income ratio improved accordingly to 60% (previous year: 80%). Costs nevertheless did increase owing to the following two factors: 1) Management made selective infrastructure investments (New York office was expanded, an office in London was opened) and recruited more talents for the portfolio management and fund distribution teams. 2) Variable compensation rose in step with operating results. At the divisional bottom line, profit after tax more than tripled to CHF 15.4 mn (previous year: CHF 4.8 mn).

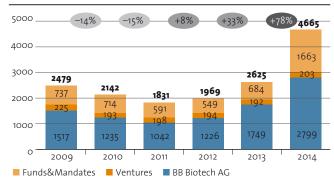
#### Active consolidator in the healthcare sector

Whereas in previous years management attention had been focused on building and optimizing the product range, in 2014 the rewards of that sustainable-oriented strategy were reaped. Outstanding product performance was the major driver behind the CHF 2.1 bn increase in assets under management to CHF 4.7 bn and most of that growth was again attributable of BB Biotech AG, which contributed CHF 1.1 bn to the overall increase in AuM.

The acquisition of Adamant Biomedical Investments AG in 2014 marked a further milestone in the strategic development of the division's investment fund business. With this transaction BAM has proactively advanced market consolidation within its core investment segment of healthcare, strengthened its existing knowhow and further diversified its operational base as well as its product range. Thanks to the expertise acquired with the Adamant acquisition, BAM boasts, besides its historical presence in the fields of biotechnology and medical technology, an even broader range of investment funds and mandates in the healthcare sector offering a special focus on healthcare services, generics, Asian/ Pacific growth markets and combined global strategies.

The growth in assets under management within the funds & mandate category came close to CHF 1 bn, which is more than 140% compared to the previous year. New money including acquired assets represented the lion's share of this growth with CHF 718 mn. A significant increase in fund placement ability and in new money inflows was observed, accompanied by an inflow of nearly CHF 360 mn. However, this new money was counterbalanced by redemption activity, particularly in the second half when the significant gains made during preceding months led to some profit-taking. The tepid organic growth is the one blemish in an otherwise banner year for the Asset Management.

#### Development of Assets under Management (in CHF 1000)



#### Actively managed products create added value

Our focus on structural growth themes and our active investment strategy rooted in discerning fundamental research paid off again in 2014. We were able to earn money for investors in all of our products and mandates. Our investment solutions also did very well in comparison with market and competitor data. More than half of the strategies outperformed their respective benchmarks, in some cases significantly. Special mention is made of BB Biotech AG, which once again exceeded all expectations. The investment company with a clearly defined set of portfolio priorities delivered record results again in 2014 and its share price jumped 75% (in CHF). Thanks to its astute stock selection, BB Biotech beat the benchmark, the Nasdaq Biotech Index, by a significant margin of 23 percentage points. Not surprisingly, BB Biotech was ranked by US analysts as the world's most successful healthcare investment strategy in 2014.

Another highlight was the BB African Opportunities Fund, which achieved an attractive return of 11.3% (in EUR) and offered substantial diversification benefits within the emerging market segment. Lead Portfolio Manager Dr. Malek Bou-Diab was ranked twelfth in a survey of the best fund managers in Europe, and earned the distinction of best Swiss manager (Citywire Rating, L'Agéfi Indices, December 2014). Two of our entrepreneur strategies were unable to maintain their record of outperformance against their benchmarks last year. The BB Entrepreneur Switzerland and BB Entrepreneur Europe Funds were held back in 2014 by precisely those qualities that are typical of owner-managed companies (e.g. cyclicality, low leverage) and by the fact that defensive sectors are underrepresented in their entrepreneur investment universe.

#### Further potential in the UK and initial success in Asia

Switzerland and the rest of continental Europe remain the main markets for the asset management division, although market volume growth in this region is somewhat stagnant. The significance of the UK market, where BB Biotech AG already has a substantial and strong investor base, is growing, and the market potential there is by no means fully tapped. Bellevue Asset Management has therefore intensified distribution and services activities for BB Biotech AG in this key market and expanded its local presence for clients by opening a new office in London. Progress was made on several other fronts as well: In the Asian market we won an asset management mandate from a wellknown Taiwanese financial group. We view this as the first step of expansion in younger, more dynamic markets that are in the midst of a strong upward trend, and also as acknowledgement of our growing international credibility and acceptance as a highly specialized provider of healthcare investment expertise.

#### **Optimistic outlook for Asset Management**

After years of retrenchment and realignment, Bellevue Asset Management is back on a growth track. The current asset base of CHF 4.7 billion puts us in a favorable position for 2015, provided markets do not experience extreme stress.

Our current focus is on developing the organic growth potential arising from time-tested investment solutions and proven skills. Its extensive investment expertise in healthcare has grown even stronger and this is producing new business opportunities in existing markets as well as in potential new markets. With this goal in mind, there are plans to make selective investments in our human capital as well as in infrastructure and equipment.

Further acquisitions will not be a priority in the near future. Instead the focus will be on studiously completing the integration of the Adamant acquisition and realizing the resulting synergies.



André Rüegg, CEO Bellevue Asset Management

### What are the headline issues for stock markets going into 2015?

Michael Heider: We expect the major central banks to keep monetary policy accommodative in 2015. Yields and interest rates will stay at historically low levels, even if the US Federal Reserve does follow through with some initial rate hikes. This kind of an environment makes stocks an attractive asset class but that fact is already priced into the market. The significant expansion of the SMI's P/E ratio over the past few years is testimony of this. Stock prices are at historically high levels after three years of excellent gains.

### What implications does that have for Switzerland and Swiss stocks?

In Switzerland, Swiss franc exchange rates will be a major issue. The Swiss economy has traditionally been heavily export-oriented, so a stronger franc hurts the competitive position of domestic companies. Until recently the Swiss National Bank had set a minimum exchange rate of 1.20 to the euro. To the surprise of everyone, the SNB removed that floor on January 15, 2015. Swiss companies must now work hard to lower their cost bases even more. Of course many of Switzerland's leading firms have already made considerable progress in this regard. Their market positions are excellent and their balance sheets are very strong. Plus they have learned to cope with a steady appreciation of the franc over the years. From this angle, then, we think there are actually bigger risks lurking at the political or macroeconomic level.

### What are your top picks for 2015?

In an uncertain market environment we prefer stocks that have high dividend yields or company-specific upside drivers. Our top five list for the first quarter of 2015 includes Swiss Re, which should be able to pay out another special dividend, judging by its solid balance sheet. We also like Geberit and Actelion. Geberit, the European market leader for sanitary installations, has established with the acquisition of Sanitec an additional foothold in the ceramics products segment, which will add further momentum to its top line. Actelion has very promising drug candidates in its pipeline that should accelerate its sales growth regardless of the cyclical economic factors.

Michael Heider, Head Research



## Research at Bank am Bellevue – clearly focused on client benefit

Bank am Bellevue's business focus is on brokerage services for Swiss equities, a fact that sets it apart from other banks in the Swiss financial center. Three business units are engaged in the brokerage business, Research, Sales and Sales Trading, and the investment recommendations made by Research are at the centerpiece of the brokerage services.

The Research Team's main objective is to help the bank's clients optimize their Swiss equities investment strategies and returns. The value added that the roughly one dozen financial analysts covering the banking, insurance, healthcare, consumers goods and industrial sectors offer equity investors can be summed up as follows:

- independent and well-informed views of the companies covered
- transparent and detailed financial forecasts for the companies covered
- original investment ideas that are executable
- access to top management at SMI and SPI companies and to industry experts

During the course of our work, writing research reports is one aspect of what we do, albeit an important one. A broad range of tailored products and services is offered. The Research Team prides itself on its concise, snappy and "to-the-point" written research in the form of e-mails, notes, reports and financial models. Meetings with our own analysts as well as with top management of the companies under coverage are also part of our brokerage services as are roadshows with senior management of these companies. Exclusive client events, for example, our annual "Bellevue Meets Management" conference in Flims, which provides access to top executives of SMI companies in an informal environment, as well as theme-based events (for example meetings with industry experts on specific topics) are also offered.

#### Bank am Bellevue's research model

Bank am Bellevue uses an easy-to-understand rating system with "buy", "hold" and "reduce" ratings for the stocks it covers. Our research is based on a fundamental analysis taking into consideration growth potential, competitive position and current valuations and it covers a 12- to 18-month time horizon. This time frame may be longer in special cases (e.g. turnaround situations, restructuring, corporate actions or capital transactions).

#### Profound knowledge of Swiss equity and capital markets

The Research Team adheres to a rigorous process that is numbers-driven, fact-based, and supported by quantitative models. In determining the potential upside or downside for any given stock, we rely on a multitude of methods, such as valuation multiples, peer comparisons and discounted cash flow as well as cash flow return analyses; for the financial sector, we use specific valuation approaches developed for banks and insurance companies (e.g. discounted generated free equity).

While the lion's share of our research is of a fundamental nature, we do make use of technical analysis, mainly in order to better time entry and exit points within a longer-term time frame, or to serve clients with short-term, trading-oriented strategies. We maintain close relationships with the companies we cover, their competitors as well as with industry experts, and we frequently engage in discussions with management. With an average industry tenure of about 15 years, our employees are well-connected and possess unrivalled local expertise.

#### Added value quantifiable in numbers

Every guarter the Research Team recommends five stocks (top 5) that have the best short-term performance potential in our investment universe. The average annual performance of its top 5 list since 2004 is 15.7%, which tops the corresponding annual performance of the SMI index for the same period by 10.2%.





Market – high growth – high pricing power – low competition – low product substitution	Money – high sales growth – product innovation – positive margin expansion – high EPS growth – high operational cash flow – balance sheet intact
Management – strong experience/competence – clear communication – track record for achieving	Momentum – good news flow – exposure to trends – potential change in

analyst expectations

- chart positive

financial targets

4M-Research-Modell

- clear strategy
- good corporate governance
- access to management

## Corporate Finance at Bank am Bellevue – upturn in transaction activity

During the course of 2014 the Corporate Finance Team benefited from an upturn in transaction activity, successfully completed three M&A transactions as sole advisor and participated in two landmark IPOs as Co-Lead Manager.

#### **Trusted partner for Corporate Finance services**

The Bank am Bellevue Corporate Finance Team is a market leader in Switzerland with a successful track record in capital market as well as public and private strategic transactions. Our team structure guarantees senior attention on all our projects with more than 50 years of combined Corporate Finance experience. We are a trusted partner for structuring and executing Swiss capital market and M&A transactions with a proven track record of creative and customized solutions for our clients. Our mandates are structured to fully align our interests with those of our clients.

Our lean organization represents our entrepreneurial spirit, eliminates conflicts of interests and allows us to act in the sole interest of our selected clients with strict confidentiality maintained at all times. Bellevue has proven to be a reliable and discrete partner in highly sensitive transactions. We also leverage our idea driven inhouse research and brokerage expertise and placement power on Swiss equities to achieve best results for our corporate clients.

#### Market development 2014

In 2014 the announced and closed M&A transactions, both in terms of volumes and number of deals, were up significantly from the previous year on the back of a positive momentum. The lowgrowth environment in Western Europe coupled with low interest rates incentivized companies to seek growth outside their home markets and to consider transactions leading to cost synergies. The Financial Services sector continues to be a particularly active

### Our core offering

#### Capital market transactions

- IPOs
- public and private placements
- capital increases, convertible bonds
- block trades
- market-making

### Strategic transactions

- mergers & acquisitions
- private equity (buy-outs/buy-ins)
- tender offers
- valuations
- proxy fights
- going privates

### Capital structure

- capital structure optimization
- share buybacks
- restructurings

sector. Profitability of private banks and wealth managers remains under pressure given the increased regulatory, transparency and tax compliance requirements. As a consequence, many foreign institutions choose to part with their Swiss operations struggling to reach critical mass. Concurrently, a number of well-established financial institutions act as consolidators.

Capital market transaction volumes also increased significantly in 2014 versus the previous year. We observed several sizeable secondary block trades, IPOs and a few rights and convertible bond issues. With six initial public offerings and a total volume of CHF 1.7 bn, Switzerland experienced the best year for IPOs since 2007. Of particular note were the CHF 704 mn IPOs of SFS Group and the CHF 106 mn IPO of Molecular Partners – the first successful Biotech IPO on SIX Swiss Exchange since 2007.

#### **Completed transactions**

Bank am Bellevue's Corporate Finance Team benefited from the consolidation momentum in the Swiss financial industry and advised on two M&A transactions in the asset management sector. In addition, the Corporate Finance Team advised a longstanding client on an acquisition of a company in the real estate property and facility management business. The combination of the target with the client's own property management group created the largest independent property and facility manager in Switzerland.

IPOs supervised by Bank am Bellevue

2 of 6

#### (IPOs in Switzerland 2014)

On the capital market side Bank am Bellevue's Corporate Finance team successfully placed a secondary block trade in Sonova shares and acted as Co-Lead Manager in the two landmark IPOs of SFS and Molecular Partners. The IPO of SFS was multiple times oversubscribed given strong demand from institutional investors in Switzerland and internationally as well as from private domestic investors. The offer price was set at CHF 64 in the upper half of the CHF 57 to CHF 69 announced price range. The order book of the Molecular IPO was covered on the full size two hours after re-launch and closed the same evening. The IPO was well oversubscribed with strong demand from institutional investors in Switzerland, UK, Germany and the US as well as from domestic private wealth investors.

## How would you summarize the market for equity issuance in 2014 and what is your forecast for 2015?

Marius Zuberbühler: In 2014 we have observed a significant upturn in worldwide and Swiss equity capital market issuance volumes. Institutional investors' appetite for liquidity events and principal transactions continued throughout the year in a low volatility environment. For 2015 we are cautiously optimistic.

## What are the specific challenges of Bank am Bellevue's Corporate Finance team if the positive market environment remains intact?

Friedrich Dietz: Our lean team structure puts a natural limit on the number of transactions we can execute simultaneously. Growing our business while not compromising on quality and speed of our advisory services poses a challenge to us. To successfully reach the goals of our clients is of utmost importance to us. In the end Corporate Finance is a people's business and quality matters most in the medium to long term.

## What differentiates the M&A services of Bank am Bellevue's Corporate Finance team from those of the numerous other M&A advisors in Switzerland?

Kalina Scott: We are a small and agile team of solution seekers. Every client and each situation is unique: we therefore aim to be flexible by providing the services our clients need without overwhelming or distracting them with unnecessary information. At the same time, we speak clearly and openly whenever we believe that our client is taking too great of a risk or is entering into an unfavorable transaction. Our clients value this honesty. Many M&A transactions reach a dead-end, at one point or another. The strength of the advisor is in finding a solution or an incentive, which brings both parties back to the negotiation table in order to find a mutually acceptable solution.



Friedrich Dietz and Marius Zuberbühler, Corporate Finance (not pictured: Kalina Scott

## BB Biotech AG – a record year for the investment company

The biotech sector sustained its upward trend in 2014. The Nasdaq Biotech Index (NBI) advanced 34.4% (in USD) over the year, more than double the gain made by broader S&P 500 Index during the same period (in USD, including dividends).

#### New blockbusters reach the market

With 41 new medicines approved in the 2014 calendar year, the second-highest number recorded since 1996, when 53 new drugs were approved, optimism is as strong as before. There is still plenty of investor demand for US biotech companies, a fact that is also reflected in the rising number of initial public offerings. The biotechnology sector has reached a level of maturity never before seen in its more than 30-year history. Nearly half of all new drugs approved today can be traced to the labs of biotech companies and the trend is still pointing up. This is especially true when its comes to previously incurable diseases with significant unmet needs, such as cancers or rare, genetic diseases (orphan diseases). Many of these drugs could become blockbuster products, the status accorded to top-selling drugs that generate a billion dollars or more in annual sales. Buoyed by these strong revenue streams, more and more companies are turning a profit and then have more money to invest more in their pipelines. Besides the sales growth of products that have already been approved and launched, clinical data on pipeline candidates is also important. A company's value grows when trial results are positive.

With its vast expertise and many years of sector experience, BB Biotech's assessment and appraisal of clinical studies and pipeline candidates can generate tangible value added for biotech investors.

Number of product approvals received by companies in BB Biotech's portfolio

# 12

#### (2014)

#### Investment strategy and stock-picking lead success

BB Biotech achieved record results in this positive environment. Under the aegis of BB Biotech's Board of Directors, the management team headed by Dr. Daniel Koller achieved an annual performance of 75% (in CHF), which topped the benchmark performance by no less than 23 percentage points (USD comparison base). Measured by assets under management, BB Biotech is one of the world's largest biotech investors. Thanks to its successful growth and development over the past few years, BB Biotech joined the Stoxx Europe 600 Index in December 2014.

#### Net Asset Value on December 31, 2014

3.5 bn

#### **Portfolio highlights**

Gilead Sciences is one of the company's top holdings, along with Celgene, Isis Pharmaceuticals Incyte, Actelion and Agios. Gilead made headlines around the world when it launched Sovaldi, a drug that cures hepatitis C. In the first year after launch Sovaldi racked up sales of more than USD 10 bn, which earned it the status of most successful drug launch of all time. That has been acknowledged accordingly on the stock market. To the delight of its shareholders, Gilead's share price has risen more than five-fold since 2011. An end to the stock's upward momentum is not discernible. Harvoni, Gilead's combination HCV pill that was approved more recently, is forecast to have even more sales potential.

#### Outlook

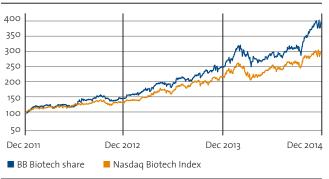
BB Biotech continues to believe that the elements for success for the biotech industry are very much intact. These include innovative drugs being marketed or developed, and double digit revenue and profit growth for the industry. Valuation multiples remain attractive given these attractive growth characteristics. BB Biotech continues to expect the sector to perform strongly and to deliver compounded mid-term double digit returns (in USD) to investors.

The company's portfolio is specifically geared towards generating above industry average revenue and profit growth. This is achieved by focusing the stock selection process on drugs addressing significant medical needs and on companies that have the potential to become dominant players in their respective therapeutic areas.

Platform companies should continue to excel with companies such as Isis, Alnylam and Agios ideally positioned to create substantial value creation both in the short as well as long term. The substantially improved RNA-based drug development candidates allow companies such as Isis and Alnylam to not only target niche markets and very severe disorders with no alternatives, but also to target much larger opportunities. Agios is expected to reveal further clinical targets identified by its unique metabolom approach.

2015 is expected to be another exciting year in biotech with significant product launches, product approvals and many key clinical trial results.

#### BB Biotech AG – 3 year performance (in USD, indexed)



## Mr. Koller, the biotech sector is leaping from one success to the next. Isn't that starting to worry you?

Daniel Koller: Not in the least. The latest success of the biotech sector is being driven by a surge in sales and profits. Biotech has matured as an industry; 30% of all biotech companies were turning a profit in 2013, by 2018 60% of them will be operating at a profit. After years and years of capital-intensive research and development, there are now biotech drugs on the market that are generating billions of dollars in sales. IMS Health, a market research firm, predicts that worldwide spending on medicines will increase in the wake of demographic change from USD 965 bn in 2012 to USD 1.2 tn by 2017. The biotech sector stands to profit from this growth since already eight of the ten best-selling drugs in the world are biologics.

## Which diseases do you see as presenting the greatest potential for innovation in the near future?

There is still a vast unmet medical need in oncology. While certain types of cancer can be managed relatively well with the available therapies, we still have very many cancers that are associated with a very poor prognosis for the patients concerned. We are seeing plenty of innovation in these areas with more to come. Agios for instance used a systematic approach to develop two product candidates that have produced very strong response rates in acute lymphatic leukemia, a thus far difficult-to-treat disease. Immuno oncology too has been delivering strong data in some patients and the aim now is to find combined treatment strategies that will maximize the number of patients responding to this kind of therapy. Antibiotics is another area that demands action. Antibioticresistant organisms are becoming an increasing global problem that calls for effective new substances targeting the areas where existing antibiotics are failing to deliver. BB Biotech has opened two new positions in antibiotics developers Tetraphase and Cempra to address this theme.

Dr. Daniel Koller, Head BB Biotech



### The merger will be another milestone succeeded. Please, give us a brief history of Adamant?

Dr. Cyrill Zimmermann: Adamant was established by three partners as a joint venture with Swiss Life Asset Management in December of 2000 and has since become an innovative and successful provider of custom-tailored investment solutions for the healthcare space. Zurich Kantonalbank acquired a majority shareholding in 2006 and in the September 2014 transaction it entered into a collaborative partnership with Bellevue Asset Management. A formal merger is scheduled to take place at the end of March 2015.

## The Lacuna-Adamant Asia Pacific Fund is focused on the Asian market. What makes this region so interesting for healthcare investors?

With our strategic focus on Asia we have established a successful track record as a healthcare investor in countries such as India, South Korea, Taiwan, China and Japan over the past ten years. In 2006 the first and only healthcare fund dedicated exclusively to Asian-Pacific stocks was launched. The Lacuna-Adamant Asia Pacific Fund has received numerous awards and with a volume of CHF 150 mn, it has grown large enough to become an investable fund for institutional investors seeking exposure to the most attractive healthcare companies in Asia. Demographics, the Westernization of Asian lifestyles, the rollout of national health insurance programs, in China or Indonesia for example, and an expanding middle class will keep the healthcare industry in Asian countries growing at a doubledigit pace. Adamant is well positioned to capture these trends in its portfolios and generate value added for its clients thanks to its long-standing expertise and extensive travels throughout the region.



John Manieri, Dr. Cyrill Zimmermann, Oliver Kubli, Healthcare Funds & Mandates (f. l. t. r.)

# Adamant acquisition broadens investment expertise in healthcare sector

By joining forces on September 30, 2014, Adamant Biomedical Investments and Bellevue Asset Management have strengthened and expanded their investment expertise and offering in the healthcare space. Adamant brings a high level of expertise in the management and distribution of healthcare investment portfolios and offers a wide range of products for well-balanced global coverage of the truly diverse healthcare sector. Its various investment funds target fast growing markets such as generics, medical technology, innovative healthcare services, and biotechnology and also feature a regional focus on Asian markets or mixed investment strategies. This acquisition puts Bellevue in an optimal position to capitalize on healthcare sector trends in its equity portfolios.

Adamant employs nine people including two exclusive consultants based in Boston and Singapore who strengthen its global network. Adamant manages approximately CHF 0.9 bn in client assets and achieved an operating profit of CHF 10 mn in 2014.

#### Research process applied worldwide

Adamant has strategically focused on listed healthcare companies worldwide with a special emphasis on Asia ever since it was established in the year 2000. There are more than 3000 listed companies in the global healthcare universe. This number is filtered down to some 500 to 600 stocks that qualify for Adamant's investable universe. These stocks range from Japanese vendors making software for doctors to Chinese drugstore chains, South Korean medtech companies and Indian generics manufacturers, from Thai hospital chains, Brazilian distributors, and Jordanian pharmaceutical companies to American health insurance providers and the classic medtech, biotech, generic and pharmaceutical companies listed on European and American exchanges. Adamant's fundamental research process is guided by various quantitative and qualitative criteria. Its specialists also take into account timing aspects and rely on technical tools as well as proprietary models that help them to make the right decisions. Regular meetings with the management of healthcare companies and participation in medical and investment conferences are also important for the research and investment process.

