

The image is a full-page background photograph. It shows a wide, modern pedestrian bridge or walkway with a metal railing on the left and a concrete barrier on the right. Three people in business attire (two men and one woman) are walking away from the camera on the bridge. In the background, a tall, blue glass skyscraper stands prominently against a clear blue sky. The scene is brightly lit, suggesting a sunny day.

Annual Report 2015

BB Bellevue
Group

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

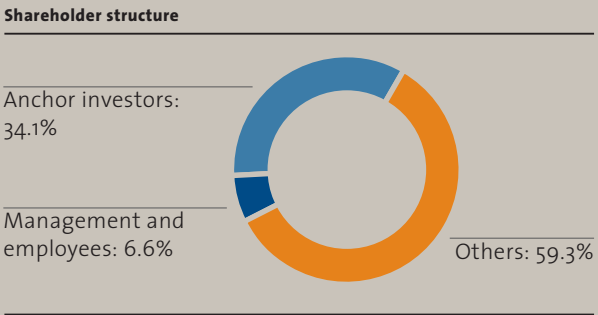
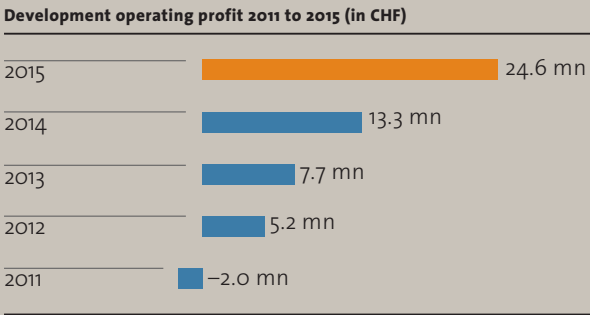
Bellevue Group is an independent Swiss financial boutique listed on the SIX Swiss Exchange. Established in 1993, the company and its approximately 90 employees are specialists in the fields of Brokerage, Corporate Finance and Asset Management. Bank am Bellevue and Bellevue Asset Management are the financial 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 and multi asset strategies enhances traditional investment portfolios and offers investors superior return potential.



At a glance

CHF 1 000	1.1.–31.12.2015	1.1.–31.12.2014	Change	
Profit and loss account				
Net interest income	6 288	1 862	+ 4 426	+ 238%
Net fee and commission income	70 596	49 799	+ 20 797	+ 42%
Net trading income	398	987	– 589	– 60%
Other income	2 736	4 664	– 1 928	– 41%
Total operating income	80 018	57 312	+ 22 706	+ 40%
Total operating expenses	– 79 504	– 45 736	– 33 768	+ 74%
Group net profit	– 818	11 099	– 11 917	– 107%
Balance sheet				
Total assets	356 126	417 943	– 61 817	– 15%
Total liabilities	220 166	268 332	– 48 166	– 18%
Total shareholders' equity	135 960	149 611	– 13 651	– 9%
Ratios				
Earnings per share (in CHF)	– 0.08	1.06	– 1.14	– 108%
Equity per share (in CHF)	12.99	14.29	– 1.30	– 9%
Dividend per share (in CHF)	1.00 ¹⁾	1.00	+ 0.00	+ 0%
Return on equity	– 0.6%	7.4%	–	– 7.7%
Dividend yield ²⁾	6.7%	7.0%	–	– 0.3%
Cost/Income ratio ³⁾	68.2%	74.8%	–	– 6.6%
Self-financing ratio	38.2%	35.8%	–	+ 2.4%
Assets with management mandate (in CHF m)	5 330	4 675	+ 655	+ 14%
Other assets under management (in CHF m)	1 421	1 515	– 94	– 6%
Total client assets (in CHF m) ⁴⁾	6 751	6 190	+ 561	+ 9%
Number of staff (full-time equivalent) at cutoff date	86.9	78.4	+ 8.5	+ 11%
Annual average number of staff (full-time equivalent)	85.4	78.2	+ 7.2	+ 9%
Share price of Bellevue registered shares (in CHF) as per 31.12.	14.90	14.30	+ 0.60	+ 4%
Market capitalization (in CHF m)	156	150	+ 6	+ 4%
Year high ⁵⁾	14.95	19.15	– 4.20	– 22%
Year low ⁵⁾	13.24	11.65	+ 1.59	+ 14%

¹⁾ Proposal of the Board of Directors to the Annual General Meeting
²⁾ Calculated from share price as at 31.12.
³⁾ 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)
⁴⁾ Before deduction of double counts
⁵⁾ End of day prices



Operating profit increases

Bellevue Group improved its sustainable earnings power again amid an ambivalent market environment and generated total operating profit of CHF 24.6 mn in 2015. Compared to the CHF 13.3 mn reported in the previous year, this represents a significant improvement of 85%. Asset Management was a major contributor to the surge in profit, and Bank am Bellevue's contribution to consolidated income also increased slightly.