Adamant investment universe

# 600 titles

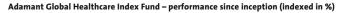
#### Successful Adamant healthcare index

In 2007 Adamant created an index to reflect the findings of its fundamental research. The Adamant Global Healthcare Index is composed of the 40 most attractive healthcare stocks and recalibrated every six months. Four quantitative and four qualitative parameters are used to compile the index. The qualitative parameters measure the team's assessment of company management, product pipelines, operating risks and country risks. The quantitative valuation criteria include ratios such as price/sales and PEG as well as operating metrics such as profit margins and sales growth. There are four regions and the ten best stocks for each region are selected for the index. Each of the eight criteria is assigned a particular score. The scores for the ten best stocks per region are added up and then used to calculate regional weightings for the next sixmonth period. The region with the highest number of points is overweighted and the region with the lowest number is underweighted. Standard & Poor's independently calculates the index levels and publishes closing index values on a daily basis. Over the past eight years the successful Adamant Global Healthcare Index has generated an excess return of 150% over the MSCI World Index and an 80% excess return over the MSCI World Health Care Index. This outperformance induced Adamant to launch an investment fund for institutional investors in 2011 that replicates the Adamant Index.

#### Well positioned with institutional Swiss clients

Besides its special range of sectoral funds, Adamant, through the Adamant Index, has created a core investment vehicle focused on the healthcare sector that caters to the passive investment needs of pension funds and insurance companies. The Adamant Index is particularly appealing for these investors considering that increasing longevity thanks to medical advancements and innovative biotech products is a key factor that pension plan managers must take into consideration. The Adamant index is structured to include all sub-sectors and is thus a perfect vehicle for pension funds. This is also true considering that the healthcare sector has an only 11% weighting within the MSCI World Index. Furthermore, the total expense ratio of the semi-active fund based on the Adamant Index is only 0.82%, which makes it an inexpensive and effective alternative to an ETF that tracks the healthcare sector in the MSCI World Index. Over the past several years Adamant has widened its client base in the pension fund market and also attracted increasing numbers of family offices and fund-of-funds as clients.

## 



 100
 Image: Constraint of the second seco

### What's your take on European stocks in 2015?

Birgitte Olsen: Central banks are moving in completely different directions with their monetary policy: While Europe and Japan are loosening the monetary reins, the US and UK central banks are starting to drain the monetary punch bowl. The ECB's QE program represents a trigger for outperformance by European stocks. The triple dose of shock treatment in the form of lower energy costs, lower borrowing costs and a weak currency should inject some positive momentum into the European economy in 2015 and companies that have done their homework these past few years, that are both lean and competitive, should clearly profit. Cyclical and consumer goods stocks could be on the winning side in this environment.

## Focus on Africa: What are the challenges in 2015 and how do you position your portfolio?

Malek Bou-Diab: Africa will continue to offer exciting opportunities in 2015 but careful risk selection will be paramount to achieve attractive returns. The fall in commodity prices seen throughout 2014 puts commodity exporting economies in a challenging situation requiring painful and politically delicate economic adjustments. Further reforms can easily offer a strong positive economic and market impulse to compensate the commodities impact. The reforms impulse is already gaining traction in many commodity importing countries offering investors the benefit of stronger and more sustainable economic growth and a chance to participate in new promising business opportunities.





### Europe – Entrepreneurs in focus

Family and entrepreneur-led companies are not only the mainstay of any economy, they also represent an exclusive group of companies with specific qualities that clearly set them apart from non-family-run companies. Decisions made by family and entrepreneur-led companies are usually framed by longer-term goals, true to the motto of "think in generations, not quarters". They are distinguished by greater innovation, a sharp focus on market niches, a high degree of internationalism and stable customer relationships.

That pays off too: Numerous studies have found that owner-managed companies usually operate in a much better financial position than non-family-run companies and with higher margins, which at listed owner-managed companies is reflected in aboveaverage performance potential over the long run. In fact, the family-run companies tracked by the CS Family Business Index have actually outperformed the broader market by 40% during the past decade. Investing in entrepreneur owned and managed companies does not automatically lead to an excess performance, however, given the presence of company-specific risks such as succession issues, entrepreneurial "drift" or unfair treatment of minority shareholders. Consequently, astute stock-picking in a quantitative and qualitative sense, taking into account soft factors associated with the entrepreneurs and their roles and duties within the company, is especially important in this area.

Bellevue Asset Management's launch of the BB Entrepreneur Switzerland Fund in 2006 made it one of the pioneers in the management of entrepreneurial investment funds. The BB Entrepreneur Europe (Lux) Fund launched in April of 2009 has since gained 112% in value, better than the 102% increase in the Stoxx Europe 600 Index (data in EUR as of December 31, 2014). Bellevue Asset Management rounded out its family of European entrepreneur funds in June 2011 when it launched the BB Entrepreneur Europe Small Fund. Political and economic reforms, infrastructure build-out and strong demand for commodities are ushering in a new era for the African continent. Together with the catalysts of growing foreign direct investment and a young generation of highly educated leaders, it is clear that Africa has entered a promising new era of growth. These developments are giving rise to a host of attractive investment opportunities in North Africa and Sub-Saharan Africa.

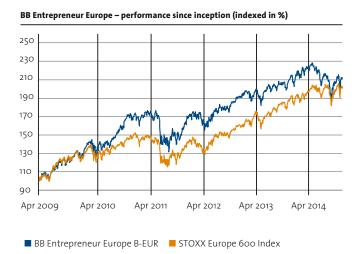
Africa – frontier markets

offer diversification benefits

Africa's real gross domestic product has been expanding at a 5%plus growth rate for several years and per capita incomes have also surged, putting the continent in third place behind China and India. The World Bank and the IMF forecast continued economic expansion in the years to come.

Many countries on the continent are experiencing a surge in growth thanks to spending on basic infrastructure. Africa is additionally benefiting from Asia's steady and strong demand for natural resources. Together with today's young and well educated leaders in politics and business, these catalysts are creating attractive long-term structural growth opportunities.

The frontier market specialists at Bellevue Asset Management have years of even local experience in analyzing and identifying investment ideas that stand to profit the most from these factors, while maintaining a focus on basic criteria such as a sound balance sheet, good long-term growth prospects, management transparency and stock market liquidity. The fund is focused on selected fast-growing countries in Northern and Sub-Saharan Africa while underweighting South Africa and commodities. An attractive risk-return profile sets this investment strategy apart from the competition. The share prices of African companies are still hardly impacted by the shifting flows of international capital, which enhances the diversification effect of an investment in this region. However, investors should always be aware that Africa's development will not be linear and that there will be temporary setbacks and crises along the way.



#### BB African Opportunitites – performance since inception (indexed in %)



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## Information relating to corporate governance

Bellevue Group is committed to responsible, value-oriented corporate management and control. It understands good corporate governance as a key success factor and indispensable prerequisite of achieving strategic corporate goals and creating lasting value for shareholders and all other stakeholders. Key elements of our corporate governance policy are: a clearly defined, well-balanced distribution of competencies between the Board of Directors and the Group Executive Board, the protection and promotion of shareholder's interests and a transparent information policy.

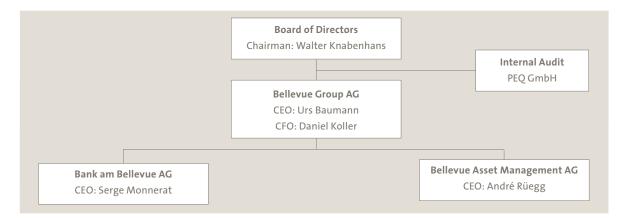
#### Law and regulations

Bellevue Group is governed by Swiss law, specifically the laws on banking, shareholding and the stock market, and the regulations of the Swiss stock exchange (the SIX Swiss Exchange).

The SIX Swiss Exchange AG issued a "Directive on Information relating to Corporate Governance", which entered into effect on 1 July 2002. The following information meets the requirements of this directive (in the current version of 1 September 2014) and takes account of the SIX commentary last updated on 20 September 2007. If information required by this directive is published in the Notes to the financial statements, a reference indicating the corresponding section of the notes is given.

#### Group structure and shareholders

#### Corporate structure as of 1 January 2015



#### Scope of consolidation

The companies consolidated by Bellevue Group are listed, together with information regarding their domicile and share capital and the interest held by the Group, in the notes to the consolidated financial on page 92.

#### **Major shareholders**

Based on the notifications received and published by Bellevue Group AG (including management transactions), each of the following parties owns more than 3% of voting rights:

Shareholder or beneficial owner	Voting rights held	31.12.2014 Number of shares held	Voting rights held	31.12.2013 Number of shares held	
Martin Bisang, Küsnacht	20.06%	2 100 006	20.06%	2 100 006	
Jürg Schäppi, Rapperswil-Jona	9.05%	947 175	9.05%	947 175	
Urs Baumann 1)	5.04%	528 062	5.04%	528 062	
Daniel Schlatter, Herrliberg	4.98%	521 760	4.98%	521 760	
Integralstiftung für berufliche Vorsorge	3.90%	408 200	3.90%	408 200	

 $^{\eta}$  An additional 310 000 shares via purchased call options, corresponding to 2.96%, i.e. including derivatives 8.00%

Otherwise, there were no disclosure notifications under Article 20 of the Federal Act on Stock Exchanges and Securities Trading or other notifications of major shareholding changes during the year under review. Any disclosure notifications are retrievable from the SIX Swiss Exchange website at: http://www.six-swiss-exchange.com/shares/companies/major\_ shareholders en.html

#### **Cross-shareholdings**

There are no cross shareholdings between Bellevue Group AG or its subsidiaries and other corporations.

#### **Capital structure**

#### Capital

The company's share capital amounts to CHF 1 047 000, consisting of 10 470 000 fully paid-in registered shares with a par value of CHF 0.10 each. The registered shares (Valor 2 848 210) are listed on the SIX Swiss Exchange.

Bellevue Group AG does not have any participation certificates or non-voting equity certificates outstanding nor has it issued any.

#### Conditional capital and authorized capital

Information on the Details of conditional and authorized capital is given in note 4.9 on page 71.

#### **Capital changes**

Information on the composition of capital and the changes of the past three years and on conditional and authorized capital is given in the statement of shareholder's equity on page 49 and in note 4.9 on page 71. For information on earlier periods, please refer to the relevant annual reports.

#### **Board of directors**

The Board of Directors of Bellevue Group AG consists of the following persons as per 1 January 2015:

Name	Function	Nationality	Member of Board Committee 1)	First elected	Elected until
Walter Knabenhans <sup>2)</sup>	Chairman	CH	ChC <sup>3)</sup> , CC <sup>3)</sup> , AC <sup>4)</sup>	2006	2015
Dr. Thomas von Planta <sup>2)</sup>	Member	CH	ChC, CC, AC 3)	2007	2015
Dr. Daniel H. Sigg <sup>2)</sup>	Member	СН	ChC, CC, AC	2007	2015

<sup>2)</sup> Independent as per FINMA-RS 08/24: yes

<sup>3)</sup> Chairman

ChC: Chairman Committee

AC: Audit Committee

<sup>4)</sup> Membership in AC required due to minimum size according to AC rules

The Directors do not exercise any executive functions within Bellevue Group; previous executive responsibilities are disclosed below.

#### Walter Knabenhans, born 1950

- Degree in civil engineering, ETH Zurich, degree in economics, University of Zurich (lic. oec. publ.)
- Currently an independent financial and investment advisor
- With Julius Bär Group until 2006, in various functions, last serving as President of the Group Executive Board and CEO

Mandates:

- Member of the Board of Directors of Finnova AG
- Member of the Board of Directors of Bank Morgan Stanley Ltd.
- Chairman of the Board of Directors of Avalor Investment AG
- Chairman of the Board of Directors of Parsumo Capital AG

#### Dr. Thomas von Planta, born 1961

- Degree in law, University of Basel, University of Geneva (Dr. iur.), attorney at law
- Since 2006 owner of CorFinAd AG, Corporate Finance Advisory (advisory for M&A transactions and capital market financings)
- 2002–2006 Vontobel Group, Head a.i. Investment Banking/Head of Corporate Finance, member of the extended Executive Board
- 1992–2002 Goldman Sachs, lastly in London, Equity Capital Markets Group & Investment Banking Division

CC: Compensation Committee

#### Dr. Daniel H. Sigg, born 1956

- Degree in law, University of Zurich (Dr. iur.)
- Since 2006 DHS International Advisors, LLC, Principal (advisor on financial issues)
- 2000-2005 TimesSquare Capital Management Inc., President
- 1997–1999 UBS, Global Head of Institutional Asset Management, Senior Managing Director
- 1990-1997 BEA Associates, CFO
- 1987-1990 Swiss American Securities Inc., Vice President, Head International Trading Department
- 1984–1987 Credit Suisse, Financial Analyst
- Mandates:
  - Member of the Board of Directors of VP Bank Ltd.
  - Member of the Board of Directors of Auerbach Grayson & Co.

#### **Election procedures**

All members of the Board are elected individually by the general meeting of shareholders. The Board of Directors constitutes itself. The members of the Board of Directors are elected to a term of one year and may be re-elected.

#### **Internal organization**

The Board of Directors appoints a Vice Chairman from its own members. The Board of Directors appoints a secretary who need not be a member of the Board of Directors. The Board of Directors meets as often as necessary to perform its duties but at least four times a year. The meetings usually last half a day. Nine meetings were convened during the year under review. The Board of Directors constitutes a quorum when an absolute majority of its members is present. Board resolutions and elections are decided in accordance with the internal rules and regulations by an absolute majority of the votes cast. In the event of a tie vote, the Chairman has the casting vote. Decisions by way of circular letter need to be passed by majority of all members of the Board of Directors.

The Board of Directors can delegate some of its duties to committees. The standing committees are as follows: Chairman Committee (ChC) Compensation Committee (CC) and Audit Committee (AC).

#### Chairman Committee (ChC)

The ChC comprises a chairman and at least two other members of the Board of Directors. The Chairman of the Board of Directors is the Chairman of the ChC. The ChC exercises the functions of the Board of Directors and its committees between meetings. Any resolutions are referred to the Board of Directors for ratification. No meetings were held during the year under review.

#### **Compensation Committee (CC)**

The CC assists the Board of Directors in the definition and implementation of the compensation principles. It is the applicant in regards of the compensation policy for the Board of Directors and the Executive Board. Furthermore, it is responsible for the employment conditions for senior executives and for the shares and profit sharing plans. It takes position on all compensation related affairs, which are situated in the decision making authority of the Board of Directors. No meetings were held during the year under review.

#### Audit Committee (AC)

The AC examines whether all systems created to monitor compliance with legal and statutory provisions are appropriate and whether they are being applied properly. It reports to the Board of Directors and makes recommendations to the same.

The AC also monitors and evaluates the integrity of the financial reports, internal controls, the effectiveness of the external auditor and the Internal Audit as well as risk management and compliance, taking into consideration the risk profile of Bellevue Group. It guides and monitors the activities of the Internal Audit, maintains Board level contact with the external auditors and monitors their performance and independence as well as their collaboration with the Internal Audit.

All members of the AC are independent. The AC meets for about half a day at least four times a year. Four meetings were held during the year under review.

#### **Internal Audit**

The company PEQ GmbH has been assigned the function of Internal Audit by the Board of Directors since the 2008 fiscal year. The Internal Audit helps the Board of Directors to exercise its statutory supervisory duties within Bellevue Group and it performs the audit functions assigned to it. It has an unlimited right of inspection within all Group companies and may inspect any and all business documents at any time. The Internal Audit coordinates its activities with the external auditors and reports directly to the Chairman of the Board of Directors.

#### **Definition of powers of authorization**

#### **Board of Directors**

The Board of Directors is responsible for the ultimate direction of the company and the supervision and oversight of Bellevue Group. It passes and periodically revises company strategy, issues directives and guidelines as necessary and determines Bellevue Group's organizational structure and risk policies. It also receives reports about the existence, appropriateness and effectiveness of the internal control system. It supervises and monitors persons entrusted with executive management duties. The Board of Directors is responsible for appointing and dismissing the CEO. It approves the appointment, promotion, and dismissal of Bellevue Group's senior management. Furthermore, it performs the duties assigned to it by law (Art. 716a CO). The delegation of powers between the Board of Directors, its committees, the CEO and the Group Executive Board is specified in Bellevue Group's regulations. The competencies of the Board of Directors include the purchase and disposal of shareholdings, the establishment of group subsidiaries and regional offices, securing loans, issuing bonds as well as granting credit above certain limits. Investment plans and other decisions having an impact on cash flows must likewise be approved by the Board of Directors above a certain threshold.

#### **Group Executive Board**

The Group Executive Board is Bellevue Group's executive body and reports to the Board of Directors. It is responsible for all Group issues that do not expressly fall within the remit of the Board of Directors of Bellevue Group AG or of a Group company according to legislation, the articles of association or the internal rules and regulations. It functions as a committee and all decisions have to be reached by the entire body. It is responsible, in particular, for developing a Group-wide business strategy for presentation to the Board of Directors, implementing the decisions reached by the Board of Directors within the Group, monitoring the execution of these decisions, and managing and supervising Bellevue Group's everyday operations, which must be effected within the scope of the financial plan, annual objectives, annual budget and risk policy and in accordance with the other regulations and instructions issued by the Board of Directors. It is responsible for ensuring compliance with legal and regulatory requirements as well as applicable industry standards.

Its responsibilities also include drawing up and application an annual budget and defining annual targets for Bellevue Group. The Group Executive Board is responsible for issuing rules and regulations relating to the implementation of the risk policy, i.e. governing the basic aspects of risk responsibility, risk management and risk control. It reports to the Board of Directors and the AC about the existence, appropriateness and effectiveness of the internal controls and issues corresponding directives as necessary. It is responsible for issuing directives regarding compliance. Its competencies include granting loans in accordance with the powers of authorization defined in the internal rules and regulations as well as entering proprietary trading positions within the defined limits. The Group Executive Board can delegate the permissible limits to the competent business segments and departments within Bellevue Group.

#### Information and control instruments relating to the Group Executive Board

The Board of Directors meets at least four times a year as specified in the internal rules and regulations. The ordinary meetings usually last half a day. The CEO and the CFO of Bellevue Group as well as the CEOs of Bank am Bellevue AG and Bellevue Asset Management AG attend these meetings. The Board of Directors receives monthly reports about the course of business and is periodically informed about risk exposure developments as well as the adherence to legal, regulatory and internal rules and regulations. Its controls instruments include the semi-annual reporting requirements, the annual budget process and the internal and external audits.

During the meetings of the Board of Directors, every director can request other board members or the CEO to provide them with information about any matters relating to Bellevue Group. In the interim between meetings every Board member can request information about the course of business from the CEO and can also, upon approval by the Board Chairman, receive information about specific business transactions and inspect business documents.

#### **Executive Board**

The Group Executive Board comprised the following persons as at 1 January 2015:

Name	Function	Nationality
Urs Baumann	CEO	CH
Daniel Koller	CFO	CH
Serge Monnerat	CEO Bank am Bellevue	CH
André Rüegg	CEO Bellevue Asset Management	CH

Additional information on the members of the Group Executive Board:

#### Urs Baumann, born 1967

- Business and economics degree, University of St. Gallen (HSG)
- MBA University of Chicago, Booth School of Business
- Since 2012 CEO of Bellevue Group
- 2007-2010 Lindorff Group, Oslo, CEO
- 2006-2007 Barclays Bank PLC, London, Managing Director Central & Eastern Europe Barclaycard
- 1998-2005 Swisscard AECS, Horgen, CEO
- 1993-1998 McKinsey & Company, Zürich
- Mandates:
  - Member of the Board of Directors of Baumann Group AG
  - Member of the Board of Directors of Cembra Money Bank AG

#### Daniel Koller, born 1970

- Swiss Certified Accountant
- Since 2008 CFO of Bellevue Group
- 2004-2007 with Valartis Group, Head of Controlling & Compliance
- 1995-2004 Ernst & Young, auditing

#### Serge Monnerat, born 1969

- Business and economics degree, University of Zurich
- Since 2001 with Bellevue Group, Head Research Bank am Bellevue AG,
- since March 30, 2010 CEO of Bank am Bellevue AG
- Previously with BZ Group

#### André Rüegg, born 1968

- Business and economics degree, University of Zurich
- Since 2009 with Bellevue Group, Head Sales & Marketing, since 1 January, 2012 CEO Bellevue Asset Management AG
- 1995-2009 with Julius Bär Group Member of the Executive Committee Asset Management
- 1993–1995 Arthur Andersen & Co.
- Mandates:
  - Chairman of the Board of Directors, RBR Capital Ltd.

#### **Compensations, shareholdings and loans**

Information on compensation, shareholdings and loans can be found in the Compensation Report on page 34.

#### Participatory rights of shareholders

#### Voting rights restrictions and shareholder representation

Any person entered in the company's share register shall be deemed to be a shareholder of the company. Shareholders may attend the general meeting in person or be represented by proxy.

There are no voting rights restrictions; each share entitles the holder to one vote.

#### Statutory quorums

The company has adopted no rules or regulations that deviate from Art. 704 of the Swiss Code of Obligations.

#### Notice convening the general meeting of shareholders

The notice convening the general meeting of shareholders shall be in conformity with applicable legal requirements.

#### Placing items on the agenda

The rules governing the placement of items on the agenda are in conformity with Art. 699 of the Swiss Code of Obligations and Art. 8 of the articles of incorporation.

#### Registration on the share register

The date by which shareholders must be registered in the share register in order to be eligible to participate in the general meeting and exercise their voting rights will be given by the Board of Directors in the invitation to the general meeting.

#### Change of control and defense measures

#### Mandatory public offer ("opting out")

Persons who purchase or acquire Bellevue Group AG shares are not required to issue a public offer as stipulated by Art. 22 of the Federal Act on Stock Exchanges and Securities Trading ("opting out").

#### Change of control clause

Members of the Board of Directors, executive Board members and employees of Bellevue Group are not contractually entitled to any severance payments.

#### **Statutory auditor**

#### Duration of mandate and term of office of Head auditor

The Group accounts and the consolidated financial statements of Bellevue Group AG and its subsidiaries are audited by PricewaterhouseCoopers (PwC). The statutory auditor of Bellevue Group AG is elected for a one-year period at the general meeting of shareholders. PwC was elected for the first time for the 1999 fiscal year. The auditor in charge is Thomas Romer. He has exercised this function since the 2008 fiscal year. The holder of this office changes every seven years, in accordance with Swiss banking law. Markus Meier serves as the regulatory lead auditor since the year under review.

#### Fees paid to auditor

CHF 1000	1.131.12.2014	1.131.12.2013
Auditing fees billed by PwC	485	439
Additional fees billed by PwC for audit-related services	25	10

The additional fees primarily concern services in connection with projects and audit-related services regarding international accounting standards. These services provided by the auditor are compatible with its auditing duties as external auditor.

#### Instruments for supervising and monitoring the auditors

The Board of Directors is responsible for the supervision and control of the statutory auditor and the Group auditor and it is supported in this function by the Audit Committee (AC). The AC receives and evaluates reports from representatives of the external auditors on a regular basis. It confers regularly with the Head Auditor about the effectiveness of the internal control systems taking into consideration Bellevue Group's risk profile. In addition, the AC reviews the scope of the audit-ing work, the quality of the work performed and the independence of the external auditors. The external auditors have direct access to the AC at all times.

#### Information policy

As a company listed on the stock exchange, Bellevue Group AG pursues a consistent and transparent information policy in relation to its shareholders, clients and employees as well as to the financial community and the general public. Its regular reporting activities and venues comprise the publication of the annual and semi-annual reports and letters to shareholders as well as a media conference on the annual results and the general meeting of shareholders. When important events occur, the above-mentioned stakeholders will be concurrently informed by way of press releases. Sources of information, the financial calendar and contact addresses are listed on page 106 of the annual report.

# Compensation Report 2014

# **1** General compensation principles

#### 1.1 Principles

The compensation at Bellevue Group AG has been deliberately designed to

- be for the Board of Directors and the Executive Board, for all managers and employees, transparent, understandable, fair and reasonable;
- take into account and balance the responsibility, quality of work and workload of the respective function;
- aim at a reasonable balance between the various compensation components, so that the risk of the individual are not wrongly or negatively affected by short-term criteria;
- be functional to a large extent by individual objectives, by the results of the business units and the overall result of the Bellevue Group;
- be competitive and proportionate in comparison to companies in the same market and economic sector.

The Board of Directors is responsible for the control of general questions regarding the compensation and the compensation-model. For this work the Board of Directors are supported by the Compensation Committee.

#### **1.2** Fixed compensation components

The decision-making basis is prepared by the Compensation Committee. It reviews the compensation concepts for marketability and suitability and implements adjustments on behalf of the Board of Directors in accordance with the final approval at the Annual General Meeting.

As a basis of the evaluation for the marketability and suitability of the fixed compensation component serve various documents. For example serve comparative studies of recognized independent institutes periodically as a benchmark. In addition, compensation reports of competitors are used for analysis and comparison. Furthermore, important benchmarking information is supplied by publications of various lobby groups, consultants specialized in human resources and articles in the Media.

#### 1.3 Variable compensation components

The variable compensation of the Board of Directors and the Executive Board are fixed during the course of the first quarter by the Compensation Committee based on key figures of the financial statements of the previous reporting year as well as individual goal achievement. At the Annual General Meeting the Board of Directors submits the proposed variable compensation for approval.

#### 2 Compensation of the Board of Directors and the Executive Board

#### 2.1 Board of Directors

#### 2.1.1 Fixed compensation

Each member of the Board of Directors receives a fixed and equally high (except: chairman) base compensation, which is agreed in advance. The higher base compensation for the chairman is due to his stronger involvement in the strategic management of the Company. In addition, to the base compensation the members of the Board of Directors receive allow-ances for membership on the boards of subsidiaries, associated companies, committees and committee chairs. With this distinction the responsibility and individual functions of the Board of Directors is taken into account. The determined fixed compensation of the members of the Board of Directors is paid in cash. In the event of a resignation during the term of a member of the Board of Directors the fixed compensation will be calculated pro rata to the end of the month he is leaving. Payment of compensation calculated pro rata takes only place after the approval of the total amount by the Annual General Meeting

#### 2.1.2 Variable compensation

The variable compensation of the Board of Directors is based on performance criteria which promote the achievement of strategic objectives of the company, group or parts of it. The performance criteria can include the performance of the company, group or parts of it and compare it with the market, other companies or benchmarks like total shareholder return or other individual results. The variable compensation of the Board of Directors is paid in the form of shares of Bellevue Group AG, which are subject to a multi-year lock up period. The allocation depends on the approval of the corresponding amount by the Annual General Meeting.

# 2.1.3 Attendance fee No attendance fee is paid out.

#### 2.1.4 Expenses

The members of the Board of Directors receive an annual lump sum in the amount of CHF 10000 (chairman) and CHF 5000 (members). These lump sum expenses are included in the fixed compensation and cover minor expenses as well as travel expenses within Switzerland. Expenses for overnight stays at meetings and traveling abroad are not included in the lump sum and are borne by the company.

#### 2.1.5 Shares and options

The members of the Board of Directors receive as part of their variable compensation shares of Bellevue Group AG (see section 2.1.2). They do not take part in any employee stock ownership plans and have not participated in any previous plans. There are no option programs in place or have been in the past.

# 2.1.6 Termination benefits

No termination benefits are effective.

# 2.1.7 Loans, credits, discounts

Any loans and borrowings are granted at usual market conditions. No loans or credits were granted or outstanding as of 31.12.2014 and 31.12.2013.

The Board of Directors does not benefit from any perks.

# 2.2 Executive Board

# 2.2.1 Fixed compensation

The members of the Executive Board receive a fixed annual compensation determined for the financial year by the Compensation Committee, which is paid in cash. The amounts are determined individually and contribute to the role and responsibilities of each member of the Executive Board. The fixed compensation needs to be approved by the Annual General Meeting in advance.

#### 2.2.2 Variable compensation

The variable compensation of the members of the Executive Board is based on an annually performance appraisal, set expectations and objectives. This takes into account role, experience, personal performance and the market environment. The weighting of these elements is done on an individual level.

In addition, the variable compensation of the members of the Executive Board is part of the total variable salaries, which are determined at the level of individual segments as well as on the group level. Furthermore, the total variable compensation is aligned with the created added value of each segment for the shareholders.

Variable compensation is structured into 3 parts and paid out: (i) cash, (ii) restricted shares with no vesting period ("Service Period") and claw back clause ("Claw Back Right"), (iii) restricted shares with vesting period and claw back right.

The structure of the variable compensation and terms for restriction, vesting period and claw back right are set by the Board of Directors and Compensation Committee depending on the role and level of the individual variable compensation.

#### 2.2.3 Expenses

The members of the Executive Board received each CHF 13 200 for lump sum expenses for the current and previous year. These lump sum expenses are included in the fixed compensation and cover minor expenses as well as travel expenses within Switzerland. As per 01.01.2015 the lump sum expense regulation was abolished and from then on only actual incurred expenses will be covered.

#### 2.2.4 Shares and options

The members of the Executive Board receive as part of their variable compensation shares of Bellevue Group AG (see section 2.2.2). With the following two exceptions they do not take part in any employee stock ownership plans. There are no option programs in place or have been in the past.

The Board of Directors has established a so-called "Blocked Share Program" for the CEO of the Group. Thereby he received in May 2012 307 062 shares of Bellevue Group AG with a market value of CHF 3 093 thousand. The shares are blocked until May 2017 and include a pro-rata repayment obligation (except in the event of a change of control). In return, the CEO of the Group waived the participation of any other bonus programs for a five year period and committed himself to acquire a substantial amount of Bellevue Group AG shares during 2012.

The CEO of Bellevue Asset Management AG participates in an employee stock ownership plan, which consists in connection with the asset management mandate of BB Biotech AG. Under this program the CEO of Bellevue Asset Management AG receives an entitlement to a maximum number of BB Biotech AG shares. The effective number of shares depends on various conditions. There is a three year vesting period starting from the grant date. In addition, the effective numbers of shares are depending on the achievement of performance targets over a period of three fiscal years in connection with the BB Biotech AG mandate. The right to the maximum number of shares is only available if the absolute performance of BB Biotech AG is greater than 10% p.a. and the relative performance exceeds the Nasdaq Biotech Index and the Swiss Performance Index during the following three years. In the event that the absolute performance in the three year period is less than 5% p.a. and neither of the two indices is exceeded the entitlement will forfeit.

#### 2.2.5 Termination benefits

No termination benefits are effective.

#### 2.2.6 Loans, credits, discounts

Any loans and borrowings are granted at usual market conditions. As of 31.12.2014 one credit limit in the amount of CHF 200 thousand was granted to André Rüegg, CEO of Bellevue Asset Management AG. The credit limit is not drawn. This credit limit did also exist as of 31.12.2013 and was not drawn.

The Executive Board does not benefit from any discounts.

#### 2.3 Advisory committee

No advisory committee does exist.

#### 3 Payments made to members of the Board of Directors and Executive Board

#### 3.1 Payments made to members of the Board of Directors

CHF	Fixed compensation in cash <sup>1)</sup>	Fixed compensation in cash for work in committees	Fixed compen- sation in cash for work in subsidiaries and associated companies	Variable compensation in cash	Variable compensation in shares <sup>2)</sup>	Other compen- sation <sup>3)</sup>	Total
1.131.12.2014							
Walter Knabenhans, Chairman	130 000	40 000	25 000	_	45 000	15 794	255 794
Thomas von Planta, Member	70 000	40 000	25 000	_	25 000	159 717	319 717
Daniel Sigg, Member	70 000	30 000	44 788	-	45 000	-	189 788
Total	270 000	110 000	94 788	_	115 000	175 511	765 299

The members of the Board of Directors received for the financial year 2014 a fixed compensation totalling CHF 474 788. This includes all allowances and lump sum expenses. Furthermore, any employer contributions to the statutory social insurance need to be added.

The Board of Directors proposes a variable compensation of CHF 115 000 for the 2014 financial year for approval at the Annual General Meeting, plus any contributions to the statutory social insurance by the employer. The payment is subject to approval and will be in shares of Bellevue Group AG at market value. A cash component for coverage of any employee contributions will be charged to the statutory social insurance. The market value of the shares is calculated based on weighted prices of 5 days prior to the date of allocation. The shares will be blocked for 4 years starting with the day of allocation.

With the exception of Thomas von Planta no compensation was paid to parties related to members of the Board of Directors or to former members of the Board of Directors in 2014. During the reporting year Thomas von Planta charged Bellevue Group AG in the amount of CHF 148 500 (excl. 8% VAT) for consulting services.

CHF	Fixed compensation in cash <sup>۱)</sup>	Fixed compensation in cash for work in committees	Fixed compen- sation in cash for work in subsidiaries and associated companies	Variable compensation in cash	Variable compensation in shares <sup>2)</sup>	Other compen- sation <sup>3)</sup>	Total
1.131.12.2013							
Walter Knabenhans, Chairman	130 000	25 000	25 000		33 529	13 903	227 432
Thomas von Planta, Member	70 000	25 000	25 000		33 529	35 732	189 261
Daniel Sigg, Member	70 000	20 000	43 850		31 847	_	165 697
Total	270 000	70 000	93 850	_	98 905	49 635	582 390

<sup>1)</sup> inclusive lump sum expenses

<sup>2)</sup> Of these amounts the costs incurred for employee contributions to the statutory social insurance are deducted in cash and not settled in shares.

<sup>3)</sup> The other compensation includes the employer's contributions to the statutory social insurance and any additional charges for advisory services

The members of the Board of Directors received for the financial year 2013 a fixed compensation totalling CHF 433 850. This includes all allowances and lump sum expenses. Furthermore, any employer contribution to the statutory social insurance needs to be added.

For fiscal year 2013 the members of the Board of Directors received a variable compensation in the amount of CHF 98 905. Additionally contributions to the statutory social insurance were paid by the employer. The payment was made in shares of Bellevue Group AG at market value. A cash component for coverage of any employee contributions was charged to the statutory social insurance. The market value of the shares is calculated based on weighted prices of 5 days prior to the date of allocation. The shares will be blocked for 4 years starting with the day of allocation.

With the exception of Thomas von Planta no compensation was paid to parties related to members of the Board of Directors or to former members of the Board of Directors in 2013. During the reporting year Thomas von Planta charged Bellevue Group AG in the amount of CHF 25 050 (excl. 8% VAT) for consulting services.

#### 3.2 Compensation of the Executive Board

CHF	Fixed compen- sation in cash <sup>1)</sup>	Short-term variable compen- sation in cash	Short-term variable compen- sation in shares <sup>2)</sup>	Short-term variable compen- sation in shares with Claw Back Right <sup>2)3)</sup>	Other short-term variable compen- sation	Long-term variable compen- sation	Other compen- sation 4)	Total
1.131.12.2014								
Total	1 145 000	407 000	243 000	430 000	48 000	-	365 759	2 638 759
of which highest total compensation paid to André Rüegg, CEO BAM	300 000	207 000	43 000	370 000	48 000 <sup>5)</sup>	_	119 203	1 087 203

<sup>1)</sup> inclusive lump sum expenses

<sup>2)</sup> Of these amounts the costs incurred for employee contributions to the statutory social insurance are deducted in cash and not settled with shares.

<sup>3)</sup> The shares are subject to a one year vesting period ("Service Period") and a one year claw back clause ("Claw Back Right")

<sup>4)</sup> The other compensation includes the employer's contributions to the statutory social insurance, the employer's contribution to the pension fund and the employer's contributions for health and accident insurance, all calculated on the amounts shown.

<sup>5)</sup> Maximum amount in BB Biotech AG shares, valued at the closing price as of December 31. 2014.

The members of the Executive Board received for the financial year 2014 a fixed compensation totalling CHF 1145 000. This includes all allowances and lump sum expenses.

The variable compensation is broken down as follows:

- CHF 407000 to be paid in cash. This amount needs to be approved by the Annual General Meeting.
- CHF 243000 to be paid in the form of shares of Bellevue Group AG and blocked for 4 years. This amount needs be approved by the Annual General Meeting.
- CHF 430 000 also to be paid in the form of shares of Bellevue Group AG and are subject to a one year vesting period ("Service Period") and a one year right of claw back clause ("Claw Back Right"). This amount needs be approved by the Annual General Meeting.
- The rest of the variable compensation consists of a maximum amount in BB Biotech AG shares in the amount of currently CHF 48 000 (market value at December 31. 2014). This amount needs be approved by the Annual General Meeting.

All shares of Bellevue Group AG are valued at market value (weighted average prices of 5 days prior to the date of allocation).

For a better understanding a reconciliation of the figures in the notes of the financial statements, of section 5.1 compensation of the members of the Board of Directors and the Executive Board (see page 73), is listed below:

CHF	Fixed compen- sation in cash	Short-term variable compen- sation in cash	Short-term variable compen- sation in shares	Short-term variable compen- sation in shares with Claw Back Right	Other short-term variable compen- sation	Long-term variable compen- sation	Other compen- sation	Total
Amount according to								

Amount according to								
the compensation report	1 145 000	407 000	243 000	430 000	48 000	-	365 759	2 638 759
IFRS reconciliation	-	-	-	-356 208 <sup>1)</sup>	-48 000 <sup>1)</sup>	618 675 <sup>2)</sup>	4 0 3 2 3)	218 499
Compensation according to the consolidated financial statement	1 145 000	407 000	243 000	73 792	-	618 675	369 791	2 857 258

 $^{ij}$  In the future this amount is recognized in accordance with IFRS as an expense over the vesting period ("Service Period").

<sup>2)</sup> This amount represents the cost incurred in the fiscal year for the "Blocked Share Program" as explained is section 2.2.4. These amounts are recognized in accordance with IFRS as an expense over the vesting period ("Service Period").

<sup>3)</sup> This amount includes the net effect of the employer contributions for the statutory social insurance.

No compensation was paid to parties related to member of the Executive Board or to former members of the Executive Board.

CHF	Fixed compen- sation in cash <sup>1)</sup>	Short-term variable compen- sation in cash	Short-term variable compen- sation in shares <sup>2)</sup>	Short-term variable compen- sation in shares with Claw Back Right <sup>2(3)</sup>	Other short-term variable compen- sation	Long-term variable compen- sation	Other compen- sation 4)	Total
1.131.12.2013 Total	1 135 000	300 000	250 000	126 560			330 631	2 142 191
of which highest total compensation paid to André Rüegg, CEO Bellevue Asset Management AG	300 000	100 000	100 000	126 560			96 770	723 330

<sup>1)</sup> inclusive lump sum expenses

<sup>2)</sup> Of these amounts the costs incurred for employee contributions to the statutory social insurance are deducted in cash and not settled with shares.

<sup>3)</sup> The shares are subject to a one year vesting period ("Service Period") and a one year right of claw back ("Claw Back Right")

<sup>4)</sup> The other compensation includes the employer's contributions to the statutory social insurance, the employer's contribution to the pension fund and the employer's contributions for health and accident insurance, all calculated on the amounts shown.

The members of the Executive Board received for the financial year 2013 a fixed compensation totalling CHF 1135 000. This includes all allowances and lump sum expenses.

The variable compensation is broken down as follows:

- CHF 300 000 was paid in cash
- CHF 250 000 was paid in the form of Bellevue Group AG shares and blocked for 4 years.
- CHF 126 560 were also paid in the form of shares of Bellevue Group AG and are subject to a one year vesting period ("Service Period") and a one year right of claw back ("Claw Back Right")

All shares of Bellevue Group AG are valued at market value (weighted average prices of 5 days prior to the date of allocation).

For a better understanding a reconciliation of the figures in the notes of the financial statements, of section 5.1 compensation of the members of the Board of Directors and the Executive Board (see page 73), is listed below:

CHF	Fixed compen- sation in cash	Short-term variable compen- sation in cash	Short-term variable compen- sation in shares	Short-term variable compen- sation in shares with Claw Back Right	Other short-term variable compen- sation	Long-term variable compen- sation	Other compen- sation	Total
Amount according to the compensation report	1 135 000	300 000	250 000	126 560	_	_	330 631	2 142 191
IFRS reconciliation			_	-126 560 1)		618 675 2)	20 822 3)	512 937
Compensation according to the consolidated financial statement	1 135 000	300 000	250 000			618 675	351 453	2 655 128

<sup>1)</sup> In the future this amount is recognized in accordance with IFRS as an expense over the vesting period ("Service Period").

<sup>2)</sup> This amount represents the cost incurred in the fiscal year for a previously granted Long Term Incentive plan. These amounts are recognized in accordance with IFRS as an expense over the vesting period ("Service Period").

<sup>3)</sup> This amount includes the net effect of the employer contributions for the statutory social insurance.

No compensation was paid to parties related to member of the Executive Board or to former members of the Executive Board.

#### 4 Compensations to be approved at the Annual General Meeting 2015 for the Board of Directors and Executive Board

As a result of the vote on the initiative Minder the Federal Council issued an ordinance against excessive compensation for listed companies (VegüV), and the adjustment of the articles of association the Annual General Meeting needs to decide on the following compensations:

#### 4.1 Approval of the maximum amount of fixed compensation for the Board of Directors

The Board of Directors has reviewed his fixed compensation and decided for the period from the Annual General Meeting 2015 to the Annual General Meeting 2016 to adapt as follows:

- the fixed compensation in cash should be increased in total from CHF 270 000 to CHF 310 000;

- the fixed compensation in cash for work on committees should be reduced in total from CHF 110 000 to CHF 90 000;

the fixed compensation in cash for work in subsidiaries should be increased from CHF 94788 to CHF 95000;
 Additionally costs up to CHF 25000 for employer contributions to the statutory social security will be paid.

The Board of Directors proposes for approval a maximum amount of fixed compensation for the Board of Directors of CHF 520 000 for the term until the conclusion of the next Annual General Meeting.

#### 4.2 Approval of the maximum amount of variable compensation for the Board of Directors

The calculation of the variable compensation for the Board of Directors is described and disclosed in the sections 2.1.2 and 3.1. Additionally costs up to CHF 5000 for employer contributions to the statutory social security will be paid.

The Board of Directors proposes for approval a maximum amount of variable compensation for the Board of Directors of CHF 120 000 for the financial year 2014.

# 4.3 Approval of the maximum amount of fixed compensation and long-term variable compensation for the Executive Board

The Board of Directors has reviewed the fixed compensation for the Executive Board and made some role-related adjustments for the financial year 2015. The amount of fixed compensation of the members of the Executive Board shall not be changed for the financial year 2016. Additionally cost up to CHF 340 000 for employer contributions to the statutory social security, other insurances and pension benefits will be paid. Currently there are no long-term compensation plans in place.

The Board of Directors proposes for approval a maximum amount of fixed compensation for the Executive Board of CHF 1540 000 for the financial year 2016.

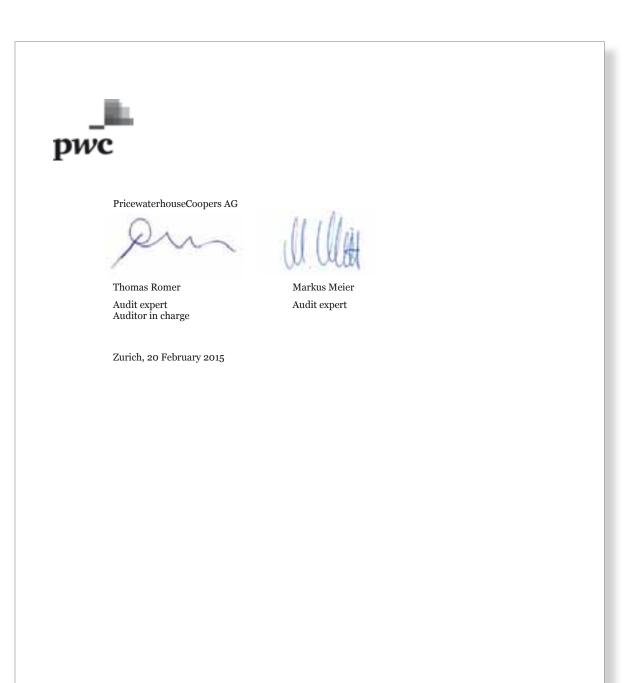
#### 4.4 Approval of the maximum amount of short-term variable compensation for the Executive Board

The components and calculation of the variable compensation for the Executive Board is described and disclosed in the sections 2.2.2 and 3.2. Additionally costs up to CHF 71 000 for employer contributions to the statutory social security will be paid.

The Board of Directors proposes for approval a maximum amount of short-term variable compensation for the Executive Board of CHF 1199 000 for the financial year 2014.

# Report of the statutory auditor on the compensation report

to Be	eport of the statutory auditor the General Meeting of ellevue Group AG
Ki	isnacht
R	eport of the statutory auditor on the remuneration report
	e have audited the remuneration report of Bellevue Group AG (pages 34 to 40) for the year ended ecember 2014.
Be	pard of Directors' responsibility
at Ez	ne Board of Directors is responsible for the preparation and overall fair presentation of the remune ion report in accordance with Swiss law and the Ordinance against Excessive Compensation in Sto cchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the muneration system and defining individual remuneration packages.
Ai	uditor's responsibility
ot	ur responsibility is to express an opinion on the accompanying remuneration report. We conducte ur audit in accordance with Swiss Auditing Standards. Those standards require that we comply with hical requirements and plan and perform the audit to obtain reasonable assurance about whether muneration report complies with Swiss law and articles 14–16 of the Ordinance.
re of of au	n audit involves performing procedures to obtain audit evidence on the disclosures made in the muneration report with regard to compensation, loans and credits in accordance with articles 14– the Ordinance. The procedures selected depend on the auditor's judgment, including the assessm the risks of material misstatements in the remuneration report, whether due to fraud or error. The dit also includes evaluating the reasonableness of the methods applied to value components of muneration, as well as assessing the overall presentation of the remuneration report.
	e believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis ir opinion.
	pinion
	our opinion, the remuneration report of Bellevue Group AG for the year ended 31 December 2014 mplies with Swiss law and articles 14–16 of the Ordinance.