Client assets under management grow

Thanks to the ongoing success of BB Biotech and the first-time full-year consolidation of Adamant Biomedical Investments AG, Asset Management delivered sustainably higher and more diversified earnings. Assets under management rose to a new record high of CHF 5.3 bn during the year under review, an impressive y-o-y increase of 14%. Once again, the main driver of this solid growth amid a volatile market environment with highly unfavorable currency translation effects was the strong performance of many of our investment products.

Growing momentum in Corporate Finance

There was greater demand for the Corporate Finance Team's M&A and capital market expertise in 2015. Total income from Corporate Finance activities rose by 67% from the previous year. Income from brokerage activities declined as institutional investors continued to stay on the sidelines. The bank's result for the year was positively impacted by an extraordinary dividend payout from SIX Group AG, bringing its operating profit to CHF 4.1 mn (previous year: CHF 2.3 mn).

Shareholder friendly dividend policy

The Board of Directors is proposing an unchanged dividend of CHF 1.00 per registered share at the coming Annual General Meeting. That marks a continuation of our shareholder friendly dividend policy.

Annual average number of staff (full-time equivalent)

85.4

(2014: 78.2)

Total client assets

CHF 6.8 bn

(2014 : CHF 6.2 bn, before double counts)

Annual performance of the investment company BB Biotech AG

28%

(2015, in CHF)

Number of completed transactions Corporate Finance

7

(2015)

Shareholders' equities

CHF 136.0 mn

(2014: CHF 149.6 mn)

Dividend per share (proposed)

CHF 1.00

(2014: CHF 1.00)

CET1 -ratio Bellevue Group

23.3%

(2014: 21.6%)

Table of content

Letter to the shareholders	2 – 3
Board of Directors	4
Executive Board	5
Interview CEO Group	6 – 7
Division report Bellevue Asset Management Bellevue Asset Management – on track for further strategic and operational success	8 – 9
Division report Bank am Bellevue Bank am Bellevue – growing momentum in Corporate Finance	12 – 13
Field of competence Corporate Finance Bank am Bellevue's Corporate Finance business benefited from the positive capital markets sentiment	14
Field of competence Research Research at Bank am Bellevue – profound expertise of the Swiss stock market	15
Field of competence Healthcare BB Biotech AG BB Biotech AG – a positive but volatile year for the biotech sector	18
Field of competence Healthcare Funds & Mandates BB Adamant Healthcare – successful healthcare funds	19
Field of competence Multi-Asset strategies BB Global Macro – absolute return strategy with daily liquidity	22
Field of competence Regional Investment strategies Europe – spotlight on Entrepreneurs Africa – Frontier Markets offer diversification benefits	23
Information relating to corporate governance	26 – 33
Compensation Report 2015	34 – 45
Consolidated financial statements 2015	46 – 51
Notes to the consolidated financial statements	52 – 93
Report of the statutory auditor on the compensation report	94 – 97
Financial statement 2015 of Bellevue Group AG	98 – 103
Report of the statutory auditor on the financial statement	104 – 105
Investor relations and contacts	106

Dear Shareholders,

Investors will look back on 2015 with mixed feelings. Stock market performance was irregular, and itself symptomatic of the broader picture. While international indices closed higher for the sixth year in a row, the Swiss stock market ended the year slightly in the red. Yet even at the global level, a rise in market turbulence was plainly visible, especially during the second half of the year. A fragile world economy continued to be shored up by expansive monetary policy, but the underlying fundamental challenges are still waiting to be addressed. It appears that the US economy has found its stride again and positive signs are slowly emerging in Europe. Meanwhile, for the troubled economies in Brazil or in Asian emerging markets, a change for the better is nowhere in sight. That only compounds the effect of the halting economic growth in China, long the world's number one growth driver. Geopolitical risks in Russia and the Middle East gave investors something more to worry about. Bellevue Group, a financial boutique focused on equity investments, successfully steered its way through the ongoing challenging environment and delivered a significant increase in operating results. The Group's forward strategy is clearly gaining traction.

Significant increase in recurring income – substantial improvement in operating profit

Bellevue Group improved its sustainable earnings power during the past fiscal year and strengthened its foundation for solid business growth going forward. Net fee and commission income – the

Group's main source of income – surged by 41% to CHF 70.6 mn in 2015. Once again, Asset Management was the main source of this growth, much of which again stemmed from our cooperation with BB Biotech AG. The first-time consolidation of Adamant Biomedical Investments AG obviously had an impact on full-year results, too. Operating income from Asset Management was propelled to a new level, climbing by 63% from the previous year. Operating income from the Bank increased slightly from the previous year, mainly due to an extraordinary dividend from the SIX Group in the amount of CHF 4.5 mn. Personnel expenses rose in keeping with our entrepreneurial employee compensation model and given a slight increase in the number of staff to 87. Total operating expenses rose by 34%, less than the increase on the revenue side. Resulting operating profit for Bellevue Group amounted to CHF 24.6 mn. This corresponds to an increase of 85% from the previous year and approximately two-thirds of the reported operating profit is recurring in nature.

Last year's strong operating performance was offset by extraordinary impairments from the first half of the year. A revised projection of future earnings from the Bank due to the general erosion of its earnings potential in the brokerage business led to a final impairment and write-down of CHF 24.7 mn under "Goodwill and other intangible assets" in the balance sheet. After consideration of the net result of seed capital, all depreciation and impairments, and taxes, Group net profit for the year amounted to a negative CHF 0.8 mn.

Thomas von Planta, Chairman of the Board of Directors Bellevue Group



Bellevue Group's growth momentum accelerated during the second half of 2015. Management's strategic focus on recurring income flows and sound diversification strategy are steadily paying off. Our restored operating strength, so far most visible in Asset Management, will now be directed at improving the Bank's operating results.

Asset Management: new level of income reached – steady growth in assets under management

Bellevue Asset Management delivered sustainably higher and more diversified earnings in the period under review thanks to the ongoing success of BB Biotech and the first-time full-year consolidation of Adamant Biomedical Investments AG. The segment's new income level is underpinned by BB Biotech AG's strong performance. The share of segment income derived from other sources has been steadily increasing, however, and they now account for well over one-third of total income in the Asset Management segment. Investments in the expansion of healthcare expertise and the intensification of international sales activities have paid off.

Assets under management, the basis of recurring income, rose during the year under review to a new record high of CHF 5.3 bn, an impressive y-o-y increase of 14%. Once again, the main driver of this solid growth in a volatile market environment, and despite the highly unfavorable currency translation effect, was the strong performance of various investment vehicles. BB Biotech, for one, ended the year with a performance of 28.2%, which beat the benchmark performance by more than 16%. In the healthcare sector, the BB Adamant Global Healthcare Index Fund gained 11.6% and likewise outperformed its benchmark. The niche strategies BB Entrepreneur Switzerland and Entrepreneur Europe created value for their shareholders and beat their respective benchmarks with a full-year performance of 6.4% and 14.1%, respectively. BB Global Macro completes the picture of top-performing Bellevue Asset Management products, having achieved a full-year performance of 6.1%. Thanks to its internationally acknowledged investment expertise, Bellevue Asset Management attracted a record inflow of CHF 540 mn in new money from private and institutional investors. Profit-taking absorbed all of this inflow. Given the significantly higher level of assets under management, Bellevue Asset Management's income was propelled to a new level. It jumped 56% to CHF 24.0 mn.

Bank am Bellevue: Corporate Finance gearing up – windfall from extraordinary SIX Group dividend

Bank am Bellevue had a mixed year last year. Demand for the M&A and capital market expertise of its Corporate Finance Team picked up. The Bank's proven competence in Research and Sales has made it a reliable partner for IPOs and similar transactions. Bank am Bellevue most recently acted as Co-Lead Manager in the spin-off of Cassiopea from Cosmo Pharmaceuticals S.A. Total income from Corporate Finance activities rose by 67% from the previous year. The business trend in Brokerage pointed in the other direction, pressured by structural and regulatory factors. Total commission income declined by about 8% in 2015. Although the performance of the Research Team's original stock recommendations (11.5%) and top 5 recommendations (11.7%) clearly beat the SMI (-1.8%), institutional investors are still sticking to the sidelines. New investment funds based on proven research competence and the introduction of structured derivative products reflect the Bank's intact innovation power. The Bank's result for the year was favorably impacted by an extraordinary dividend payout from SIX Group AG. Together

with effective cost management, this resulted in operating income of CHF 4.1 mn.