2

Consolidated financial statements 2014

# **Consolidated income statement**

CHF 1000	Note	1.131.12.2014	1.131.12.2013		Change
Interest income		834	501	333	+66%
Dividend income		1 157	3 534	-2 377	-67%
Interest expense		-129	-70	- 59	+84%
Net interest income		1 862	3 965	-2 103	-53%
Fee and commission income		49 942	37 567	12 375	+33%
Fee and commission expense		-143	-137	-6	+4%
Net fee and commission income	3.1	49 799	37 430	12 369	+33%
Securities trading		815	586	229	+39%
Foreign exchange trading		172	422	-250	-59%
Net trading income		987	1008	-21	-2%
Income from the sale of associated companies		-	-10	10	_
Income from other financial assets at fair value		4 485	2 260	2 225	+98%
Other ordinary income		186	1 127	-941	-83%
Other ordinary expense		-7	-3	-4	+133%
Other income		4 664	3 374	1 290	+38%
Total operating income		57 312	45 777	11 535	+25%
Personnel expenses	3.2	-25 337	-24 286	-1051	+4%
Other operating expenses	3.3	-14 152	-11 564	-2 588	+22%
Depreciation	3.4	-5 847	-2 697	-3 150	+117%
Valuation adjustments and provisions	3.5	-400	-200	-200	+100%
Total operating expenses		-45 736	- 38 747	-6 989	+18%
Profit before tax		11 576	7 030	4 546	+65%
Taxes	3.6	-477	-546	69	-13%
Group net profit		11 099	6 484	4 615	+71%
Basic earnings per share (in CHF)	3.7	1.06	0.62	+0.44	+71%
Diluted earnings per share (in CHF)	3.7	1.06	0.62	+0.44	+71%

# Consolidated statement of comprehensive income

CHF 1000	1.131.12.2014	1.131.12.2013		Change
Group net profit in the income statement	11 099	6 484	+4 615	+71%
Other comprehensive income (net of tax)				
Items that may be reclassified subsequently to net income				
Currency translation adjustments	128	11	+117	+1064%
Profits on financial instruments transferred to retained earnings	_	_	_	_
Items that will not be reclassified subsequently to net income			<u> </u>	
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	1 476	-574	+2 050	-357%
Remeasurement of post employment benefit obligations IAS 19	-2 556	1 873	-4 429	-236%
Total comprehensive income	10 147	7 794	+2 353	+30%

# Consolidated balance sheet

CHF 1000	Note	31.12.2014	31.12.2013		Change
Cash		145 327	172 703	-27 376	-16%
Due from banks	4.1	92 636	79 174	+13 462	+17%
Due from customers	4.1	10 716	20 874	-10 158	-49%
Trading portfolio assets	4.2	17 471	6 857	+10 614	+155%
Positive replacement values	4.2	16 074	7 277	+8 797	+121%
Other financial assets at fair value	4.2	27 809	27 579	+230	+1%
Accrued income and prepaid expenses		6 522	1 970	+4 552	+231%
Financial investments	4.3	23 272	23 498	-226	-1%
Associated companies	4.5	548	492	+56	+100%
Property and equipment	4.6	224	336	-112	-33%
Goodwill and other intangible assets	4.7	66 152	53 998	+12 154	+23%
Current tax assets		8 464	10 432	-1968	-19%
Deferred tax assets	3.6	357	25	+332	+1328%
Other assets		2 371	473	+1 898	+401%
Total assets		417 943	405 688	+12 255	+3%
Due to banks		11 548	6 014	+5 534	+92%
Due to customers		210 294	221 376	-11 082	-5%
Trading portfolio liabilities	4.2	4 176	4 4 5 8	-282	+0%
Negative replacement values	4.2	16 324	7 205	+9 119	+127%
Accrued expenses and deferred income		13 620	7 816	+5 804	+74%
Current tax liabilities		1 410	2 654	-1244	-47%
Deferred tax liabilities	3.6	6 732	5 775	+957	+17%
Provisions	4.8	2 281	334	+1 947	+583%
Other liabilities		1 947	605	+1 342	+222%
Total liabilities		268 332	256 237	+12 095	+5%
Share capital	4.9	1 047	1 047	_	_
Capital reserves		27 250	27 250		
Unrealized gains and losses recognized in other		27 230			
comprehensive income		19 476	20 556	-1080	-5%
Currency translation adjustments		-368	-496	+128	-26%
Retained earnings		102 227	101 456	+771	+1%
Treasury shares	4.10	-21	-362	+341	-94%
Total shareholders' equity		149 611	149 451	+160	+0%
Total liabilities and shareholders' equity		417 943	405 688	+12 255	+3%

# Statement of shareholders' equity

CHF 1000	2014	2013
Share capital		
On January 1	1 047	1 047
On December 31	1 047	1 047
Capital reserves		
On January 1	27 250	27 250
On December 31	27 250	27 250
Unrealized gains and losses recognized in other comprehensive income		
On January 1	20 556	19 257
Change in unrealized gains and losses on financial instruments	1 476	-574
Remeasurement of post employment benefit obligations IAS 19	-2 556	1873
On December 31	19 476	20 556
Currency translation adjustments		
On January 1	-496	-507
Change during period under review	128	11
On December 31	-368	-496
Retained earnings		
On January 1	101 456	115 074
Group net profit	11 099	6 484
Dividends and other cash distributions	-10 470	-20 940
Income from the sale of own shares and derivatives	137	461
Employee stock ownership plan	5	377
On December 31	102 227	101 456
Treasury shares		
On January 1	- 362	-2 172
· · · ·	-1661	-1664
Purchases		3 474
Purchases Disposals	2 002	5 17 1
	2 002 -21	
Disposals On December 31		
Disposals		- 362

# Consolidated cash flow statement

CHF 1 000	Note	1.131.12.2014	1.131.12.2013
Cash flow from operating activities			
Group profit		11 099	6 484
Reconciliation to net cash flow from operating activities			
Non-cash positions in Group results:			
Depreciation of fixed assets	3.4	275	410
Amortization of intangible assets	3.4	5 572	2 285
Change in provisions	4.8	-1 257	502
Tax expense / benefit		-61	986
Deferred tax expense / benefit		949	-438
Change in fair value of financial assets and other financial assets at fair value		-6 385	-1 889
Other non-cash items		142	838
Net increase / decrease in operating assets		1.2	
Due from banks	4.1	-13 462	8 079
Due from clients	4.1	12 710	-8 547
Trading positions and replacement values net	4.2	-10 292	-6 144
Accrued income, prepaid expenses and other assets		-6 450	574
Net increase / decrease in liabilities		0 150	5,
Due to banks		5 534	-12 917
Due to customers		-15 941	-64 234
Accrued expenses, deferred income and other liabilities		5 541	595
Taxes paid		785	-2 094
Cash flow from operating activities		-11 241	-75 510
Cash flow from investing activities Investment in other financial assets at fair value Disorder of the offenerate to fair value		-1 292	-3 768
Divestment of other financial assets at fair value		7 291	10 533
Divestments of financial assets at amortized cost		1 900	14 100
Purchase of associated companies		-56	-445
Purchase of property and equipment	4.6	-141	-
Payments for acquisitions of controlled entities, net of cash	4.4	-13 836	-
Net cash flow from investing activities		-6 134	20 420
Cash flow from financing activities			
Dividends paid		-10 470	-20 940
Net movements in treasury shares and derivatives on own shares		341	1 810
Net cash flow from investing activities		-10 129	-19 130
Currency translation effects		128	11
Net increase / decrease in cash and cash equivalents		-27 376	-74 209
Cash at the beginning of the year		172 703	246 912
Cash at the end of the year		145 327	172 703
Further information			
Cash received as interest		-	237
Cash paid as interest		-	2.52
Cash received as dividends on equities		1 157	3 534

# Notes to the consolidated financial statements

#### **1** Accounting principles

# 1.1 Basis of interpretation

The consolidated financial statements of Bellevue Group AG, Küsnacht, have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the listing regulations of the Swiss Stock Exchange. Bellevue Group, as a banking group, is subject to consolidated supervision by the Financial Market Supervisory Authority.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless stated under section 1.2.

#### 1.2 Changes in accounting principles and presentation

1.2.1 Implemented standards and interpretations

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

- Amendments to IFRS 10, 12 and IAS 27 "Investment entities" (effective for annual periods beginning on or after 1 January 2014, retrospective application, earlier adoption permitted): The amendment provides an exception to the consolidation requirement for entities that meet the specific requirements of an investment entity as defined in the amendment. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments.
- IAS 32 (amendment) "Offsetting financial assets and financial liabilities", (effective for annual periods beginning on or after 1 January 2014, retrospective application, earlier adoption permitted): The amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and liabilities. Offsetting on the face of the balance sheet is only required, when the entity has a legally enforceable right to set-off and intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously. Clarification, that the right to set-off must be available today (and not contingent on a future event). Further, the right to set-off must be legally enforceable in the normal course of business, as well as in the event of default, insolvency or bankruptcy.
- Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" (effective 1 January 2014, retrospective application, earlier adoption permitted): This limited scope amendment corrects an amendment to IAS 36 when IFRS 13 was issued and introduced additional disclosures for measurements based on fair value less costs of disposal in case of an impairment or reversal of an impairment. The IASB has subsequently amended IAS 36 as follows:
  - No requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible if there
    was no impairment.
  - Disclosure of the recoverable amount when an impairment loss has been recognized or reversed.
  - Detailed disclosure of how fair value less costs of disposal has been measured when impairment loss is recognized or reversed.
- Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" (effective 1 January 2014, retrospective application, earlier adoption permitted): These narrow-scope amendments to IAS 39, "Financial instruments: Recognition and measurement", will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.
- IFRIC 21 "Levies" (effective 1 January 2014, retrospective application, earlier adoption permitted): This IFRIC focuses on accounting for an obligation to pay a levy that is not income tax. In scope are liabilities to pay a levy recognized in accordance with IAS 37 "Provisions" and liabilities to pay a levy whose timing and amount is certain. The obligating event to recognize a liability is the event identified by the legislation that triggers the obligation to pay a levy. The liability might be recognized at a point in time or progressively over time. An obligation to pay a levy that is triggered by a minimum threshold is not recognised before the threshold is met, even if it is certain it will be met. The same recognition principles apply in interim and annual financial statements.
- Amendment to IFRS 2 "Share based payment" (for share-based payment transactions for which the grant date is on or after 1 July 2014): The amendment clarifies the definition of a "vesting condition" and separately defines "performance condition" and "service condition".
- IFRS 3 "Business combination", for business combinations where the acquisition date is on or after 1 July 2014: The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, "Financial instruments: Presentation". The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

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

#### 1.2.2 Standards and interpretations that have not yet been implemented

The following new and amended standards and interpretations have to be applied for the financial year commencing after January 2015, or later. Bellevue Group is not availing itself of the possibility of early application of these innovations:

- "Amendments to IFRS 9 "Finance Instruments" (effective for annual periods beginning on or after 1 January 2018): Includes requirements for the classification and measurement of financial assets and liabilities. Three categories of debt instruments have been defined: amortised costs, fair value with profits and losses disclosed through other comprehensive income ("FVOCI") and fair value with profits and losses reported in the income statement ("FVPL"). The classification of financial assets in debt instruments is driven by company business models for managing assets and resulting cash flow. Equity instruments are always included at fair value. For equity instruments not held for trading purposes, the management has the right to make an irrevocable choice, namely to disclose fair value profits and losses in other comprehensive income. Nothing has changed regarding the classification and measurement of financial liabilities, except for the disclosure of changes in own credit risk for debt instruments held at FVPL in other comprehensive income. IFRS 9 also includes a new impairment model, whereby losses are disclosed at an earlier stage. The model for expected credit losses ("ECL") consists of three phases of impairment, based on changes in credit quality from the first statement. In addition, the new standard includes adjustments for hedge accounting, thereby improving compliance with companies' risk management strategies.
- Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014, retrospective application, early application permitted): The amendment clarifies the application of IAS 19R to post-employment benefit plans that require employees or third parties to contribute towards the cost of benefits. The amendment allows (but does not require) contributions that are linked to service, and do not vary with length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided; e.g. contributions that are linked to service, must be spread over the service period using the same attribution method that is applied to the gross benefits. The amendment allows many entities to contributions using their accounting policy prior to IAS 19R.
- IFRS 15 "Revenue from Contract with Customers" (effective for annual periods beginning on or after 1 January, 2017):
   IFRS 15 was issued in May 2014 by the IASB and establishes a single, comprehensive framework for "revenue recognition".
   The framework of IFRS 15 will be applied consistently across transactions, industries and capital markets. The Standard will improve comparability of the financial statements of companies globally.
- IFRS 8 "Operating segments" (effective for annual periods beginning on or after 1 July 2014): The standard is amended to
  require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a
  reconciliation of segment assets to the entity's assets when segment assets are reported.
- IAS 24 "Related party disclosure" (effective for annual periods beginning on or after 1 July 2014): The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.
- IFRS 13 "Fair value measurement" (effective for annual periods beginning on or after 1 July 2014, the amendment is applied prospectively from the beginning of the first annual period in which IFRS 13 is applied): The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

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

#### 1.3 Important accounting principles

# 1.3.1 Consolidation principles

# Fully consolidated companies

The annual consolidated financial statements comprise the annual accounts of Bellevue Group AG and its subsidiaries. All companies are consolidated that are directly or indirectly controlled by Bellevue Group AG. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and deconsolidated from the date when control ceases.

#### Method of consolidation

The Group applies the acquisition method to account for business combinations. Under this method, the book value of the participation held by the parent company is offset against its share of the shareholders' equity of the subsidiary at the time of the acquisition. The effects of intercompany transactions are eliminated during the preparation of the consolidated financial statements.

#### **Business combinations**

In a business combination, the acquirer obtains control over the net assets of one or more businesses. The business combination is accounted for using the acquisition method. This involves recognising the identifiable assets, including previously unrecognised intangible assets, and liabilities of the acquired business, at acquisition-date fair value. Any excess of the consideration paid at acquisition-date fair value, over the fair value of identifiable net assets acquired at acquisition date, is recognised as goodwill. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Subsequent changes to the fair value of a contingent consideration are recognised in accordance with IAS 39 in the income statement.

#### 1.3.2 General principles

#### Foreign currency translation

The items included in the financial accounts of each of the Group's company are measured using the currency of the primary economic environment, in which the company operates (functional currency). The consolidated financial statements are presented in Swiss Francs, which is the functional and presentation currency of the Group.

Assets and liabilities denominated in foreign currencies at foreign group member companies are converted into Swiss francs using the applicable exchange rates for the balance sheet date. For the income and cash flow statements, year-average exchange rates are used. The differences resulting from consolidation are booked directly in other comprehensive income.

In the individual year-end accounts of group member companies transactions are booked in foreign currency at the respective daily exchange rates. Monetary assets are translated at the respective daily exchange rate and any gains or losses are recognized in the income statement. Monetary items carried on the balance sheet at historical cost in a foreign currency are translated at the historical exchange rate.

#### Segments

Bellevue Group is divided into two operating segments, "Bank am Bellevue" and "Asset Management". Positions that cannot be directly attributed to one of these two segments are booked under "Group". This also includes consolidating entries. The "chief operating decision maker", who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Board.

#### Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include liquid assets (cash, balances in postal checking and giro accounts, or sight deposits at the Swiss National Bank as well as clearing balances at recognized giro regional banks and clearing banks).

#### Accrual of income

Income received for services provided over a certain period of time is recognized pro rata over the period in which the services are provided. Such services include, for example, asset management and custody fees. Profit- and performance-based income is not recorded until all the relevant profit or performance criteria have been met. This type of income may be generated, for example, in the corporate finance business. Interest income is accrued as earned.

# 1.3.3 Financial instruments

#### Initial recognition

Purchases and disposals of financial assets are recognized in the balance sheet on the trade date. At the time of initial recognition, financial assets or financial liabilities are classified in the respective category according to criteria set forth in IFRS 9 and measured at the fair value of the consideration given or received, including directly attributable transaction costs. In the case of trading portfolio assets an other financial instruments carried at fair value, transaction costs are immediately recognized in the income statement, except of value changes of financial instruments, which are recorded in the comprehensive income.

#### Determination of fair value

At initial recognition, the fair value of financial instruments is ascertained from quoted market prices provided that the financial instrument is traded on an active market (Level 1). Whenever possible, the fair value of other financial instruments is determined using generally recognized valuation models (Level 2). These models are based on input parameters other than Level 1 that can be observed on the market. For a residue of financial instruments, there are no available market listings or valuation models or methods based on market prices. For such instruments, in-house valuation methods or models are used (Level 3). In such cases, the fairness of the valuation is assured by clearly defined methods and processes and by independent checks.

#### Trading portfolio assets

Financial assets or financial liabilities held for trading purposes are measured at fair value in "trading portfolio assets" or "trading portfolio liabilities". Gains and losses on sales and redemptions as well as changes in fair value are recognized in "net trading income", interest and dividend income, however, in "net interest income".

#### Financial investments at amortized costs

Investments whereby the objective is to hold financial assets to collect contractual cash flows and for which the contractually agreed cash flows comprise only interest and the repayment of parts of the nominal value are entered on the balance sheet as amortised costs using the effective interest method.

A financial asset entered on the balance sheet as an amortised cost is classified as impaired if the entire contractually due amount is unlikely to be recovered. Causes of an impairment may be of a counterparty or country-specific nature. In the event of an impairment, the book value is reduced to the recoverable amount and reflected in the income statement.

Interest is recorded for the corresponding accounting period using the effective interest method and shown under "Net interest income".

#### Other financial assets at fair value

Financial instruments that do not meet the above conditions (i.e. are not held in order to earn contractual interest income) are accounted for at fair value. The resulting income is recognized under "income from other financial assets at fair value".

If the IFRS 9 criteria are met, a financial instrument can also be assigned to this category and accounted for as such at the time of initial recognition.

#### Investments at fair value with fair value changes recognized in other comprehensive income

Investments in equity instruments are presented on the balance sheet at fair value. Changes in value are duly reflected in net income, except in cases where Bellevue Group has decided to show them at fair value, recording the change through comprehensive income.

#### Loans

Loans are reported in the balance sheet at amortized cost using the effective interest method less any specific allowances for credit risks. Credits are only granted to selected counterparties and generally on a secured basis.

#### Securities lending and borrowing

Securities received within the scope of securities borrowing agreements and securities delivered within the scope of securities lending agreements are recognized on or removed from the balance sheet only if control over the contractual rights that comprise these securities has been transferred. In the case of securities lending agreements, cash collateral received is recorded in the balance sheet as "cash collateral from securities lending agreements". In the case of securities borrowing agreements, cash collateral provided is recorded in the balance sheet as "cash collateral provided is recorded in the balance sheet as "cash collateral provided is recorded in the balance sheet as "cash collateral for securities borrowing agreements".

Securities lent or delivered as collateral which the counterparty has an unlimited right to sell or pledge are reported in the balance sheet item "securities lent or delivered as collateral".

Fees and interest from securities lending and borrowing are accrued in interest income or interest expense in the period in which they are incurred.

#### Derivative financial instruments

Derivative financial instruments are accounted for at fair value and presented in the balance sheet as positive and negative replacement values. No offsetting of positive and negative replacement values is done on the basis of netting agreements. Realized and unrealized gains and losses are recognized in "Trading income, net".

#### Hedge accounting

Bellevue Group may apply hedge accounting if the criteria specified in IAS 39 are met. At the time a hedge transaction is made, it is determined whether it is a hedge of the fair value of a balance sheet item or an unrecognized firm commitment (fair value hedge) or a hedge of the cash flows from a balance sheet item or a highly probable future transaction (cash flow hedge).

In a fair value hedge, the change in fair value of the hedging instrument is recognized in the income statement.

No hedge accounting was applied as per 31 December 2014 and as per 31 December 2013.

#### 1.3.4 Other principles

#### Own shares and derivatives on own shares

Bellevue Group AG shares held by Bellevue Group are designated as treasury shares and are deducted from shareholders' equity at weighted average cost. Changes in fair value are not recognized. The difference between the sales proceeds of treasury shares and the corresponding acquisition cost is recorded in retained earnings.

Derivatives on own shares that must be settled in cash or that offer a choice of settlement method are treated as derivative financial instruments.

#### Share-based payments

Bellevue Group maintains various share-based payment plans on the form of share plans for selected employees. When such payments are made to these employees, the fair value of these payments at grant date serves as the basis for calculating the personnel expenses. Share-based payments that are not subject to any further conditions are expensed immediately at grant date. Share-based payments that are subject to the completion of a service period or to other vesting conditions are expensed over the respective vesting period starting at grant date. The amount recognised as an expense is adjusted to reflect the number of share awards for which the related services and non-market performance vesting conditions are expected to be met.

#### Property and equipment

Property and equipment include leasehold improvements, information technology and telecommunications equipment, and other fixed assets. The acquisition or production costs of property and equipment are capitalized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Property and equipment are depreciated on a straight-line basis over their estimated useful life as follows:

Property and equipment	Useful lifetime
Leasehold improvements	max. 5 years
Information technology and communications equipment	max. 3 years
Other fixed assets	max. 5 years

Property and equipment are reviewed for impairment if events or circumstances indicate that the carrying amount may be impaired. If the carrying amount exceeds the realizable amount, an impairment losses charged. Any reversals of impairments at a later date will be recognized in the income statement.

#### Goodwill and other intangible assets

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition- date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs (cash generating unit) or group's of CGUs, that is expected to benefit for synergies of combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill is capitalized and tested for impairment at least on an annual basis, or if events or changed circumstances indicate a potential impairment. The test is carried out more frequently to determine whether the book value exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the value in use. If the book value exceeds the recoverable amount an impairment is recorded.

Other intangible assets include client relationships and brands acquired during business combination as well as software. Such intangible assets are capitalized if their fair value can be reliably determined. They are amortized on a straight-line basis over their useful life of not more than 3 years (software), 10 to 15 years (client relationships) or 5 years (brands). Other intangible assets are reviewed for impairment if events or circumstances indicate that the carrying amount may not be recoverable. If the carrying amount exceeds the realizable amount, an impairment loss is charged. Any reversals of impairments at later date will be recognized in the income statement. At present, there are no other intangible assets with an indefinite useful life capitalized in Bellevue Group's balance sheet.

#### Income taxes

The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantially enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income and recognized as expense in the period in which the related profits are made. Receivables or liabilities related to current income taxes are reported in the balance sheet in the items "current tax assets" or "current tax liabilities".

Tax effects arising from temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their corresponding tax values are recognized as "deferred tax assets" and "deferred tax liabilities" respectively. Deferred tax assets arising from temporary differences and from tax loss carry forwards can be offset. Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to apply in the period in which the tax assets will be realized, or the tax liabilities settled. Tax receivables and tax liabilities are offset when they refer to the same taxable entity, fall under the same jurisdiction, and are enforceable rights to offset exists. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are realized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Current and deferred taxes are credited or charged directly to shareholders' equity if the taxes are related to items that are credited or charged under other comprehensive income in the same or a different period.

#### Provisions

A provision is recognized if Bellevue Group has, as a result of a past event, a current liability at the balance sheet date that will probably lead to an outflow of funds and whose amount can be reliably estimated. If an outflow of funds is unlikely to occur, or the amount of the liability cannot be reliably estimated, a contingent liability is shown. If there is, as a result of a past event, a possible liability as at the balance sheet date whose existence depends on future developments that are not fully under Bellevue Group's control, a contingent liability is likewise shown. The recognition and reversal of provisions are recognized under "Valuation adjustments and provisions" except for changes in actuarial pension provisions, which are recognized under "other comprehensive income".

#### Pension funds

Bellevue Group maintains in Switzerland a defined-contribution pension plan. The pension fund is set up in accordance with Swiss defined-contribution regulations, but does not meet all of the criteria of a defined contribution-plan as defined by IAS 19. Therefore, this plan is treated as a defined-benefit plan.

Pension obligations are met exclusively with pension fund assets held by a pension foundation legally separated from and independent of Bellevue Group. It is managed by a Board of Trustees, consisting in equal parts of representatives of management and employees. The organization, operational management and financing of the pension fund are conducted in accordance with legal regulations, the foundation's charter, and applicable pension fund regulations. Employees and pensioners, or their survivors, receive legally determined benefits upon leaving the company, during retirement, at death, and in the event of invalidity. These benefits are financed by employee and employer contributions.