Shareholder friendly dividend policy

The Board of Directors is proposing an unchanged dividend of CHF 1.00 per registered share at the coming Annual General Meeting. That marks a continuation of our shareholder friendly dividend policy.

Change in the Board of Directors and in the position of CEO

At the 2015 Annual General Meeting Dr. Thomas von Planta was elected new Chairman of the Board of Directors. He succeeded Walter Knabenhans, who had decided not to run for re-election. Shareholders also elected Dr. Mirjam Staub-Bisang to the Board as a new director. As the founder and CEO of Independent Capital Group, she enhances the Board's expertise in financial and asset management issues. The Board officially appointed André Rüegg the Group's new Chief Executive Officer of Bellevue Group, after having managed the Group on an interim basis since April 2015. André Rüegg has been with Asset Management since 2009 and has headed the business as CEO since 2012. Thanks to his profound knowledge of the strengths of Bellevue Group's business model and his proven management skills, André Rüegg is predestined to lead the Group to future growth.

Gradual implementation of growth and diversification strategy

National and international clients seek Bellevue Group's expertise as an active equity manager in the healthcare sector and for regional niches and as a highly regarded broker and partner for capital market transactions. Our operating performance in the past year underscores this claim. The reported results also demonstrate our skills, discipline and patience as we modernize and reposition our business activities for a promising future. Asset Management has been successfully repositioned over the past few years. Targeted diversification of core competencies is generating sustained growth. We will maintain our strategy for the Asset Management business and will strive for further growth, primarily organic yet also through selective acquisitions. Bank am Bellevue represents the second pillar of our business model. Its research expertise and international placement power have proven to be vital assets in capital market transactions. Asset Management's stable business performance enables us to now focus on gradually diversifying the Bank's revenue streams. We are constantly examining options for establishing an additional field of business for the Bank. The latest good results and the skills and dedication of our staff strengthen our resolve as we move forward with our growth and diversification strategy. Besides making the right investments, perseverance and trust are vital for the successful execution of our strategy. On behalf of the Board of Directors and the Executive Board, we thank all staff for their hard work and trust. We also thank our clients and shareholders. Their strong loyalty to Bellevue Group provides a sound platform for the Group's successful repositioning.



Thomas von Planta
Chairman of the Board of Directors

Board of Directors Bellevue Group

Dr. Thomas von Planta, Chairman

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.

Dr. Mirjam Staub-Bisang, Member

Mirjam Staub-Bisang has served as CEO of Independent Capital Group AG, a Zurich-based asset management and real estate advisory firm with a focus on sustainable investments, since 2005. She previously held various executive positions in asset management, private equity and corporate finance/M&A at Commerzbank and Merrill Lynch in London as well as at Swiss Life. An attorney-at-law, Mirjam Staub-Bisang also holds an MBA from INSEAD in Fontainebleau. She is a director at several companies, including V-Zug AG and INSEAD Fontainebleau, Singapore.

Dr. Daniel H. Sigg, Member

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.





Executive Board Bellevue Group

André Rüegg, CEO Bellevue Group and 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. Since 2012 he is responsible as CEO for Bellevue Asset Management and he was appointed to serve as CEO of Bellevue Group effective January 2016, a position he had already held on an interim basis since April 2015. 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.

Serge Monnerat, CEO Bank am Bellevue

Serge Monnerat has been active in the field of Swiss equities research and brokerage for more than 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 and assumed the position of CEO in 2010. Serge Monnerat holds a degree in economics from the University of Zurich.

CEO Group interview

André Rüegg on the improvement in Bellevue Group's operating performance and its next growth moves

Mr. Rüegg, Bellevue Group reported significantly better results for last year. What were the key drivers of this growth?

Last year's operating results are a reflection of our strategy targeting both growth and diversification. We want to achieve sustainable growth and are steadily building up our business with this in mind, with a focus on recurring revenue streams. And we have obviously succeeded in doing so at Bellevue Asset Management, where assets under management have reached a new record high. The strong performance of BB Biotech AG and other attractive growth themes in our repertoire contributed to this pleasing milestone. We broadened our investment capabilities and enlarged our platform of income-generating assets through the acquisition of Adamant and, finally, our bank's proven capital market competence is generating more momentum in Corporate Finance.

The disproportionate focus on active management strategies in Asset Management poses certain business risks. Wouldn't it make sense to broaden your sources of income here?

Asset Management's highly focused strategy has paid off in qualitative terms, as the results for last year prove. Of course it also entails certain business risks. Thanks to the acquisition of Adamant, we are now well diversified in the biotech/healthcare segment. The earnings mix is becoming more balanced. Expanding our investment capabilities into other asset classes is certainly something we are working towards. Besides the necessary investment professionals, such action also requires the right people who are very familiar with the business and capable of growing it. A smart acquisition would be the best way forward for expansion in this direction.

Bank am Bellevue's earnings have been pointing down for a while. How are you going to guide the Bank back to growth?

It's true that the Bank's results have fallen short of our expectations. Additional action must be taken. We aim to boost the performance of our core activities in the brokerage and corporate finance business yet also want to create new sources of earnings by expanding the Bank's business activities. In keeping with our strategic focus on recurring income flows, this could involve specific investment advisory and portfolio management services. I'm confident that we will make some progress in this direction during the coming year, organically and perhaps even inorganically. Our talks with acquisition candidates and possible business partners so far have been constructive and positive.

Where do you see possible synergies between portfolio management services and investment advisory for private clients and Bellevue Group's current activities?

A successful wealth manager must be able to offer international investment expertise and first-class services while maintaining superb client relationships. We certainly meet those requirements with our existing organization. However, our current setup is not suitable for addressing a broad range of needs in the target client group. Today, we are a primarily "product-centric" enterprise, whereas the new business activity would have to focus more on the client. Therefore realizing synergies would not be a major goal with this kind of expansion.

What would be the ideal acquisition target for setting up a third business unit for the Bank?

Our recent positive experience in integrating acquisitions has taught us two things: 1) Our organization must be ready for any such action if it is to be successful. At an earlier point in time this would not have been the case. 2) We're active in a people business. Trust comes first, a common understanding, setting and reaching goals together. This drive must first be developed organically then, from the inside, where it can later become a catalyst for external growth. Inorganic business extensions, whether to add scale and/or specialist know-how, should leverage this internal strength. We are currently active at both levels.

How much time are you giving yourself to reposition the Bank?

Having established a strong Asset Management, we can proceed with the expansion of the Bank's activities in a deliberate, methodical and careful manner. The need to revitalize the bank is incontestable. Nevertheless, we are planning this step with the necessary patience and foresight to ensure a successful outcome.

What can we expect from Bellevue Group in the current year?

In order to make tangible progress with our forward strategy, we need two things: more scale and more diversification, both at the Bank and in Asset Management. I am confident that we will move forward on both fronts in the current year. Of course, we must also carefully monitor the volatile and uncertain market environment and ensure our ability to withstand any market shocks as we pursue our ambitious plans.



Bellevue Asset Management – on track for further strategic and operational success

Last year began with a bang: the SNB's decision to remove the ceiling on the Swiss franc's value to the euro came as a surprise to Switzerland's export-oriented companies and hit them hard. Bellevue Asset Management was also set back by the surge in the value of its reporting currency because it is largely invested in non-Swiss companies and the value of those shareholdings and the income they produce are reported in Swiss francs. Despite this setback at the beginning of the year, Bellevue Asset Management went on to achieve exceptionally good full-year results: assets under management (AUM) rose to an all-time high of CHF 5.3 bn and profit growth gained further momentum. Within the space of two years, management has succeeded in more than doubling assets under management and quintupling operating income. The foundation for this success had been laid in the preceding years but last year the investment boutique demonstrated quite clearly that it is also capable of growing inorganically and successfully integrating acquisition targets. Its recent acquisition of Adamant Biomedical Investments AG was smoothly integrated into the organization while capturing maximum synergies, thus laying the groundwork for further growth.