For defined-benefit plans, pension costs are determined on the basis of different economic and demographic assumptions using the projected unit credit method. This method uses the number of service years until the key date. The assumptions to be evaluated by the Group include expectations of future salary development, long-term interest on retirement assets, retirement trends and life expectancy. The valuations are carried out by independent actuaries every year. The pension assets are valued annually at fair value.

Pension cost is composed of three components:

- Service cost, which is recorded as personnel expenses in the income statement
- Net interest expenses, which are recorded as interest expense in the income statement
- Revaluation components, which are recognised in the statement of other comprehensive income

Service cost encompasses the current service cost, past service cost, and gains and losses from non-routine plan settlements. Gains and losses from plan curtailments are treated the same way as past service cost. Employee contributions and third-party contributions reduce the service cost and are deducted from it, provided they are required by the benefit regulations or are the result of a factual obligation.

Net interest expenses are the result of the assumed interest rate multiplied by the pension obligations or the pension assets. Capital flows and changes of less than a year are included on a weighted basis.

Revaluation components include actuarial gains and losses from changes in the net present value of the pension obligations and the pension assets. Actuarial gains and losses are calculated on the basis of changes in assumptions and experience adjustments. Gains and losses on assets are the result of income on assets less the amounts contained in net interest expenses. The revaluation component also includes changes in unrecognised assets less effects included in net interest expenses. Revaluation components are recorded in the statement of other comprehensive income and cannot be recycled. Amounts recorded in the statement of other comprehensive income can be reallocated within equity.

Pension obligations or assets recorded in the consolidated financial statements correspond to the funding surplus or shortfall of the defined-benefit plans. However, pension assets are restricted to the net present value of the Group's economic benefit from future "curtailments or repayments. Pension obligations in Swiss benefit plans are currently valued on the basis of employees and employees" sharing the risk.

#### Assets under management and net inflows / outflows

Assets under management are calculated and reported in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority concerning accounting standards for financial institutions (FINMA-RS 08/2). Assets under management comprise all assets of private, corporate and institutional clients, excluding borrowings, managed or held for investment purposes, as well as assets in self-managed collective investment instruments of Bellevue Group. This basically includes all liabilities with respect to customers, fixed-term and fiduciary deposits, and all valued assets. Assets deposited with third parties are included if they are managed by a group company.

Assets that are counted in several categories of assets under management to be disclosed are shown under double counts. These primarily include shares in self-managed collective investment instruments in client portfolios.

Net inflows or outflows of assets under management in the course of a specific period consist of new client acquisitions, client departures, as well as inflows and outflows of assets from existing clients. The calculation of the net inflow or outflow of new money is performed at the level "total assets under management", i.e. before the elimination of double counts. Securities- and currency-related changes in market value, interest and dividends, fee charges, paid interest loans, as well as loans raised or repaid do not represent inflows or outflows.

#### 1.4 Estimates, assumptions and the exercising of discretion by management

In applying the accounting principles, management must make estimates, assumptions and discretionary decisions that influence the level of reported assets and liabilities, expense and income, as well as the disclosure of contingent assets and liabilities. Bellevue Group is convinced that in all material respects these consolidated financial statements provide a true and fair view of its financial position, its results of operations and its cash flows. Management reviews its estimates and assumptions on an ongoing basis and adjusts them according to new findings and conditions. This may, among other things, have a material impact on the following positions of the consolidated financial statements.

#### Income taxes

Bellevue Group AG and its subsidiaries are liable for income tax in most related countries. The current tax assets and current tax liabilities reported as at the balance sheet date as well as the resulting current tax expense for the period under review are based on estimates and assumptions and may therefore differ from the amounts determined in the future by the tax authorities.

#### Provisions

A provision is recorded if, as the result of a past event, Bellevue Group has a current liability as at the balance sheet date that will probably lead to an outflow of funds and if the amount of the liability can be reliably estimated. When determining whether a provision should be recorded and whether the amount is appropriate, best possible estimates and assumptions as at the balance sheet date are applied. These estimates and assumptions may be subject to change according to new findings and conditions.

#### Level 3 Financial Instruments (Fair Value)

Level 3 Financial instruments are valued based on the inputs that are not based on observable market data (tat is, unobservable inputs). For details to the valuation methods applied for level 3 Financial instruments refer to the notes to the consolidated financial statements, note 6.3 "Fair Value Financial Instruments" on page 81 ff.

#### Pension plan

Management sets the actuarial assumptions and determines whether a pension plan surplus can be capitalized as an economic benefit for Bellevue Group.

#### Review of goodwill for impairment

For the methods used, please see the note in the annexe to the consolidated financial statements, details on the consolidated balance sheet, item 4.7 "goodwill and other intangible assets" on page 69.

# 2 Risk management and risk control

#### 2.1 Risk evaluation and risk policy

Risk management is based on the evaluation of risks by the Board of Directors and is ensuing risk policy, which is reviewed periodically. Independent risk control bodies monitor the risks at the individual operating unit level and at Group level. The Group Executive Board is informed on a regular basis about the assets, financial positions, 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 at the individual operating unit level as well as at the Group level.

#### 2.2 Credit risk

Credit risk concerns the risk of losses should a counterparty fail to honour is contractual obligations. In the case of Bellevue Group, credit risk comprises:

- Default risks from lombard lending
- Default risks within the scope of business transactions, money market transactions, and securities lending and borrowing
- Default risks from bonds (issuance risk)
- Default risks in transaction processing

Credit lending activities are very limited in scope and credit is granted generally on a collateralized basis (marketable securities). Credit risks are limited by means of approval procedures commensurate with the various management levels as well as by authorization limits, the enforcement of appropriate lending margins and the periodic revaluation of long-term loans. Authorized limits and lending margins are monitored on a daily basis using appropriate instruments and reports. In dealings with professional counterparties (banks, brokers and institutional clients) and when investing in bonds, credit risks are assumed only with counterparties that have high (investment grade) credit standings. Adherence to guidelines on concentration of risk at Group level is monitored by an independent risk control body. New counterparties in securities and forex trading transactions must first be approved by the competent executive boards. The maximum risk of credit default is reported in the corresponding values carried in or off the balance sheet. As per 31 December 2014 and 2013, there are neither past due nor impaired positions. For further information on items that entail credit risks, please refer to the notes to the consolidated financial statements, sections 4.1, 4.2 and 4.3 (page 65 ff).

#### 2.3 Market risk

Market risks arise through fluctuations in market pricing of interest rates, exchange rates and equities as well as the corresponding volatilities. Market risk management entails the identification, measurement, control and regulation of market risk exposure. This exposure primarily pertains to trading portfolio assets, other financial assets at fair value, financial investments and the balance sheet structure.

Market risks are monitored by independent offices on a daily basis. Risk reports are prepared at the individual operating unit level as well as at Group level. Market risks are minimized through constant monitoring of risk.

#### **Trading portfolio**

Proprietary trading is basically limited to stocks and stock options. All positions in trading portfolios are carried at fair value. Wherever possible, market prices are automatically retrieved and used for valuation purposes. OTC options for which no observable market prices are available are valued using appropriate valuation models. The adequacy of the carrying value of these positions is assured through independent controls. The positions are monitored directly by the executive board and / or independent risk control staff. Average trading portfolio assets (twelve end-month values), including the corresponding derivatives, amounted to CHF 10.5 million (previous year: CHF 3.3 million). Every change in prices is recognized in full in Group profit or equity. A 10% change in fair value with respect to the year-end value would correspond to a +/- TCHF 1747 (previous year: +/- TCHF 686). Securities trading is conducted primarily through SIX.

Foreign exchange positions result mainly from client transactions. The Group does not engage in commodities trading. A presentation of the balance sheet by currency is given in section 6.1, "Balance sheet by currency", in the notes to the consolidated financial statements on page 77. The net positions are given below:

CHF 1000	CHF	EUR	USD	Other
Net position on 31.12.2014		6 776	11 086	203
10% change in fair value	+/-1807			
Net position on 31.12.2013		3 294	9 491	466
10% change in fair value	+/-1325			

#### Other financial assets at fair value

This position consists exclusively of units held in a collective investment instrument whose assets are selectively invested by Bellevue Group within the scope of is seed financing strategy. A 10% change in fair value with respect to the year-end value would correspond to a CHF 2.8 million change in equity (previous year: CHF 2.8 million), which would be P&L-effective.

#### **Financial investments**

The composition of the financial investments is defined and monitored by the respective Executive Boards or by the Group Executive Board. A 10% change in market value, in relation to the end-of-year figure, would result a change of equity of TCHF 2 327 (previous year: TCHF 2 159) for the financial investment calculated at fair value. Thereof, TCHF 87 (previous year: TCHF 100) would be P&L-effective.

For the period under review a positive change in value in the amount of TCHF 1 476 (net of tax) was recognized in the "other comprehensive income" (previous year: negative change in value in the amount of TCHF 574, net of tax).

#### **Balance sheet structure**

Interest rate and foreign exchange risks arise in balance sheet management through differing interest and currency risks of positions carried in and off the balance sheet. The interest and currency risks of Bellevue Group are low assumed to the following reasons:

- Bellevue Group is not active in the traditional lending and deposit business.
- Long-term loans at fixed rates are granted only in exceptional cases.
- Bellevue Group does not perform any proprietary trading in the area of foreign exchange.
- 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, interest rate gap analysis, etc.). Assuming a parallel change in interest rates of 1% at the Group level, the impact on the fair value of equity was less than 2% (previous year: less than 2%) of eligible consolidated equity. Interest rate and currency risks are monitored and measured by independent risk control bodies. No derivative financial instruments are used to manage interest rate risks.

#### 2.4 Liquidity risk and refinancing

The CFO of Bellevue Group is responsible for managing liquidity and financing risks. Financing risks refer to the risk of Bellevue Group or one of its operating units being unable to refinance its current or anticipated obligations on an ongoing basis at acceptable conditions. Liquidity risks refer to the risk of Bellevue Group or one of its operating units being unable to fulfil its payment obligations when due. Whereas financing risks relate to the ability to finance business operations at all times, liquidity risks primarily concern the ability to ensure sufficient liquidity an any point in time.

Bellevue Group manages its liquidity and financing risks on an integrated basis at the consolidated level. Daily liquidity management at individual Group companies is performed by the responsible departments. Financing capacity is assured through suitable diversification of the financing sources and the provision of collateral, thus reducing liquidity risks. Liquidity, especially at Bank am Bellevue but also at other operating units, is monitored on a daily basis and is well above the regulatory requirements as specified by internal rules and external regulations.

The maturity structure of assets and liabilities is shown in section 6.2 of the notes to the consolidated financial statements on page 79.

#### 2.5 Operational risk

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. The corresponding internal procedures, processes and systems are continually analysed and adjusted when necessary. The IT systems used by the business segments are continually upgraded.

#### Legal and compliance risks

Legal and compliance risks refer to risks related to legal and regulatory issues, primarily liability and default risks. These risks are minimized when processing orders by requiring standardized master agreements and individual agreements. Risk related to the acceptance of client assets and adherence to due diligence obligations are monitored at the respective operating unit level. When appropriate, external attorneys will be consulted to limit legal risks.

# 2.6 Capital

The capital base serves primarily to cover inherent business risks. Active management of the capital is therefore key. Capital adequacy is calculated and monitored according to the regulations and ratios defined by the Basel Committee on Banking Supervision in particular, as well as other criteria and is compliant with the statutory capital adequacy requirements prescribed by the Swiss Financial Market Supervisory Authority (FINMA). Capital adequacy requirements specified by external bodies were met without exception in the year under review as in previous years.

#### **Capital management**

Capital management is aimed primarily at complying with the regulatory minimum capital requirements and maintaining a solid capital structure in order to ensure the company's financial strength and creditworthiness towards business partners and clients. Other goals are supporting the company's growth and creating added value for shareholders.

Capital management takes into consideration the economic environment and the risk profile of all business activities. Various control options are available to maintain the appropriate capital structure or to adapt it in line with changing requirements, such as a flexible dividend pay-out policy, the repayment of capital or raising various forms of capital (CET1, AT1 and tier 2). During the year under review, there were no significant changes to the objectives, principles of action or processes compared to the previous year.

#### **Regulatory requirements**

The scope of consolidation used for the calculation of capital in the year under review, as in the previous year, was the same as the scope of consolidation used for accounting purposes. Please refer to section 9, "Major subsidiaries", of the notes to the consolidated financial statements on page 92 for further details. With the exception of the statutory regulations, no restrictions apply that prevent the transfer of funds or equity capital within Bellevue Group.

HF 1 000	31.12.2014	31.12.2013
Eligible capital 1)	54 606	69 851
Required capital		
Credit risk	9 825	8 797
Non-counterparty related risks	112	168
Market risk	3 073	1 888
Operational risk <sup>2)</sup>	7 225	6 363
Total required capital according to Swiss regulations (FINMA)	20 235	17 216

<sup>1)</sup> after dividend payment

<sup>2)</sup> using the Basic Indicator Approach

Ratios		
CET1 capital ratio	21.6%	32.5%
Ratio of eligible/required capital	269.9%	405.7%

## 3 Details on the consolidated income statement

#### 3.1 Net fee and commission income

CHF 1000	1.131.12.2014	1.131.12.2013
Brokerage and Corporate Finance	13 187	15 012
Asset Management – management fees	33 868	20 932
Asset Management – performance fees	1 121	167
Other commission income	1 765	1 456
Fee and commission expense	-142	-137
Net fee and commission income	49 799	37 430

# 3.2 Personnel expenses

CHF 1000	1.131.12.2014	1.131.12.2013
Salaries and bonuses	22 375	19 935
Pension cost <sup>1)</sup>	206	2 094
Other social benefits	1 776	1 620
Other personnel expenses	980	637
Total Personnel expenses	25 337	24 286

<sup>1)</sup> for further details see note 7.2 (page 86)

# 3.3 Other operating expenses

CHF 1000	1.131.12.2014	1.131.12.2013
Premises	1 854	1 790
IT, telecommunications and other equipment	4 178	3 736
Travel and representation, PR, advertising	3 216	2 887
Consulting and audit fees	2 737	979
Other operating expenses	2 167	2 172
Total Other operating expenses	14 152	11 564

# 3.4 Depreciation

CHF 1000	1.131.12.2014	1.131.12.2013
Depreciation of property and equipment	275	412
Depreciation of intangible fixed assets	5 572	2 285
Total Depreciation	5 847	2 697

# 3.5 Valuation adjustments and provisions

CHF 1000	1.131.12.2014	1.131.12.2013
Additions of other provisions	400	200
Total Valuation adjustments and provisions	400	200

# 3.6 Taxes

CHF 1000	1.131.12.2014	1.131.12.2013
Current income taxes	728	984
Deferred income taxes	-251	-438
Total	477	546
Pre-tax result	11 576	7 030
Expected rate of income tax	19%	19%
Expected income tax	2 199	1 336
Reasons for higher/lower amounts:	2155	1990
Difference between applicable local tax rates and assumed Swiss tax rate	-1 310	-480
Non-deductible expenses	616	298
Tax income unrelated to accounting period	-784	_
Participation exemption on dividend income	-244	-608
Total income taxes	477	546
Swiss tax rate	8 464	10 432
Total current tax receivable	8 464	10 432
CHF 1000	1.131.12.2014	1.131.12.2013
Intangible assets	2 042	1 890
Actuarial BVG provisions	_	_
Unrealised profits on financial instruments	4 032	3 708
Other provisions	658	177
Total deferred tax liabilities 1)	6 732	5 775

Actuarial BVG provisions35725Tax loss carry-forward——Total deferred tax assets <sup>1</sup>)35725

<sup>1)</sup> Deferred taxes are determined by temporary differences deriving from valuations which vary between the financial statements based on IFRS and fiscal financial statements.

# 3.7 Earnings per share

CHF 1 000	1.131.12.2014	1.131.12.2013
Group net profit	11 099	6 484
Weighted average number of issued registered shares	10 470 000	10 470 000
Less weighted average number of treasury shares	-7 985	-74 815
Weighted average number of shares outstanding (undiluted)	10 462 015	10 395 185
Dilution effect	-	_
Weighted average number of shares outstanding (diluted)	10 462 015	10 395 185
Undiluted earnings per share (in CHF)	1.06	0.62
Diluted earnings per share (in CHF)	1.06	0.62

# 4 Details on the consolidated balance sheet

#### 4.1 Due from banks and clients

CHF 1000	31.12.2014	31.12.2013
Due from banks	92 636	79 174
of which from securities transaction processing	3 752	4 401
Total	92 636	79 174
Due from banks, by type of collateral		
Unsecured	92 636	79 174
Total	92 636	79 174
Due from customers	10 716	20 874
of which private customers	10 148	10 587
of which corporate customers	568	10 287
Total	10 716	20 874
Due from customers, by type of collateral		
Other collateral <sup>1)</sup>	10 179	20 850
Unsecured	537	24
Total	10 716	20 874

CHF 1000	31.12.2014	31.12.2013
Trading portfolio assets		
Equity instruments (incl. funds)		
Listed	17 471	6 857
Unlisted	-	-
Total	17 471	6 857
Total trading portfolio assets	17 471	6 857
of which repo-eligible	-	-
of which lent or delivered as collateral	-	-
Trading portfolio liabilities		
Equity instruments	4 176	4 458
Total	4 176	4 458

	Positive replacement value	Negative replacement value	Contact volumen
Open derivative instruments			
Foreign currency as at 31.12.2014			
Forward contracts (OTC) <sup>2)</sup>	-	263	10 964
of which hedge purpose <sup>3)</sup>	-	263	10 964
Equity investments as at 31.12.2014			
Futures 1)	-	-	1 226
of which hedge purpose <sup>3)</sup>	-	-	1 226
Options (OTC) <sup>2)</sup>	16 061	16 061	183 089
of which hedge purpose <sup>3)</sup>	-		-
Options (exchange traded) <sup>1)</sup> of which hedge purpose <sup>3)</sup>			1 044
Foreign currency as at 31.12.2013		2	12.250
Forward contracts (OTC) <sup>2)</sup>	59	3	12 350
of which hedge purpose <sup>3)</sup>	59	3	12 350
iquity investments as at 31.12.2013			3 641
of which hedge purpose <sup>3)</sup>			3 641
Deptions (OTC) <sup>2)</sup>	7 202	7 202	138 780
of which hedge purpose <sup>3)</sup>			138780
Deptions (exchange traded) <sup>1)</sup>			984
of which hedge purpose <sup>3)</sup>			
CHF 1 000		31.12.2014	31.12.2013
		31.12.2014	31.12.2013
CHF 1000 Other financial assets at fair value through profit and loss Investment funds subject to Luxembourg law	_	<b>31.12.2014</b> 16 068	
Other financial assets at fair value through profit and loss nvestment funds subject to Luxembourg law			31.12.2013 18 863 8 716
Other financial assets at fair value through profit and loss		16 068	18 863
Other financial assets at fair value through profit and loss nvestment funds subject to Luxembourg law Other investment funds Fotal other financial assets at fair value through profit and loss		16 068 11 741	18 863 8 716
Other financial assets at fair value through profit and loss nvestment funds subject to Luxembourg law Other investment funds Total other financial assets at fair value through profit and loss 4.3 Financial investments		16 068 11 741	18 863 8 716 <b>27 579</b>
Other financial assets at fair value through profit and loss         Investment funds subject to Luxembourg law         Other investment funds         Total other financial assets at fair value through profit and loss         4.3       Financial investments         CHF 1000         Valued at amortized cost		16 068 11 741 <b>27 809</b>	18 863 8 716 <b>27 579</b> 31.12.2013
Other financial assets at fair value through profit and loss         Investment funds subject to Luxembourg law         Other investment funds         Total other financial assets at fair value through profit and loss         4.3       Financial investments         CHF 1000         Valued at amortized cost         Debt instruments		16 068 11 741 <b>27 809</b>	18 863 8 716 27 579 31.12.2013
Dther financial assets at fair value through profit and loss         Investment funds subject to Luxembourg law         Dther investment funds         Fotal other financial assets at fair value through profit and loss         4.3       Financial investments         CHF 1000         /alued at amortized cost         Debt instruments         of which listed		16 068 11 741 27 809 31.12.2014 	18 863 8 716 27 579 31.12.2013 1 900 1 900
Other financial assets at fair value through profit and loss         Investment funds subject to Luxembourg law         Other investment funds         Fotal other financial assets at fair value through profit and loss         4.3       Financial investments         CHF 1000         Valued at amortized cost         Debt instruments         of which listed		16 068 11 741 <b>27 809</b>	18 863 8 716 27 579 31.12.2013 1 900 1 900
Other financial assets at fair value through profit and loss         Investment funds subject to Luxembourg law         Other investment funds         Fotal other financial assets at fair value through profit and loss         4.3 Financial investments         CHF 1000         Valued at amortized cost         Debt instruments         of which listed         Yalued at fair value		16 068 11 741 27 809 31.12.2014	18 863 8 716 27 579 31.12.2013 1 900 1 900 1 900
Deter financial assets at fair value through profit and loss         Investment funds subject to Luxembourg law         Deter investment funds         Total other financial assets at fair value through profit and loss         4.3       Financial investments         CHF 1000         /alued at amortized cost         Debt instruments         of which listed         Yalued at fair value         Debt instruments		16 068 11 741 27 809 31.12.2014 	18 865 8 716 27 579 31.12.2013 1 900 1 900 1 900 998
Other financial assets at fair value through profit and loss   nvestment funds subject to Luxembourg law   Other investment funds   Total other financial assets at fair value through profit and loss   4.3 Financial investments   CHF 1000   /alued at amortized cost   Debt instruments   of which listed   Alued at fair value   Debt instruments   of which listed		16 068 11 741 27 809 31.12.2014 	18 863 8 716 27 579 31.12.2013 1 900 1 900 1 900 998 998
Deter financial assets at fair value through profit and loss   Investment funds subject to Luxembourg law   Deter investment funds   Total other financial assets at fair value through profit and loss   4.3 Financial investments   CHF 1000   Valued at amortized cost   Debt instruments   of which listed   Valued at fair value   Debt instruments   of which listed   Debt instruments   of which unlisted   cuty instruments		16 068 11 741 <b>27 809</b> <b>31.12.2014</b> 	18 865 8 716 27 579 31.12.2013 1 900 1 900 1 900 998 998 20 600
Deter financial assets at fair value through profit and loss         Investment funds subject to Luxembourg law         Deter investment funds         Total other financial assets at fair value through profit and loss         4.3       Financial investments         CHF 1000         //alued at amortized cost         Debt instruments         of which listed         //alued at fair value         Debt instruments         of which listed         //alued at fair value         Debt instruments         of which unlisted         (adjuity instruments <sup>1)</sup> of which unlisted		16 068 11 741 27 809 31.12.2014 	18 863 8 716 27 579 31.12.2013 1 900 1 900 1 900 1 900 998 998 20 600 20 600
Other financial assets at fair value through profit and loss         Investment funds subject to Luxembourg law         Other investment funds         Total other financial assets at fair value through profit and loss         4.3 Financial investments         CHF 1000         Valued at amortized cost         Debt instruments         of which listed         Total         Valued at fair value         Debt instruments         of which listed         Zulued at fair value         Debt instruments         of which listed         Zulued at fair value         Debt instruments         of which unlisted         Equity instruments <sup>1</sup>		16 068 11 741 <b>27 809</b> <b>31.12.2014</b> - - - - - - - - - - - - -	18 863 8 716

 $^{\scriptscriptstyle 1\!\!\!\!)}$  Change in value is recorded under "other comprehensive income"

In the year under review, financial investments amounting to CHF 1.8 million (previous year: CHF 0.7 million) were revalued without affecting net income. On it CHF 0.32 million (previous year: CHF 0.13 million) of deferred taxes were considered.