Higher earnings base propels operating income to a new level

Management focus in recent years was on building up and optimizing the product range and client network. Adamant Biomedical Investments AG was acquired in the fall of 2014 within the scope of this strategy. Significant growth in assets under management was again achieved last year, lifting total AUM to more than CHF 5.3 bn, an increase of CHF 654 mn or 14%. Thanks to the high quality of client assets, the full impact of this asset growth is now visible in the operating results: after reporting initial signs of an upswing in earnings in the previous fiscal year, operating income for 2015 jumped by 75% to CHF 24.9 mn. Of this number, CHF 20.8 mn is recurring in nature and CHF 4.1 mn is attributed to performance-based fees. Furthermore, income of CHF 3.0 mn was achieved through proprietary investment activity, with a clearly positive impact from the active management strategy.

Asset Management – operating profit 2015

CHF 24.9 mn

(+75% compared to previous year)

Total income from management fees amounted to CHF 57.1 mn – an increase of 63% from the previous year. Once again, the greatest contributor to management fees was the flagship product BB Biotech AG, which again lived up to its reputation as one of the world's leading investors in the biotechnology industry. Investment funds and investment mandates also performed very well, having raised their earnings by 69% from the previous year.

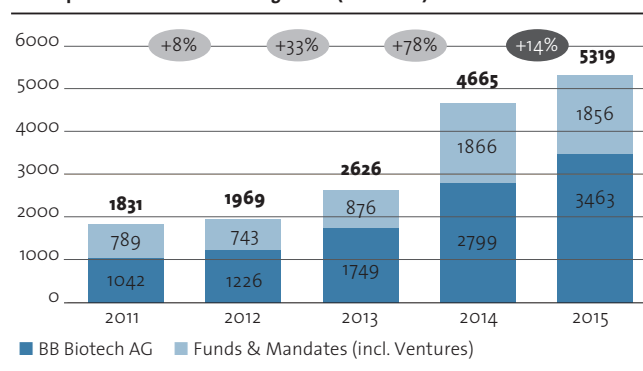
Operating expenses were within the expected range at CHF 32.2 mn. Personnel expenses increased considerably, mainly due to higher performance-based remuneration in connection with the high profit growth. The cost/income ratio of 56.4% marks another year-on-year improvement, from the level of 59.6% reported in the previous year.

Making further progress, strategically and operationally

Both in retrospect and with respect to the future strategic development of the company, the successful acquisition of Adamant Biomedical Investments AG, a specialist for healthcare investments, in the autumn of 2014 marks an important milestone in the company's history. Its integration into the organizational structure of Bellevue Asset Management AG was concluded without incident during the course of the first half of 2015 thanks to careful planning and coordination. The team headed by Dr. Cyrill Zimmermann did not lose any clients or staff during the integration process. Moreover, the business relationship with the Zurich Kantonalbank, the key account, became even stronger. The targeted synergies at product level were likewise achieved as planned. To summarize, the Asset Management has proven through this successful transaction that it can also deliver on its inorganic growth strategy and produce value for stakeholders.

Organic growth of assets under management amounted to CHF 654 mn or a positive 14% from the beginning of the year, fueled to a large extent by the strong performance of the various investment vehicles. Once again, the investment company BB Biotech AG stood out, having accounted for most of this increase.

Development assets under management (in CHF mn)



From an investor standpoint, 2015 was another challenging year, distinguished by high levels of uncertainty and volatility. That turbulence also had an impact on the behavior of the investors in Bellevue Asset Management's products. Although the intensified sales and distribution efforts helped to attract a record amount of CHF 540 mn in new money (previous year: CHF 360 mn), profit-taking and the reallocation of investor assets in the funds, mandates and structured products businesses led to an only slight increase

in new money of around CHF 23 mn at the end of the year. A change in organizational structures for managing institutional clients led to the loss of two mandates during the fourth quarter. Taking into account all of the above factors, net new money for the funds and mandates business amounted to a negative CHF 68.4 mn. Nevertheless, the general trend in new money inflows in the funds segment and for other investment solutions is pointing in the right direction.

More than half of all products in the top quartile

The viable existence of an investment boutique is predicated on an offering of attractive and competitive investment solutions. From this angle, it is gratifying that Bellevue Asset Management was able to generate value for investors for another year running. Virtually every product delivered a positive performance in absolute terms. Looking at the performance of all measurable fund products, 50% were ranked in the top quartile of their respective peer group and 25% in the second quartile.