# 4.4 Business combination

On 30 September 2014 the group acquired 100% of the share capital of Adamant Biomedical Investments AG. Together with the existing asset management segment the group is expected to increase its presence in the market. The goodwill of CHF 11.4 million arising from the acquisition is attributable to the acquired customer base and economies of scale expected from combining the operations. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Adamant Biomedical Investments AG, the fair value of asset acquired and liabilities assumed at the acquisition date:

CHF 1000	30.9.2014
Cash	18 528
Variable purchase price component	1 605
Total	20 133
Cash	4 692
Receivables	2 552
Property, plant & equipment	24
Intangible assets	6 341
Liabilities	- 4 859
Total recognised amounts of identifiable asset acquired and liabilities assumed	8 750
Goodwill	11 383

The above mentioned amounts represent a first allocation of the consideration transferred. Acquisition related costs of CHF 0.2 million have been charged to other operating expenses.

The variable purchase price component consists of an obligation of the Group against the sellers (former minorities), which takes place in shares of Bellevue Group AG or funds managed by Adamant Biomedical Investments. This obligation will become due if the jointly formulated objectives of the previous year have been achieved. The objectives were defined for a four year period. Over the next four years the probability that the performance targets are met is high. The variable purchase price component was fully taken into account at fair value. Aside from that a purchase price adjustment mechanism exists with the seller and is based on the profitability of the assets managed by Adamant Biomedical Investments AG. The purchase price adjustment mechanism is valid for fiscal years 2015, 2016 and 2017. Due to the large network between the seller and the Adamant Biomedical Investments AG the price adjustment mechanism for the mentioned years has a very low probability.

The fair value of receivables amounted to CHF 2.6 million; there is no need to write down the gross amounts.

The fair value of the acquired intangible assets (customer base and brand) was CHF 6.3 million, based on a "discounted cash flow" calculation. The cost of equity amounts to 9.9%.

The Group consolidates the Adamant Biomedical Investments AG since September 30. 2014, which is the date of the acquisition (control/transfer). The recorded operating income in financial year since the acquisition of Adamant Biomedical Investments AG is CHF 2.3 million. Adamant Biomedical Investment AG contributed CHF 0.9 million to the group net profit. Had Adamant Biomedical Investments AG been consolidated from 1 January 2014, the consolidated statement of income would show increased pro-forma revenues by CHF 7.9 million and an increased profit by CHF 3.4 million.

# 4.5 Associated companies

CHF 1000	31.12.2014	31.12.2013	
Balance at the beginning of the year	492	47	
Increases (due to capital increase)	-	445	
Translation differences	56		
Total as at the balance sheet date	548	492	

# Subsidiary consolidated using the equity method

					Int	erest held in %
	Domicile	Activity	Currency	Share capital/ Nominal capital 1 000	31.12.2014	31.12.2013
Auerbach Grayson and Company, LLC.	New York	Brokerage	USD	10 200	7.2	7.2

Auerbach Grayson acts as US introducing broker for Bank am Bellevue. A representative of Bellevue Group is member of the Board of Directors of Auerbach Grayson.

# 4.6 Property and equipment

CHF 1000	Furniture and fittings	IT equipment	Tota
Acquisition cost			
Balance as of 1.1.2013	5 245	844	6 089
Additions	-	-	-
Disposals	-161	_	-161
Balance as of 31.12.2013	5 084	844	5 928
Additions	2	163	165
Disposals	-4	-	-4
Balance as of 31.12.2014	5 082	1 007	6 089
Accumulated depreciation Balance as of 1.1.2013 Additions	-4 622 -287	-721 -123	-5 343 -410
Disposals	161		161
Balance as of 31.12.2013	-4 748	-844	-5 592
Additions	-240	- 35	-275
Disposals	2	-	2
Balance as of 31.12.2014	-4 986	-879	-5 865
Net carrying values 31.12.2013	336	_	336
Net carrying values 31.12.2014	96	128	224
Additional information on property and equipment			
Fire insurance value of property and equipment as of 31 12 2013	4 500	4 000	8 500

Fire insurance value of property and equipment as of 31.12.2013	4 500	4 000	8 500
Fire insurance value of property and equipment as of 31.12.2014	4 500	4 000	8 500

#### 4.7 Goodwill and other intangible assets

CHF 1000	Bank am Bellevue	Asset Management	Tota
Goodwill			
Acquisition cost			
Balance as of 1.1.2013	97 374	62 915	160 289
Balance as of 31.12.2013	97 374	62 915	160 289
Additions		11 383	11 383
Balance as of 31.12.2014	97 374	74 298	171 672
Accumulated valuation adjustments			
Accumulated valuation adjustments Balance as of 1.1.2013	-65 374	-50 915	-116 289
	-65 374 -65 374	-50 915	-116 289 -116 289
Balance as of 1.1.2013			-116 289
Balance as of 1.1.2013 Balance as of 31.12.2013	-65 374	-50 915	
Balance as of 1.1.2013 Balance as of 31.12.2013 Balance as of 31.12.2014	-65 374	-50 915	-116 289
Balance as of 1.1.2013 Balance as of 31.12.2013 Balance as of 31.12.2014 Net carrying values	-65 374 -65 374	-50 915 -50 915	-116 289 - <b>116 289</b>

The reported goodwill as per 31.12.2013 for the two segments "Bank am Bellevue" and "Asset Management" stems from the acquisition of the Bank am Bellevue AG and Bellevue Asset Management by Bellevue Group AG (then: swissfirst AG) in 2005. The addition in the financial year 2014 was due to a acquisition of a 100% interest in the Adamant Biomedical Investments AG. The details of the business combination are listed in section 4.4 on page 67.

The discounted cash flow method is used to calculate the recoverable amount. The projected free cash flows for the respective cash-generating units are estimated based on five-year financial plans. The business plans of the respective segments serve as the basis for these estimates of projected free cash flows. These cash flows are discounted to present value.

Impairment tests were conducted again at the end of 2014. The discount rate used in these calculations was 8.3% (previous year: 8.8%) and the assumed growth rate was 1% (previous year: 1%). No further impairment losses were identified.

The following key parameters and their single components have been taken into account:

- income on the average assets under management and the expected return on assets (management- and performance fees)
- brokerage fees based on the expected average turnover
- other operating income and expenses

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

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

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

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

CHF 1 000	Client base	Brand	Other	Tota
Other intangible assets				
Acquisition cost				
Balance as of 1.1.2013	78 617	1 179	3 2 3 7	83 033
Balance as of 31.12.2013	78 617	1 179	3 2 3 7	83 033
Additions	6 221	95	25	6 341
Balance as of 31.12.2014	84 838	1 274	3 262	89 374
Accumulated valuation adjustments				
Balance as of 1.1.2013	-66 334	-1179	-3 237	-70 750
Additions	-2 285	_	_	-2 285
Balance as of 31.12.2013	-68 619	-1 179	-3 237	-73 035
Additions	-5 540	-5	-25	-5 570
thereof due to impairment	-3 100	_	_	-3100
Balance as of 31.12.2014	- 74 159	-1184	-3 262	-78 605
Net carrying values				
Balance as of 1.1.2013	12 283			12 283
Balance as of 31.12.2013	9 998		_	9 998
Balance as of 31.12.2014	10 679	90	-	10 769

The intangible assets for "Brand" and "Client base" as per 31.12.2013 stem from the acquisition of the Bank am Bellevue and Bellevue Asset Management by Bellevue Group (then: swissfirst AG) in 2005. These intangible assets are amortized over a period of 5 to 15 years and are likewise tested for impairment in the procedure described above under "Goodwill".

The additions during fiscal year 2014 resulted from the acquisition of a 100% interest in the Adamant Biomedical Investment AG. The details of the business combination are listed in section 4.4 on page 67. The intangible assets will be amortized over a period of 5 to 10 years and tested for impairment in the procedures described above under "Goodwill".

We have adjusted our estimate for future expected profits on the acquired customer base, due to the continued adverse environment. As a result, we had to write off CHF 3.1 million of the related intangible assets.

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

2015	2 116
2016	1 302
2017	1 302
2018	1 302
2019	1 297
2020	1 117
2021	622
2022	622
2023	622
2024	467
Total	10 769

#### 4.8 Provisions

CHF 1 000	Note	Actuarial BVG provisions	Other	2014 Total	2013
Balance at the beginning of the year	1.5	134	200	334	2 144
Utilization in conformity with intended purpose		-	-200	-200	_
New charge to profit and loss account		_	400	400	200
Write-backs credited to profit and loss account		_	_	-	
Remeasurement of post employment benefit obligations IAS 19		1 747		1 747	-2 010
Total as at the balance sheet date		1 881	400	2 281	334

Other provisions consist of provisions for business and process risks and other liabilities. Bellevue Group may be involved in litigation and is making provisions for current and impending proceedings if the competent sections think that payments or losses on the part of the Group companies are likelier to occur than not, and if their amount can be reliably estimated.

#### 4.9 Share capital / Conditional capital / Authorized capital

	Number of shares	Par value CHF 1 000
Share Capital (registered shares)		
Balance as of 1.1.2013	10 470 000	1 047
Balance as of 31.12.2013	10 470 000	1 047
Balance as of 31.12.2014	10 470 000	1 047

Conditional capital		
Balance as of 1.1.2013	2 000 000	200
Balance as of 31.12.2013	1 000 000	100
Balance as of 31.12.2014	1 000 000	100

The ordinary general meeting on March 18, 2013 voted in favour of the proposal to reduce the conditional capital from CHF 2 000 000 to CHF 1 000 000. The intended purpose (in total) is as follows:

- a sum of up to CHF 50 000 through the exercise of option rights granted to shareholders;

 a sum of up to CHF 50 000 through the exercise of option rights granted to employees and the member of the Board of Directors.

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

Authorized capital

Balance as of 1.1.2013	-	
Balance as of 31.12.2013	1 500 000	150
Balance as of 31.12.2014	1 500 000	150

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

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

# 4.10 Treasury shares

	Anzahl	CHF 1 000
Own shares in trading portfolio of Bank am Bellevue		
Balance as of 1.1.2013	226 500	2 172
Purchases	119 833	1 162
Disposals	-311 433	-2 974
Balance as of 30.6.2013	34 900	360
Purchases	41 555	502
Disposals	-46 455	-500
Balance as of 31.12.2013	30 000	362
Purchases	100 739	1 418
Disposals	-130 739	-1780
Balance as of 30.6.2014	-	-
Purchases	18 723	243
Disposals	-17 207	-222
Balance as of 31.12.2014	1 516	21

# Treasury shares held by Bellevue Group AG

Balance as of 1.1.2013	-	
Purchases	-	
Disposals		
Balance as of 30.6.2013		
Purchases		
Disposals		
Balance as of 31.12.2013	-	
Purchases	=	
Disposals	-	
Balance as of 30.6.2014	-	· _
Purchases	-	
Disposals	-	
Balance as of 31.12.2014	-	

# 4.11 Assets pledged or assigned as collateral for own liabilities

CHF 1 000	Carrying amount	31.12.2014 Actual liability	Carrying amount	31.12.2013 Actual liability
Due from banks	54 660	-	51 792	-
Financial assets	-	-	1 900	_
Total	54 660	-	53 692	_

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

#### 5 Transactions with related parties

#### 5.1 Compensation paid to members of the Board of Directors and Group Executive Board

CHF	Fixed compensation in cash	Variable compensation in cash	Variable compensation in shares	Other compensation	Total
Compensation paid to members of the Board of Directors					
Walter Knabenhans, Chairman	195 000	-	45 000	15 794	255 794
Thomas von Planta, Member	135 000	-	25 000	159 717	319 717
Daniel Sigg, Member	144 788	-	45 000	-	189 788
Total 1.1.–31.12.2014	474 788	-	115 000	175 511	765 299

With the exception of Thomas von Planta no compensation was paid to parties related to members of the Board of Directors or to former members of the Board of Directors in 2014. During the reporting year Thomas von Planta charged Bellevue Group AG in the amount of CHF 148 500 (excl. 8% VAT) for consulting services.

CHF	Fixed compensation in cash	Variable compensation in cash	Variable compensation in shares	Other compensation	Total
Compensation paid to members of the Board of Directors					
Walter Knabenhans, Chairman	180 000		33 529 1)	13 903 <sup>2)</sup>	227 432
Thomas von Planta, Member	120 000		33 529 1)	35 732 <sup>2)</sup>	189 261
Daniel Sigg, Member	133 850		31 847 1)		165 697
Total 1.1.–31.12.2013	433 850	-	98 905	<b>49 635</b> <sup>2)</sup>	582 390

<sup>1)</sup> In the previous year an amount of CHF 22 463 each, total CHF 67 389, was reported as variable compensation in shares. The allocations were made and effective in 2013, but related to the fiscal year 2012. As a result the previous year has been adjusted.

<sup>2)</sup> As a result of note 1) above, the figures have been adjusted. The changes concern employer contributions to the statutory social insurance. In addition, Thomas von Planta charged Bellevue Group AG in the amount of CHF 25 050 (excl. 8% VAT) for consulting services. This amount was not included in the previous year and therefore adjusted as well. Overall costs were increased by CHF 27 291.

No compensation was paid to parties related to members of the Board of Directors or to former members of the Board of Directors in 2013.

CHF	Fixed compen- sation in cash	Short-term variable compen- sation in cash	Short-term variable compen- sation in shares	Short-term variable compen- sation in shares with Claw Back Right	Other short-term variable compen- sation	Long-term variable compen- sation	Other compen- sation	Total
Compensation paid to me of the Board of Directors	mbers							
Total 1.131.12.2014	1 145 000	407 000	243 000	73 792	-	618 675	369 791	2 857 258
Total 1.1.–31.12.2013	1 135 000	300 000	250 000	-	-	618 675	351 453	2 655 128

No compensation was paid to parties related to members of the Group Executive Board in 2014 or 2013.

# 5.2 Share- and option-holdings of members of the Board of Directors and the Group Executive Board

Share- and option-holdings of members		31.12.2014		31.12.2013
of the Board of Directors	Number of Shares	Call options 1)	Number of Shares	Call-Optionen <sup>1)</sup>
Walter Knabenhans, Chairman	169 095	-	166 595	
Thomas von Planta, Member	12 595	-	10 095	_
Daniel Sigg, Member	17 095	-	14 595	-
Share- and option-holdings of members of the Group Executive Board	Number of Shares	31.12.2014 Call Optionen <sup>1)</sup>	Number of Shares	31.12.2013 Call-Optionen <sup>1)</sup>
Urs Baumann, CEO	528 062	310 000 <sup>2)</sup>	528 062	310 000 <sup>2)</sup>
Urs Baumann, CEO Daniel Koller, CFO	528 062 20 018	310 000 2)	528 062 16 523	310 000 2)
· · · · · · · · · · · · · · · · · · ·		310 000 <sup>2)</sup> 		310 000 <sup>2)</sup>

 $^{\scriptscriptstyle 1\!j}$  Number of shares in case of exercise, having regard to subscription ratio

<sup>2)</sup> Exercisable as of 31.12.2014 (American style), term until 31.05.2018

# 5.3 Transactions with related companies and persons

Legal entities and natural persons are considered to be related parties if one party has the ability to control the other or exercise significant influence over its financial or operational decisions.

CHF 1 000	Key management personnel <sup>1)</sup>			Total	
2014					
Due from customers	-	-	-	-	-
Due to customers	6 188	19 204	-	-	25 392
Interest income	-	6	-	-	6
Interest expense	-	-	-	-	-
Fee and commission income	9	467	93	_	569

2	0	1	.3

Due from customers	-	-	-		_
Due to customers	5 094	22 643	-		27 737
Interest income	1	3	-	-	4
Interest expense	-	-	-	-	-
Fee and commission income	22	501	163		686

<sup>1)</sup> Key management personnel: Board of Directors and Group Executive Board (excluding major shareholders)

<sup>2)</sup> Other closely related companies and persons: This includes all other natural persons and legal entities that have close personal, economic, legal or de facto ties with members of the Board of Directors or the Group Executive Board.

The following conditions are applied:

- Interest rate charged for secured loans: 2.00% (previous year: 2.00%), interest rate earned 0.00% (previous year: 0.00%)

- Commission rates: 0.205% (previous year: 0.205%)

#### 5.4 Compensation plan

The compensation for employees of Bellevue Group (excluding Portfolio Manager of Asset Management, see below) consists of a fixed compensation and an annually redefined variable compensation with the character of a single payment (the following amounts to not include any social security benefits).

The total amount of variable compensation is determined at the operating segment levels. In order to do this the adjusted segment results take into account the proportionate costs of the Group and the interest on the allocated capital. On the contrary amortization of intangible assets, the costs of taxes and any other non-controllable influence are eliminated. The adjusted earnings are subsequently associated with a certain percentage to the available bonus pool for variable compensation per segment. The calculated pool for the year 2014 was CHF2.5 million (previous year CHF 1.3 million).

At the same time a minimum bonus pool for the segment Bank am Bellevue is calculated based on the operating revenues. If the bonus pool as described above does not reach the minimum amount, the minimum bonus pool is used as basis. For the year 2014 CHF 1.9 million (previous year CHF 1.8 million).

Contractual obligations exist for the portfolio manager in the Asset Management segment in order to determine the variable compensation. The compensation depends on the success of the managed product through them. The individual teams participate with the collected net income of the respective product accordingly. The amount of the compensation is based among others on the quality of the performance compared to relevant indices and market offerings. On "Seed Capital", which is invested in the products, no compensation is paid. For the year 2014 variable compensation in the amount of CHF 6.0 million were calculated (previous year CHF 2.8 million).

The determination of the individual variable compensation is generally made by the executive Board of the segments. For this decision role, experience and personal performance are considered. For customer oriented units directly related components are included to determine the performance. To evaluate the personal performance of employees in the areas of processing and monitoring directly related components are never be included. The Group CEO has a veto power in setting the compensation for the members of the Executive Board of the segments.

For the payment of variable compensation the following regulation apply:

- Up to CHF 100 thousand or 1/₃ of the respective total of the bonus payment is made in cash
- The next CHF 100 thousand can be received either in the form of Bellevue Group shares or shares of self-managed funds. The shares are blocked for four years.
- Any surplus will generally be distributed in the form of Bellevue Group AG shares blocked for four years. Portfolio managers
  have the option instead shares of self-managed funds to purchase. The shares or fund shares are blocked for four years and
  are subject to a one year vesting period and one year claim for restitution.

The employees of the BB Biotech AG management team participate in an employee stock ownership plan since April 2014, which consists in connection with the asset management mandate. Under this program the team of Bellevue Asset Management AG receives an entitlement to a maximum number of BB Biotech AG shares. The effective number of shares depends on various conditions. There is a three year vesting period starting from the grant date. In addition, the effective numbers of shares are depending on the achievement of performance targets over a period of three fiscal years in connection with the BB Biotech AG mandate. The right to the maximum number of shares is only available if the absolute performance of BB Biotech AG is greater than 10% p.a. and the relative performance the Nasdaq Biotech Index and the Swiss Performance Index exceeds. In the event that the absolute performance in the three year period is less than 5 % p.a. and neither of the two indices is exceeded the entitlement will forfeit. During the fiscal year CHF 147 thousand have been taken pro rata into account as expenses (previous year CHF 0). The value of this potential entitlement as per 31.12.2014 was CHF 871 thousand (previous year CHF 0).

In addition, the Board of Directors has established a so-called "Blocked Share Program" for the CEO of the Group. Thereby he received in May 2012 307 062 shares of Bellevue Group AG with a market value of CHF 3 093 thousand. The shares are blocked until May 2017 and include a pro-rata repayment obligation (except in the event of a change of control). In return, the CEO of the Group waived the participation of any other bonus programs for a five year period and committed himself to acquire a substantial amount of Bellevue Group AG shares during 2012.

# **Restricted Shares**

Number		Employees		e Board of Directors oup Executive Board
	2014	2013	2014	2013
Holdings of restricted shares on January 1	117 148	171 430	350 129	373 218
Shares purchased with holding period <sup>1)</sup>	-		-	
Shares purchased with holding period of previous year bonus accrual <sup>1)</sup>	_		-	17 811
Shares for which the holding period has lapsed	-71 205	-40 092	-25 256	-40 900
Shares of employees/members who have left the Group and transfers (reduction)	-45 943	-14 190	-	
Holdings of restricted shares on December 31	36 130	117 148	360 593	350 129

 $^{\scriptscriptstyle 1\!j}$  The shares were bought from the company at the going market value and allocated as elements of salary.

Number		Employees	Members of the Board of Dire and Group Executive B			
	1.131.12.2014	1.131.12.2013	1.131.12.2014	1.131.12.2013		
Expenses recognized under Personnel expenses for shares purchased at a discount	254	41	674	674		
Expenditure on acquisition of discounted shares debited against bonus accrual for previous year	613	_	455	174		
Expenditure on acquisition of discounted shares debited	12.73	9.75	12.74	9.54		
Market value of restricted shares on December 31	517	1 581	5 156	4 727		

# 6 Risk related to balance sheet positions

# 6.1 Balance sheet by currency

CHF 1 000	CHF	EUR	USD	Other	Total
31.12.2014					
Cash	145 327	-	-	-	145 327
Due from banks	70 611	16 980	4 759	286	92 636
Due from customers	9 165	1 169	6	376	10 716
Trading portfolio assets	17 471	-	-	-	17 471
Positive replacement values	16 074	-	-	-	16 074
Other financial assets at fair value	7 985	7 673	12 151	-	27 809
Accrued income and prepaid expenses	5 563	-	949	10	6 522
Financial investments	23 272	-	-	-	23 272
Associated companies	-	-	548	-	548
Property and equipment	224	-	-	-	224
Goodwill and other intangible assets	66 152	-	-	-	66 152
Current tax assets	8 464	-	-	-	8 464
Deferred tax assets	357	-	-	-	357
Other assets	2 285	-	61	25	2 371
Total on-balance-sheet assets	372 950	25 822	18 474	697	417 943
Delivery claims from spot and forward forex transactions and from forex options	10.064		_	_	10 964
transactions	10 964				20001
transactions Total assets	383 914	25 822	18 474	697	428 907
		25 822	18 474	697	
Total assets	383 914		18 474		428 907
Total assets	<b>383 914</b> 10 000	1 167	-	381	<b>428 907</b> 11 548
Total assets       Due to banks       Due to customers	<b>383 914</b> 10 000 195 843	1 167 14 271	- 177	381	<b>428 907</b> 11 548 210 294
Total assets	10 000 195 843 4 176	1 167 14 271 _	 177 	381 3 -	<b>428 907</b> 11 548 210 294 4 176
Total assets       Image: Constraint of the set	383 914           10 000           195 843           4 176           16 177	1 167 14 271 - -		381 3 - -	<b>428 907</b> 11 548 210 294 4 176 16 324
Total assets	383 914           10 000           195 843           4 176           16 177           12 091	1167 14271 - - -	- 177 - 147 1 527	381 3 - - 2	<b>428 907</b> 11 548 210 294 4 176 16 324 13 620
Total assets       Image: Constraint of the set	383 914         10 000         195 843         4 176         16 177         12 091         1 130	1 167 14 271 - - - - -	- 177 - 147 1 527 54	381 3 - -	<b>428 907</b> 11 548 210 294 4 176 16 324 13 620 1 410
Total assets       Image: Constraint of the set	383 914 10 000 195 843 4 176 16 177 12 091 1 130 6 732	1167 14271 - - -	- 177 - 147 1 527	381 3 - - 2	428 907 11 548 210 294 4 176 16 324 13 620 1 410 6 732
Total assets       Image: Constraint of the system         Due to banks       Image: Constraint of the system         Due to customers       Image: Constraint of the system         Trading portfolio liabilities       Image: Constraint of the system         Trading portfolio liabilities       Image: Constraint of the system         Accrued expenses and deferred income       Image: Constraint of the system         Current tax liabilities       Image: Constraint of the system         Provisions       Image: Constraint of the system	383 914         10 000         195 843         4 176         16 177         12 091         1 130         6 732         2 281	1 167 14 271 - - - - -	- 177 - 147 1 527 54	381 3 - - 2 226 - - -	428 907 11 548 210 294 4 176 16 324 13 620 1 410 6 732 2 281
Total assets       Image: Constraint of the system         Due to banks       Image: Constraint of the system         Due to customers       Image: Constraint of the system         Trading portfolio liabilities       Image: Constraint of the system         Trading portfolio liabilities       Image: Constraint of the system         Negative replacement values       Image: Constraint of the system         Accrued expenses and deferred income       Image: Constraint of the system         Other liabilities       Image: Constraint of the system         Other liabilities       Image: Constraint of the system	383 914 10 000 195 843 4 176 16 177 12 091 1 130 6 732 2 281 1 946	1 167 14 271 - - - - - - - - - - - - - -	- 177 - 147 1527 54 - - -	381 3 - - 2 226 - - 1	428 907 11 548 210 294 4 176 16 324 13 620 1 410 6 732 2 281 1 947
Total assets       Image: Constraint of the system         Due to banks       Image: Constraint of the system         Due to customers       Image: Constraint of the system         Trading portfolio liabilities       Image: Constraint of the system         Negative replacement values       Image: Constraint of the system         Accrued expenses and deferred income       Image: Constraint of the system         Current tax liabilities       Image: Constraint of the system         Provisions       Image: Constraint of the system         Other liabilities       Image: Constraint of the system         Equity       Image: Constraint of the system	383 914 10 000 195 843 4 176 16 177 12 091 1 130 6 732 2 281 1 946 151 603	1 167 14 271 - - - - - - - - - - - - - - - - - - -	- 177 - 147 1527 54 - - - - 1873	381 3 - - 2 226 - - 1 - -119	428 907 11 548 210 294 4 176 16 324 13 620 1 410 6 732 2 281 1 947 149 611
Total assets         Due to banks         Due to customers         Trading portfolio liabilities         Negative replacement values         Accrued expenses and deferred income         Current tax liabilities         Deferred tax liabilities         Provisions         Other liabilities         Equity         Total on-balance-sheet liabilities         Delivery claims from spot and forward	383 914 10 000 195 843 4 176 16 177 12 091 1 130 6 732 2 281 1 946	1 167 14 271 - - - - - - - - - - - - - -	- 177 - 147 1527 54 - - -	381 3 - - 2 226 - - 1	428 907 11 548 210 294 4 176 16 324 13 620 1 410 6 732 2 281 1 947
Total assetsDue to banksDue to customersTrading portfolio liabilitiesNegative replacement valuesAccrued expenses and deferred incomeCurrent tax liabilitiesDeferred tax liabilitiesProvisionsOther liabilitiesEquityTotal on-balance-sheet liabilities	383 914 10 000 195 843 4 176 16 177 12 091 1 130 6 732 2 281 1 946 151 603	1 167 14 271 - - - - - - - - - - - - - - - - - - -	- 177 - 147 1527 54 - - - - 1873	381 3 - - 2 226 - - 1 - -119	428 907 11 548 210 294 4 176 16 324 13 620 1 410 6 732 2 281 1 947 149 611
Total assets         Due to banks         Due to customers         Trading portfolio liabilities         Negative replacement values         Accrued expenses and deferred income         Current tax liabilities         Deferred tax liabilities         Provisions         Other liabilities         Equity         Total on-balance-sheet liabilities         Delivery claims from spot and forward forex transactions and from forex options transactions	383 914 10 000 195 843 4 176 16 177 12 091 1 130 6 732 2 281 1 946 151 603 401 979 	1 167 14 271 - - - - - - - - - - - - -	-   177 -   147 1527 54 -   -   - 1873 32 7 356	381 3 - 2 226 - 1 -119 494 -	<b>428 907</b> <ul> <li>11 548</li> <li>210 294</li> <li>4 176</li> <li>16 324</li> <li>13 620</li> <li>1 410</li> <li>6 732</li> <li>2 281</li> <li>1 947</li> <li>149 611</li> <li>417 943</li> <li>10 964</li> </ul>
Total assets         Due to banks         Due to customers         Trading portfolio liabilities         Negative replacement values         Accrued expenses and deferred income         Current tax liabilities         Deferred tax liabilities         Provisions         Other liabilities         Equity         Total on-balance-sheet liabilities         Delivery claims from spot and forward forex transactions and from forex options	383 914 10 000 195 843 4 176 16 177 12 091 1 130 6 732 2 281 1 946 151 603	1 167 14 271 - - - - - - - - - - - - -	- 177 - 147 1527 54 - - - - 1873 <b>32</b>	381 3 - - 2 226 - - 1 - -119	428 907 11 548 210 294 4 176 16 324 13 620 1 410 6 732 2 281 1 947 149 611 417 943

CHF 1 000	CHF	EUR	USD	Other	Total
31.12.2013					
Cash	172 703		_		172 703
Due from banks	71 545	2 087	5 050	492	79 174
Due from customers	15 472	5 402	_		20 874
Trading portfolio assets	6 857	_	_	_	6 857
Positive replacement values	7 218		59		7 277
Other financial assets at fair value	8 473	5 457	13 649	_	27 579
Accrued income and prepaid expenses	1 852	_	118	_	1 970
Financial investments	22 500	998	_	_	23 498
Associated companies	_	_	492	_	492
Property and equipment	336				336
Goodwill and other intangible assets	53 998		_		53 998
Current tax assets	10 413		19		10 432
Deferred tax assets	25		_		25
Other assets	416		57		473
Total on-balance-sheet assets	371 808	13 944	19 444	492	405 688
Delivery claims from spot and forward forex transactions and from forex options transactions	12 350				12 350
Total assets	384 158	13 944	19 444	492	418 038
Due to banks	6 014	_	_	_	6 014
Due to customers	213 713	7 579	58	26	221 376
Trading portfolio liabilities	4 458		_		4 458
Negative replacement values	7 202	3			7 205
Accrued expenses and deferred income	7 523		293		7 816
Current tax liabilities	2 446		208		2 654
Deferred tax liabilities	5 775	_	_		5 775
Provisions	334		_		334
Other liabilities	605	_	_	_	605
Equity	149 339	_	112	_	149 451
	397 409	7 582	671	26	405 688
Total on-balance-sheet liabilities					
Total on-balance-sheet liabilities Delivery claims from spot and forward forex transactions and from forex options transactions		3 068	9 282	_	12 350
Delivery claims from spot and forward forex transactions and from forex options		3 068	9 282 9 953		12 350 <b>418 038</b>

# 6.2 Maturity structure of assets and liabilities

CHF 1 000	On demand	Subject to notice	Due within 3 months	Due within 3 to 12 months	Due between 1 and 5 years	Due after 5 years	Tota
31.12.2014							
Assets							
Cash	145 327	-	-	-	-	-	145 327
Due from banks	92 535	-	-	101	-	-	92 636
Due from customers	10 592	-	-	124	-	-	10 716
Trading portfolio assets	17 471	-	-	-	-	-	17 471
Positive replacement values	-	-	13	5 290	10 771	-	16 074
Other financial assets at fair value	16 068	-	-	-	254	11 487	27 809
Accrued income and prepaid expenses	-	-	6 522	-	-	-	6 522
Financial investments	-	-	-	-	22 400	872	23 272
Associated companies	-	-	-	-	-	548	548
Property and equipment	-	-	-	34	190	-	224
Goodwill and other intangible assets	55 383	-	-	2 116	5 203	3 450	66 152
Current tax assets	1	-	-	8 463	-	-	8 464
Deferred tax assets	-	-	-	357	-	-	357
Other assets	-995	-	579	-	2 787	-	2 371
Total assets	336 382	-	7 114	16 485	41 605	16 357	417 943

Liabilities							
Due to banks	1 548	10 000	-	-	-	-	11 548
Due to customers	210 034	-	260	-	-	-	210 294
Trading portfolio liabilities	4 176	-	-	-	-	-	4 176
Negative replacement values	-	-	263	5 277	10 784	-	16 324
Accrued expenses and deferred income	531	-	13 089	-	-	-	13 620
Current tax liabilities	-	-	-	1 410	-	-	1 410
Deferred tax liabilities	1 288	-	-	1 736	3 708	-	6 732
Provisions	-	-	-	2 281	-	-	2 281
Other liabilities	-13	-	1 960	-	-	-	1 947
Total liabilities	217 564	10 000	15 572	10 704	14 492	-	268 332

# Liabilities

Contingent liabilities							
Credit guarantees	6 000	-	-	-	-	-	6 000
Irrevocable commitments							
Rental commitments	18	-	443	1 360	4 235	29	6 086
Undrawn irrevocable credit facilities	-	-	146	-	-	-	146

CHF 1 000	On demand	Subject to notice	Due within 3 months	Due within 3 to 12 months	Due between 1 and 5 years	Due after 5 years	Total
31.12.2013							
Assets							
Cash	172 703	_	_	_	_	_	172 703
Due from banks	79 073		_	_	101	_	79 174
Due from customers	20 849	_	_	25	_	_	20 874
Trading portfolio assets	6 857	_		_	_		6 857
Positive replacement values		_	75	657	4 991	1 554	7 277
Other financial assets at fair value	18 863	-	-	-	535	8 181	27 579
Accrued income and prepaid expenses		-	1 970	_		_	1 970
Financial investments		-	1 900	-	20 600	998	23 498
Associated companies		-	-	-	-	492	492
Property and equipment	_			14	322		336
Goodwill and other intangible assets	44 000	-	-	2 285	4 413	3 300	53 998
Current tax assets		-	-	10 432	_	_	10 432
Deferred tax assets	_			25			25
Other assets	37	-	436	-	-	-	473
Total assets	342 382	-	4 381	13 438	30 962	14 525	405 688
<b>Liabilities</b> Due to banks		5 500					6 014
Due to customers	221 039		337				221 376
Trading portfolio liabilities	4 458	_	_	_	_		4 458
Negative replacement values	-	_	3	657	4 991	1 554	7 205
Accrued expenses and deferred income			7 285	531			7 816
Current tax liabilities		_	_	2 654			2 654
Deferred tax liabilities		_	-	609	4 542	624	5 775
Provisions		-	-	334	-	-	334
Other liabilities			605				605
Total liabilities	226 011	5 500	8 230	4 785	9 533	2 178	256 237
	226 011	5 500	8 230	4 785	9 533	2 178	256 23
Liabilities							
Contingent liabilities				16.000			16.000
Credit guarantees				16 000			16 000
Irrevocable commitments			100	435	3 019		3 618
Rental commitments Undrawn irrevocable credit facilities				455	5019		156

# 6.3 Fair value of financial instruments

CHF 1 000			31.12.2014			31.12.2013
	Book value	Fair value	Deviation	Book value	Fair Value	Deviation
Assets						
Cash	145 327	145 327	-	172 703	172 703	_
Due from banks	92 636	92 636	-	79 174	79 174	_
Due from clients	10 716	10 716	-	20 874	20 874	-
Subtotal receivables	248 679	248 679	-	272 751	272 751	-
Financial investments	-	-	-	1 900	1 978	78
Financial assets at amortized cost	248 679	248 679	-	274 651	274 729	78
Trading portfolio assets	17 471	17 471	-	6 857	6 857	_
Derivative financial instruments	16 074	16 074	-	7 277	7 277	-
Other financial assets at fair value	27 809	27 809	-	27 579	27 579	-
Financial investments	872	872	-	998	998	-
Subtotal other financial assets at						
fair value through profit and loss	62 226	62 226	-	42 711	42 711	-
Financial investments	22 400	22 400	-	20 600	20 600	-
Financial assets at fair value	84 626	84 626	-	63 311	63 311	-
Liabilities						
Due to banks	11 548	11 548	_	6 0 1 4	6 0 1 4	_

	11 548	11 548		6 0 1 4	6 0 1 4	
Due to customers	210 294	210 294	-	221 376	221 376	
Financial liabilities at amortized cost	221 842	221 842	-	227 390	227 390	-
Trading portfolio liabilities	4 176	4 176	-	4 458	4 458	
Derivative financial instruments	16 324	16 324	-	7 205	7 205	
Financial liabilities at fair value	20 500	20 500	_	11 663	11 663	_

# Valuation methods of financial instruments

31.12.2014	Level 1 CHF 1 000	Level 2 TCHF 1 000	Level 3 TCHF 1 000	Total TCHF 1 000
Assets				
Cash	145 327	-	-	145 327
Due from banks	-	92 636	-	92 636
Due from customers	-	10 716	-	10 716
Financial investments	-	-	-	-
Financial assets at amortized cost	145 327	103 352	-	248 679
Trading portfolio assets	3 754	13 717	-	17 471
Positive replacement values	13	16 061		16 074
Other financial assets at fair value		16 068	11 741	27 809
- Financial investments		872	22 400	23 272
Financial assets at fair value	3 767	46 718	34 141	84 626
Total financial assets	149 094	150 070	34 141	333 305
Liabilities				
Due to banks	-	11 548	-	11 548
Due to customers	-	210 294	-	210 294
Financial liabilities at amortized cost	-	221 842	-	221 842
Trading portfolio liabilities	4 176	-	-	4 176
Negative replacement values	-	16 324	-	16 324
Financial liabilities at fair value	4 176	16 324	-	20 500
Total financial liabilities	4 176	238 166	_	242 342

31.12.2013	Level 1 CHF 1 000	Level 2 TCHF 1 000	Level 3 TCHF 1 000	Total TCHF 1 000
Assets				
Cash	172 703			172 703
Due from banks		79 174		79 174
Due from customers		20 874	_	20 874
Financial investments		1 900		1 900
Financial assets at amortized cost	172 703	101 948	_	274 651
Trading portfolio assets	1 577	5 280	-	6 857
Positive replacement values	16	7 261	-	7 277
Other financial assets at fair value		18 863	8 716	27 579
Financial investments		998	20 600	21 598
Financial assets at fair value	1 593	32 402	29 316	63 311
Total financial assets	174 296	134 350	29 316	337 962
Liabilities				
Due to banks	_	6 014	_	6 014
Due to customers		221 376		221 376
Financial liabilities at amortized cost		227 390	-	227 390
Trading portfolio liabilities	4 458			4 458
Negative replacement values		7 205		7 205
Financial liabilities at fair value	4 458	7 205		11 663
Total financial liabilities	4 458	234 595	-	239 053

#### Level-1-instruments

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

#### Level-2-instruments

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

# Level-3-instruments

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

# 6.4 Level-3-financial instruments

CHF 1 000			31.12.14			31.12.2013
Assets						
Holdings at the beginning of the year	8 716	20 600	29 316	9 391	21 300	30 691
Investments	764	-	764	1 161	-	1 161
Redemptions	-254	-	-254	-1166	_	-1166
Losses recognized in the income statement	-27	-	-27	-670	_	-670
Losses recognized as other comprehensive income	-	-	-	_	-700	-700
Gains recognized in the income statement	2 542	-	2 542		_	
Gains recognized as other comprehensive income	-	1 800	1 800	_	_	
Total book value at balance sheet date	11 741	22 400	34 141	8 716	20 600	29 316
Total profit/loss of Level 3 instruments, which were held on 31. December.	2 542	1 800	4 342	-670	-700	-1 370

## 6.5 Netting agreements

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

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

31.12.2014	Amount before balance sheet offsetting CHF 1 000	Balance sheet offsetting CHF 1 000		Financial instruments not offset CHF 1 000	Collateral received/ provided CHF 1 000	Unsecured amount CHF 1 000
Financial assets						
Positive replacement values	16 074	-	16 074	330	2 236	13 508
Cash collateral for securities borrowing agreements	-	-	-	_	-	-
Total financial assets	16 074	-	16 074	330	2 236	13 508
Financial liabilities						
Negative replacement values	16 324	-	16 324	330	-	15 994
Cash collateral from securities lending agreements	-	-	-			-
	16 324	_	16 324	330	_	15 994
Total financial liabilities	10 524					
Total financial liabilities 31.12.2013	Amount before balance sheet offsetting CHF 1 000	Balance sheet offsetting CHF 1 000	Book value	Financial instruments not offset CHF 1 000	Collateral received/ provided CHF 1 000	Unsecured amount CHF 1 000
	Amount before balance sheet offsetting	Balance sheet offsetting	Book value	Financial instruments not offset	received/ provided	amount
31.12.2013	Amount before balance sheet offsetting	Balance sheet offsetting	Book value	Financial instruments not offset	received/ provided	amount
31.12.2013 Financial assets	Amount before balance sheet offsetting CHF 1 000	Balance sheet offsetting CHF 1 000	Book value CHF 1 000	Financial instruments not offset CHF 1 000	received/ provided CHF 1 000	amount CHF 1 000
31.12.2013 Financial assets Positive replacement values	Amount before balance sheet offsetting CHF 1 000	Balance sheet offsetting CHF 1 000 	Book value CHF 1 000	Financial instruments not offset CHF 1 000	received/ provided CHF 1 000	amount CHF 1 000
31.12.2013 Financial assets Positive replacement values Cash collateral for securities borrowing agreements	Amount before balance sheet offsetting CHF 1 000 7 277 -	Balance sheet offsetting CHF 1 000 	Book value CHF 1 000 7 277 –	Financial instruments not offset CHF 1 000 4 314	received/ provided CHF 1 000	amount CHF 1 000 1 409 
31.12.2013 Financial assets Positive replacement values Cash collateral for securities borrowing agreements Total financial assets	Amount before balance sheet offsetting CHF 1 000 7 277 -	Balance sheet offsetting CHF 1 000 	Book value CHF 1 000 7 277 –	Financial instruments not offset CHF 1 000 4 314	received/ provided CHF 1 000	amount CHF 1 000 1 409 
31.12.2013 Financial assets Positive replacement values Cash collateral for securities borrowing agreements Total financial assets Financial liabilities	Amount before balance sheet offsetting CHF 1 000 7 277 - 7 277 - 7 277	Balance sheet offsetting CHF 1 000 	Book value CHF 1 000 7 277 - 7 277	Financial instruments not offset CHF 1 000 4 314 - 4 314	received/ provided CHF 1 000	amount CHF 1 000 1 409  1 409

# 7 Off-balance sheet and other information

# 7.1 Off-balance sheet

CHF 1 000	31.12.2014	31.12.2013
Contingent liabilities		
Credit guarantees	6 000	16 000
Total	6 000	16 000
Irrevocable commitments		
Rental commitments <sup>1)</sup>	6 086	3 618
Undrawn irrevocable credit facilities	146	156
of which payment obligation to the protection of deposits	146	156
Total	6 232	3 774
<sup>1)</sup> All rental commitments are due within 1–4 years.		
Fiduciary transactions		
Fiduciary placements with third-party banks	-	_
Tidu sign and the	_	_
Fiduciary credits	_	
Total		_
Total		-
Total Securities lending and pension transactions		
Total         Securities lending and pension transactions         Book value of liabilities from cash deposits in securities lending and repurchase transactions         Book value of own holdings of securities lent in securities lending or provided as collateral in		 
Total         Securities lending and pension transactions         Book value of liabilities from cash deposits in securities lending and repurchase transactions         Book value of own holdings of securities lent in securities lending or provided as collateral in		
Total         Securities lending and pension transactions         Book value of liabilities from cash deposits in securities lending and repurchase transactions         Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions	  12 839	
Total         Securities lending and pension transactions         Book value of liabilities from cash deposits in securities lending and repurchase transactions         Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions         CHF Mio.	  12 839	
Total         Securities lending and pension transactions         Book value of liabilities from cash deposits in securities lending and repurchase transactions         Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions         CHF Mio.         Assets under management         Assets with management mandate	 12 839 31.12.2014	31.12.2013
Total         Securities lending and pension transactions         Book value of liabilities from cash deposits in securities lending and repurchase transactions         Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions         CHF Mio.         Assets under management		<b>31.12.2013</b> 2 639
Total         Securities lending and pension transactions         Book value of liabilities from cash deposits in securities lending and repurchase transactions         Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions         CHF Mio.         Assets under management         Assets with management mandate         Other assets under management		<b>31.12.2013</b> 2 639 1 689
Total         Securities lending and pension transactions         Book value of liabilities from cash deposits in securities lending and repurchase transactions         Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions         CHF Mio.         Assets under management         Assets with management mandate         Other assets under management         Total assets under management (including double counts)		<b>31.12.2013</b> 2 639 1 689 <b>4 328</b>

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

#### 7.2 Employee benefit plans

There are pension plans for most of the employees at Bellevue Group. These plans provide benefits in the event of death, disability, retirement or termination of employment. There were no unfunded liabilities due to employee pension plans as at the balance sheet date (previous year: no liabilities either).

In Switzerland, pension contributions are paid equally by the employer and the employee. The foundation board is composed of an equal number of employee and employer representatives. According to Swiss law and the pension regulations, foundation boards are obliged to act solely in the interest of the foundation and its beneficiaries (active workforce and recipients of pensions). Hence, the employer cannot single-handedly determine the benefits and the funding; all resolutions have to be agreed on by both sides. The members of the foundation board are responsible for defining the investment strategy, for deciding on amendments to the pension regulations, and in particular for determining the funding of the pension benefits.

In the events of death and disability, pension benefits are based on the insured salary. In the event of old age, they are based on pension assets. At the time of retirement, insured persons can choose between a life annuity, which includes a prospective spouse pension, and a lump sum payment. Apart from retirement benefits, pension benefits also include disability and surviving spouse or partner pensions. Furthermore, insured persons can improve their pension situation up to the regulatory maximum by paying in additional amounts, or withdraw money early to acquire property that they occupy themselves. At the time of termination of an employment contract, the vested benefits will be transferred to the pension plan of the new employer or a vested benefits scheme. This type of benefit can result in pension payments fluctuating considerably from year to year.

When determining the benefits, the minimum requirements of the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA) and its implementing provisions must be considered. The LOB defines minimum insured salary and minimum retirement assets. The Federal Council determines the minimum interest on these minimum retirement assets at least every two years. In 2014, it amounts to 1.75% (previous year: 1.5%).

Due to the nature of the pension plans and the provisions of the OPA, the employer is exposed to actuarial risks. The risks of death, disability and longevity are largely covered by an insurance policy. The major remaining risks include investment risk, interest risk and the risk of the insurer adjusting the premiums. If the insurance contract is terminated, the current pensions are transferred to the foundation.

All employer and employee contributions are determined by the foundation board. The employer is to bear a minimum of 50% of the required contributions. In the case of underfunding, both employer and employee are entitled to pay in amounts to close the funding gap.

CHF 1 000	31.12.2014	31.12.2013
Consolidated balance sheet		
Fair value of plan assets	39 848	31 882
Present value of pension obligations	-41 729	-32 016
Funding surplus/shortfall	-1881	-134
Unrecognised actuarial gains/losses	-	
Net (pension obligation)/plan assets	-1881	-134

CHF 1 000	1.131.12.2014	1.131.12.2013
Pension cost recognised in the income statement		
Service cost		
Current service cost	-2 030	-2 094
Past service cost including effects of curtailment	1 824	_
Plan settlements	-	_
Net interest expenses/income	62	-20
Administrative expenses	-49	-46
Total pension cost for the period	-193	-2 160

CHF 1 000	1.131.12.2014	1.131.12.2013
Revaluation components recorded in other income Actuarial gains/losses		
Arising from changes in demographical assumptions		
Arising from changes in economic assumptions	-4 476	1 538
		-1 435
Arising from experience	-180	
Return on plan assets (excluding amounts included in net interest expenses)	1 452	2 115
Effects from curtailments		-
Total of amounts recognised in other income	-3 204	2 218
Total pension costs	-3 397	58
CHF 1 000	2014	2013
Development of pension obligations		
At 1 January	-32 016	-29 190
Current service cost	-2 030	-2 094
Employee contributions	-246	-251
Interest expenses on the present value of the obligations	-692	-555
Pension payments and vested benefits	4 791	2 863
Additions from admissions and voluntary contributions	-2 247	-2 892
Plan amendments	1 824	
Liabilities assumed in a business combination	-6 457	
Actuarial gains/losses	-4 656	103
At 31 December	-41 729	-32 016
Development of plan assets At 1 January	31 882	27 046
Interest income	754	535
Plan participants' contribution	246	251
Company contributions	1 858	1 952
	-4 791	-2 863
Pension payments and vested benefits Additions from admissions and voluntary contributions		
· · · · · · · · · · · · · · · · · · ·	2 247	2 892
Return on plan assets (excluding amounts in net interest)		2 115
Assets assumed in a business combination	6 249	-
Administration expense	-49	-46
At 31 December	39 848	31 882
Actual return on plan assets	2 206	2 650
CHF 1 000	31.12.2014	31.12.2013
Allocation of plan assets		
Equities		
Listed investments	13 999	12 056
Non-listed investments	-	
Bonds		
Listed investments	10 548	12 944
Non-listed investments	-	-
Real estate		
Directly invested	-	-
Investments in funds	1 285	1 260
Alternative investments	3 115	1 673
Qualified insurance policies	6 326	± 07.
Other	4 575	3 694
	4 5 / 5	
Liquidity	-	255
Fotal	39 848	31 883

The plan assets as at 31 December 2014 as well as at 31 December 2013 do not include shares of Bellevue Group Ltd. The foundation board issues investment guidelines for the investment of plan assets. These guidelines include tactical asset allocation and benchmarks for comparing the results with a general investment universe. The plan assets are well diversified. In terms of diversification and security, the Swiss pension plan is subject to the provisions of the OPA. As a rule, bonds receive at least a rating of A.

Actuarial assumptions

The foundation board regularly reviews the selected investment strategy as to whether it meets the requirements of the pension plan and whether the risk budget is in line with the demographic structure. Adherence to investment guidelines as well as results achieved by investment advisors are reviewed on a quarterly basis. Furthermore, an external consultancy periodically examines the investment strategy with regard to whether it is effective and appropriate.

Defined-benefit obligations are distributed as follows:

CHF 1 000	31.12.2014	31.12.2013
Active workforce	41 729	32 016
Pensioners	-	
Total	41 729	32 016

The maturity of the obligation is 22.1 years as at 31 December 2014 (previous year: 21.1 years). The expected employer's contributions for 2015 are estimated at CHF 2.3 million (previous year: CHF 1.8 million).

CHF 1 000	31.12.2014	31.12.2013
Changes to the present value of a defined-benefit obligation	+0.25%	+0.25%
Assumed interest rate	-1966	-1 411
Salary development	427	345
Interest on pension assets	819	616
	+1 Jahr	+ 1 Jahr
Development of life expectancy	614	391

BVG 2010GT	BVG 2010GT
1 949	1 948
21.39	21.29
23.86	23.76
1 969	1 968
23.16	23.09
25.59	25.52
1.20%	2.30%
1.50%	1.50%
0.00%	0.00%
1.75% (obli.);	
1.20% (überobli.)	2.30%
-	21.39 23.86 1 969 23.16 25.59 1.20% 1.50% 0.00% 1.75% (obli.);

The most important factors influencing the development of pension obligations are assumed interest rate, salary development, pension index and development of life expectancy.

## 7.3 Major foreign exchange rates

The following exchange rates were used for the major currencies:

	Year-end rate	2014 Average rate		2013 Average rate
EUR	1.20275	1.21454	1.22715	1.23057
USD	0.99400	0.91540	0.89245	0.92660

#### 7.4 Events after the balance sheet date

On 15 January 2015, the Swiss National Bank announced to abandon the minimum exchange rate for the Swiss franc against the euro. As a consequence, the major currencies for Bellevue Group (EUR and USD) devaluated considerably against the Swiss franc. The abandonment of the minimum exchange rate had no impact on Bellevue Group's consolidated financial statements 2014.

## 7.5 Dividend payment

The Board of Directors will propose a dividend of CHF 1.00 per registered share at the general meeting of shareholders of Bellevue Group AG on March 16, 2015. This corresponds to a total payment of CHF 10.47 millions.

## 7.6 approval of the consolidated financial statements

The Audit Committee discussed and approved the consolidated accounts during its meeting on February 16, 2015, the Board of Directors during its meeting on February 17, 2015. They will be submitted for approval at the general meeting on March 16, 2015.

# 8 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Intercompany	Total
1.131.12.2014					
Net interest income	1 688	36	138		1 862
Net fee and commission income	15 093	34 961	-	-255	49 799
Net trading income	596	407	-16		987
Other ordinary income	9	4 554	101		4 664
Service from/to other segments	316	-316	-		_
Total operating income	17 702	39 642	223	-255	57 312
Personnel expenses	-9 033	-14050	-2 254		-25 337
Other operating expenses	-6 467	-6 674	-1 266	255	-14 152
Service from/to other segments	136	-200	64		_
Depreciation	-4 300	-1544	-3		-5 847
thereof on intangible assets	-4 300	-1 272	_		-5 572
Valuation adjustments and provisions	-400	_	_		-400
Total operating expenses	-20 064	-22 468	-3 459	255	-45 736
Profit before tax	-2 362	17 174	-3 236	_	11 576
	-2 502	1/ 1/4	-5250		11 570
Taxes	890	-1821	454		-477
Group net profit	-1 472	15 353	-2 782	-	11 099
Further information					
Segments assets <sup>1)</sup>	338 304	82 617	-2 978		417 943
Segments liabilities	236 954	30 170	1 208		268 332
Assets under management (CHF m) <sup>2)</sup>	1 525	4 665			6 190
Net new money (CHF m)	- 306	718	_		412
Capital expenditure	137	24	-		161
Number of staff (full-time equivalent) at cut-off date	30.1	44.7	3.6		78.4
Annual average number of staff (full-time equivalent)	34.6	40.2	3.4		78.2

<sup>1)</sup> Including associated companies; the sum of long-term assets in Switzerland, including Goodwill and excluding Other financial assets at fair value, amounts to CHF 89.6 million, in all other countries amounts to CHF 1.4 million.

<sup>2)</sup> Including double counts

CHF 1 000	Bank am Bellevue	Asset Management	Group	Intercompany	Total
1.131.12.2013					
Net interest income	3 955	11	-1		3 965
Net fee and commission income	16 470	21 060	-	-100	37 430
Net trading income	771	247	-10		1 008
Other ordinary income	-55	2 448	981		3 374
Services from/to other segments	78	-69	-9		-
Total operating income	21 219	23 697	961	-100	45 777
Personnel expenses	-10 356	-11 791	-2 139		-24 286
Other operating expenses	-6 098	-5 073	-493	100	-11 564
Services from/to other segments	194	-194			_
Depreciation	-1 266	-1 428	-3		-2 697
thereof on other intangible assets	-1 200	-1085			-2 285
Valuation adjustments and provisions	-200	_			-200
Total operating expenses	-17 726	-18 486	-2 635	100	- 38 747
Profit before tax	3 493	5 211	-1674		7 030
Taxes	-155	- 395	4		-546
Group net profit	3 338	4 816	-1670		6 484
Further information					
Segments assets 1)	349 857	55 430	401		405 688
Segments liabilities	238 238	16 343	1 656		256 237
Assets under management (CHF m) <sup>2)</sup>	1 703	2 625			4 328
Net new money (CHF m)	-263	-42			- 305
Capital expenditure		_		,,	
Number of staff (full-time equivalent) at cut-off date	37.6	40.2	2.6		80.4
Annual average number of staff (full-time equivalent)	37.0	40.3	2.6		79.9

<sup>1)</sup> Including associated companies; the sum of long-term assets in Switzerland, including Goodwill and excluding Other financial assets at fair value, amounts to CHF 88 million, in all other countries amounts to CHF 1.5 million.

<sup>2)</sup> Including double counts

## Segment "Bank am Bellevue"

The services provided by Bank am Bellevue comprise trading in Swiss equities, the issue of securities and corporate finance services. Almost all of its clients are institutional investors. Fees and commissions are therefore its main source of income. Other banking services are not provided, or only to a limited extent. Segment reporting groups such services together and presents them under "Bank am Bellevue". The revenues generated abroad are not material.

#### Segment "Asset Management"

Bellevue Asset Management is an independent, highly specialised asset management boutique focusing on management of equity portfolios for selected regional and sector strategies, and on institutional assets. Bellevue Asset Management has consistently outperformed the benchmark indices and has assets under management exceeding CHF 3 billion in health care products. This makes Bellevue Asset Management one of the world leaders in this specialised sector. Further core competences include management of investments in new markets, especially the regions of Africa, Eastern Europe, Russia and Asia, and in differentiated niche strategies focusing on Switzerland and Europa. Bellevue Asset Management's investment philosophy focuses purely on active asset management, based on a bottom-up, research-driven approach to stock picking. The revenues generated abroad are not material.

#### "Group"

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

#### 9 Major subsidiaries

					31.12.2014		31	31.12.2013	
Company name	Domicile	Purpose	Currency	Share capital-/ nominal capital	Capital	Share of voting right	Capital	Share of voting right	
Fully consolidated companies									
Bellevue Group AG	Küsnacht, Switzerland	Holding	CHF	1 047 000	parent o	company	parent	company	
Bellevue (USA) Inc.	Wilmington, USA	Holding	USD	10	100%	100%	100%	100%	
Bank am Bellevue AG	Küsnacht, Switzerland	Bank	CHF	25 000 000	100%	100%	100%	100%	
Bellevue Asset Management AG	Küsnacht, Switzerland	Asset Management	CHF	1 750 000	100%	100%	100%	100%	
Adamant Biomedical Investments AG	Zürich, Switzerland	Asset Management	CHF	250 000	100%	100%	0%	0%	
Asset Management BaB N.V.	Curaçao	Asset Management	USD	6 001	100%	100%	100%	100%	
Bellevue Research Inc.	Boston, USA	Research	USD	100	100%	100%	100%	100%	
BB Biotech Ventures G.P.	Guernsey	Investment Advisor	GBP	10 000	100%	100%	100%	100%	
Bellevue Advisors Limited	London, UK	Investor relations, distribution	GBP	50 000	100%	100%	0%	0%	
Erstmals vollkonsolidierte Gesellschaften									
Adamant Biomedical									
Investments AG	Zürich, Switzerland	Asset Management	CHF	250 000	100%	100% 1)	0%	0%	
Bellevue Advisors Limited	London, UK	Investor relations, distribution	GBP	50 000	100%	100% <sup>2)</sup>	0%	0%	

<sup>1)</sup> The company was acquired by 30.9.2014.
 <sup>2)</sup> The company was founded by 2.9.2014.

#### 10 Statutory banking regulations

Bellevue Group is regulated by the Financial Market Supervisory Authority (FINMA). FINMA requires that Swiss-domiciled banks using International Financial Reporting Standards (IFRS) as their primary accounting standard provide a narrative explanation of the major differences between IFRS and Swiss GAAP. Swiss GAAP adheres to the basic provisions of the Federal Law on Banks and the bank accounting guidelines issued by FINMA.

The main differences between IFRS and Swiss GAAP (true and fair view) are:

Under IFRS, realized gains and losses on financial assets that are valued at amortized cost and that are sold or repaid prior to final maturity are immediately recorded in the income statement. Under Swiss GAAP, such gains and losses are amortized to the stated maturity of the financial assets sold or repaid. In addition, changes in the fair value of financial investments available-for-sale are directly recognized in equity. Under Swiss GAAP, such investments are recorded at the lower of cost or market, with any changes in value recorded in the income statement.

Under IFRS, all income and expenses are attributed to ordinary business operations. Under Swiss GAAP, certain income and expenses are classified as extraordinary, e.g. if they stem from non-operating transactions or are non-recurring.

Under IFRS, treasury shares are deducted from equity in the balance sheet. Gains or losses resulting from treasury shares are not recorded in the income statement; instead they are directly set off against equity. Under Swiss GAAP, own shares not held for trading purposes are reported under Financial investments and corresponding reserves tor treasury shares are declared. Gains and losses resulting from the sale of own shares are recorded in the income statement. Under IFRS no follow-up assessment is performed for treasury shares.

Under IFRS, goodwill is not amortized but it must be tested for impairment annually and a write-off made if the recoverable amount is less than the carrying amount. Under Swiss GAAP, goodwill is amortized over its useful life, generally not exceeding five years (in justified cases up to twenty years), and tested for impairment.

Under IFRS, intangible assets with indefinite lives are not amortized but they are tested for impairment on an annual basis. Under Swiss GAAP, these intangible assets are amortized over the useful lives up to a maximum of five years and are also tested for impairment.

Under IFRS, assets and liabilities of an entity held-for-sale are separated from the ordinary balance sheet positions and reported separately as discontinued operations. In addition, such assets and liabilities are remeasured at the lower of their carrying value or fair value less cost to sell. Under Swiss GAAP, these positions remain in the ordinary balance sheet positions until disposal and are not remeasured.

# Report of the statutory auditor on the consolidated financial statements



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Audit expert Auditor in charge

Markus Meier Audit expert

Zurich, 20 February 2015

Financial statement 2014 of Bellevue Group AG

# Income statement

CHF 1 000	1.131.12.2014	1.131.12.2013
Interest income	193	58
Interest expense	-	-1
Net interest income	193	57
Net fee and commission income	-	
Net trading income	-	2
Net income from financial assets	-27	-54
Dividend income from associated companies	5 000	30 000
Other ordinary income	128	
Other income	5 101	29 946
Total operating income	5 294	30 001
Personnel expenses	-1631	-1468
Other operating expenses	-1163	- 390
Total operating expense	-2 794	-1 858
Depreciation	-	_
Extraordinary income	-	1 034
Profit before tax	2 500	29 177
Taxes	376	-96
Profit for the year	2 876	29 081

# **Balance Sheet**

CHF 1 000	31.12.2014	31.12.2013
Assets		
Current assets		
Due from group banks	183	7 807
Due from other banks	704	717
Total cash and cash equivalent	887	8 524
Due from group companies	2 140	2 091
Net receivables	2 140	2 091
Total prepaid expenses and accrued income	73	18
Total current assets	3 100	10 633
Non-current assets		
Financial investments	254	535
Participations	172 631	172 631
Total non-current assets	172 885	173 166
Total assets	175 985	183 799
Due from group companies	2 323	9 898
Liabilities and shareholders' equity Liabilities		
Other liabilities	45	
Accrued expenses and deferred income	951	1 215
Total current liabilities	996	1 215
Total liabilities	996	1 215
Shareholders' equity		
Share capital	1 047	1 047
General reserves	2 225	2 225
Reserves for own shares	21	362
Total statutory reserves	2 246	2 587
Total other reserves	19 485	19 144
Profit brought forward	149 336	130 725
Profit for the year	2 876	29 081
Total disposable profit	152 212	159 806
Total shareholders' equity	174 990	182 584
Total liabilities and shareholders' equity	175 986	183 799

# Notes to the financial statements

	Number	CHF 1 000
Own shares in trading portfolio of Bank am Bellevue		
Balance as of 1.1.2013	226 500	2 172
Purchases	119 833	1 162
Disposals	-311 433	-2 974
Balance as of 30.6.2013	34 900	360
Purchases	41 555	502
Disposals	-46 455	-500
Balance as of 31.12.2013	30 000	362
Purchases	100 739	1 418
Disposals	-130 739	-1780
Balance as of 30.6.2014	-	-
Purchases	18 723	243
Disposals	-17 207	-222
Balance as of 31.12.2014	1 516	21

# Treasury shares of Bellevue Group AG

Balance as of 1.1.2013		
Purchases	-	
Disposals	-	
Share capital reduction	-	
Balance as of 30.6.2013		
Purchases		
Disposals	=	
Balance as of 31.12.2013	-	
Purchases	-	-
Disposals	=	-
Balance as of 30.6.2014	-	
Purchases	-	
Disposals	-	
Balance as of 31.12.2014	_	

Reserves for own shares

Balance as of 31.12.2013	362
Balance as of 31.12.2014	21

In accordance with Art. 663b para. 1, item 10 CO, reserves for own shares are deducted from equity for all own shares held by Bellevue Group AG and its subsidiaries in the separate financial statements of Bellevue Group AG.

Company name	Domicile	Activity		Share capital/ Nominal capital		.12.2014 Share of voting right		12.2013 Share of voting right
Fully consolidated companies								
Bellevue Group AG	Küsnacht, Switzerland	Holding	CHF	1 047 000	Mutterges	ellschaft	Mutterges	ellschaft
Bellevue (USA) Inc.	Wilmington, USA	Holding	USD	10	100%	100%	100%	100%
Bank am Bellevue AG	Küsnacht, Switzerland	Bank	CHF	25 000 000	100%	100%	100%	100%
Bellevue Asset Management AG	Küsnacht, Switzerland	Asset managment	CHF	1 750 000	100%	100%	100%	100%
Adamant Biomedical Investments AG	Zürich, Switzerland	Asset managment	CHF	250 000	100%	100% 1)	0%	0%
Asset Management BaB N.V.	Curaçao	Asset managment	USD	6 001	100%	100%	100%	100%
Bellevue Research Inc.	Boston, USA	Research	USD	100	100%	100%	100%	100%
BB Biotech Ventures G.P.	Guernsey	Investment advisor	GBP	10 000	100%	100%	100%	100%
Bellevue Advisors Limited	London, UK	Investor relations, distribution	GBP	50 000	100%	100% 2)	0%	0%
<ul> <li><sup>1)</sup> The compnay was acquired by 30.5</li> <li><sup>2)</sup> The company was found by 2.9.20</li> <li>CHF 1 000</li> </ul>					No.	of shares	Р	ar Value
Share capital (registered shares)								
Balance as of 1.1.2013					10	470 000		1 0 4 7
Balance as of 31.12.2013						470 000		1 047
Balance as of 31.12.2013 Balance as of 31.12.2014						470 000 470 000		
Balance as of 31.12.2014					10		P	1 047 1 047
Balance as of 31.12.2014 CHF 1 000 Conditional capital					10 No.	470 000 of shares	Ρ	1 047 1 047 ar Value
Balance as of 31.12.2014 CHF 1 000					10	470 000	P	1 047 1 047

The ordinary general meeting on March 18, 2013 voted in favor of the proposal to reduce the conditional capital from CHF 2000000 to CHF 1000000. The intended purpose (in total) is as follows:

- a sum of up to CHF 50 000 through the exercise of option rights granted to shareholders;

 a sum of up to CHF 50 000 through the exercise of option rights granted to employees and the member of the Board of Directors.

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

CHF 1 000	No. of shares	Par Value
Authorised capital		
Balance as of 1.1.2013		
Balance as of 31.12.2013	1 500 000	150
Balance as of 31.12.2014	1 500 000	150

At the Annual General Meeting held on 18 March 2013, a resolution was passed to create new authorised capital. The Board of Directors was authorised to increase the share capital, at any time, by a maximum amount of CHF 150 000 by 18 March 2015, by issuing no more than 1500 000 fully paid registered shares with a nominal value of CHF 0.10 per share. The increases may be underwritten or may be effected in partial amounts. The issue price, the time of dividend entitlement and the type of contribution will be determined by the Board of Directors. After their acquisition, the newly issued registered shares shall be subject to the transfer limitations pursuant to Article 5 of the articles of association.

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

#### Information on major shareholders

Based on the notifications received and published by Bellevue Group AG (including management transactions), all parties owning more than 3% of voting rights are listed below:

Shareholder or beneficial owner		31.12.2014		
	Voting rights held	Numbers of Shares	Voting rights held	Numbers of Shares
Martin Bisang, Küsnacht	20.06%	2 100 006	20.06%	2 100 006
Jürg Schäppi, Rapperswil-Jona	9.05%	947 175	9.05%	947 175
Urs Baumann, Pfäffikon 1)	5.04%	528 062	5.04%	528 062
Daniel Schlatter, Herrliberg	4.98%	521 760	4.98%	521 760
Integralstiftung für berufliche Vorsorge	3.90%	408 200	3.90%	408 200

<sup>1)</sup> An additional 310 000 shares via purchased call options, corresponding to 2.96%, i.e. including derivatives 8.00%

# Information on shareholdings and the conversion and option rights of members of the Board of Directors and the Executive Board, pursuant to article 663c of the Swiss Code of Obligations

Share- and option-holdings of members		31.12.2014		
of the Board of Directors	Numbers of Shares	Call-Optionen 1)	Numbers of Shares	Call-Optionen 1)
Walter Knabenhans, Chairman	169 095	-	166 595	-
Thomas von Planta, Member	12 595	-	10 095	_
Daniel Sigg, Member	17 095	-	14 595	-

Share- and option-holdings of members	31.12.2014			31.12.2013
of the Group Executive Board	Numbers of Shares Call-Optionen <sup>1)</sup> Numbers of Shares			Call-Optionen 1)
Urs Baumann, CEO	528 062	310 000 <sup>2)</sup>	528 062	310 000 <sup>2)</sup>
Daniel Koller, CFO	20 018	-	16 523	_
Serge Monnerat, CEO Bank am Bellevue	59 483	-	58 237	_
André Rüegg, CEO Bellevue Asset Management AG	56 541	-	39 562	_

<sup>2)</sup> Exercisable as of 31.12.2014 (America style), term until 31.05.2018

CHF 1 000	31.12.2014	31.12.2013
Additional information		
Liabilities to pension funds	-	
Total amount of guarantees and pledges in favor of third parties	6 000	16 000
Total amount of assets assigned or pledged as security for own liabilities including assets to which title has been reserved	-	
Total amount of off-balance sheet lease liabilities	-	
Fire insurance value of tangible fixed assets	850	850

#### **Risk evaluation process**

Information about the risk evaluation process is given in the notes to the consolidated financial statements of Bellevue Group AG, article 2 "Risk management and risk control", beginning on page 51.

# Proposal to the annual General Meeting

CHF 1 000	31.12.2014	31.12.2013
The Board of Directors proposes to the annual General Meeting of shareholders on March 16, 2015 the following allocation of profit:		
Profit for the year	2 876	29 081
Balance brought forward from previous year	149 336	130 725
Total Profit	152 212	159 806
Dividend on eligible capital <sup>1)</sup>	-10 470	-10 470
Allocation to other reserves <sup>2)</sup>	-	_
Balance carried forward to new financial year	141 742	149 336

<sup>1)</sup> Including treasury shares possibly held directly by Bellevue Group AG
 <sup>2)</sup> As general reserves have reached 50% of the share capital, no further allocation is being made.

Upon approval of this proposal, the dividend of CHF 1.00 per registered share of CHF 0.10 will be paid less the federal withholding tax of 35%.

# Report of the statutory auditor on the financial statement



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# Investor relations and contacts

#### **Investor Relations**

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