As for BB Biotech AG, the Management Team headed by Dr. Daniel Koller beat both the performance of its share and direct competitors by a wide margin once more, after its record performance in 2014. With an absolute performance of 28% (in CHF), the investment company outperformed the benchmark (Nasdaq Biotech Index) by an impressive 16 percentage points.

The wide range of healthcare funds and structured products managed by the enlarged BB Adamant Team delivered a very good performance during this year of integration and laid a solid platform for future growth. The same can be said of the Entrepreneur funds and the BB African Opportunities fund, which continued to build on their strong track records.

Momentum is also evident at the BB Global Macro Fund, both in terms of volume and investment performance. Conservative investors seeking a viable alternative in today's environment of rock-bottom interest rates are increasingly turning to multi-asset strategies. Demand for the dynamic investment approach offered by the BB Global Macro Fund is increasing.

Continuous progress in all sales markets

Progress was made in the key target markets of Switzerland, Austria and Germany, both in a qualitative and quantitative sense. The sales team was successful in attracting new clients, thus enlarging and further diversifying the overall client network. Particularly pleasing is the fact that more and more institutional investors such as pension funds are being added to the client base, as this indicates that acceptance of Bellevue investment solutions is also growing among highly sophisticated investors. The ongoing growth initiative in the UK, spearheaded by the flagship product BB Biotech AG, is delivering promising results, having attracted more investors. Our new target markets in Spain and Asia (initially only Taiwan and Korea) are still at an early stage of development;

existing and new cooperation agreements built up our presence in these markets.

Outstanding starting point for further selective growth

Management remains primarily focused on organic growth and, having put in place a stronger platform, it has now launched a new growth offensive. From a regional perspective, the main focus across the entire product line will be on further growth in core markets, Germany in particular. At the same time, ongoing success in the UK spearheaded by BB Biotech AG will be targeted by introducing a new product for this market. The aim is to set up an investment solution complementing BB Biotech AG that is tailored to this specific target market. In second-line markets such as Asia and Spain, the initial fruits of success shall continue to ripen. As for the product offering, potential is seen in leveraging the existing investment skills and capabilities to build customized and structured investment solutions.

Inorganic growth is still part of the strategic agenda. Additional ways of advancing our strategic position as an asset manager will be evaluated during the course of 2016. Besides the objective of business volume growth, quality and complementarity of existing products and services are the key criteria here. Strategic distribution aspects (local presence and authorized market access) are important, too.

While striving to reach these goals ahead of us, we will seek to further strengthen and secure the solid operating base and positions we already have – regardless of the market environment.

US Research Team BB Biotech 11:30 a.m., New York



BB Biotech's US Research Team in New York. Dallas Webb, Felicia Flanigan and Stephen Taubenfeld keep a close eye on potential medical breakthroughs, so they maintain very close contact with the companies developing promising new treatments. And in the field of biotechnology, the United States is still where the action is. The best universities, the biggest research budgets and the investors with the deepest pockets and greatest understanding of this research-intensive business can all be found in the US. Bellevue Asset Management recently reinforced its analyst capacity and expanded its New York office.



Bank am Bellevue – growing momentum in Corporate Finance

Bank am Bellevue closed the past year with operating income of CHF 4.1 mn, which includes an extraordinary dividend from SIX Swiss Exchange. The Bank's results were also favorably impacted by the successful activities of the Corporate Finance unit. Increasing regulations and the widespread adoption of passive investment strategies continue to overshadow commission income in the core business of investment advisory services for institutional clients. Factoring out extraordinary items, Bank am Bellevue managed to operate at the break-even point in this demanding market environment. Bank am Bellevue's high-conviction stock recommendations were once again star performers and beat the benchmarks for another year running. Last year also marked the Bank's debut in the structured products segment.

Thanks to the sale of its shareholdings in Stoxx AG and Indexium AG to Deutsche Börse, SIX Swiss Exchange paid its shareholders a special dividend last year. Bank am Bellevue, being a shareholder of SIX, was a recipient of the extraordinary cash payment, which more than offset the effect of negative interest rates and one-time costs arising from the US tax program. On the expense side, extraordinary write-downs and impairments were already announced with the first-half results. The erosion of earnings potential in the brokerage business necessitated a downward revision of future earnings and, therefore, the recognition of CHF 24.7 mn in impairments and write-downs under the "Goodwill" and "Other intangible assets" items in the balance sheet.

CETi-ratio Bank am Bellevue

30.6%

(2014: 32.2%)

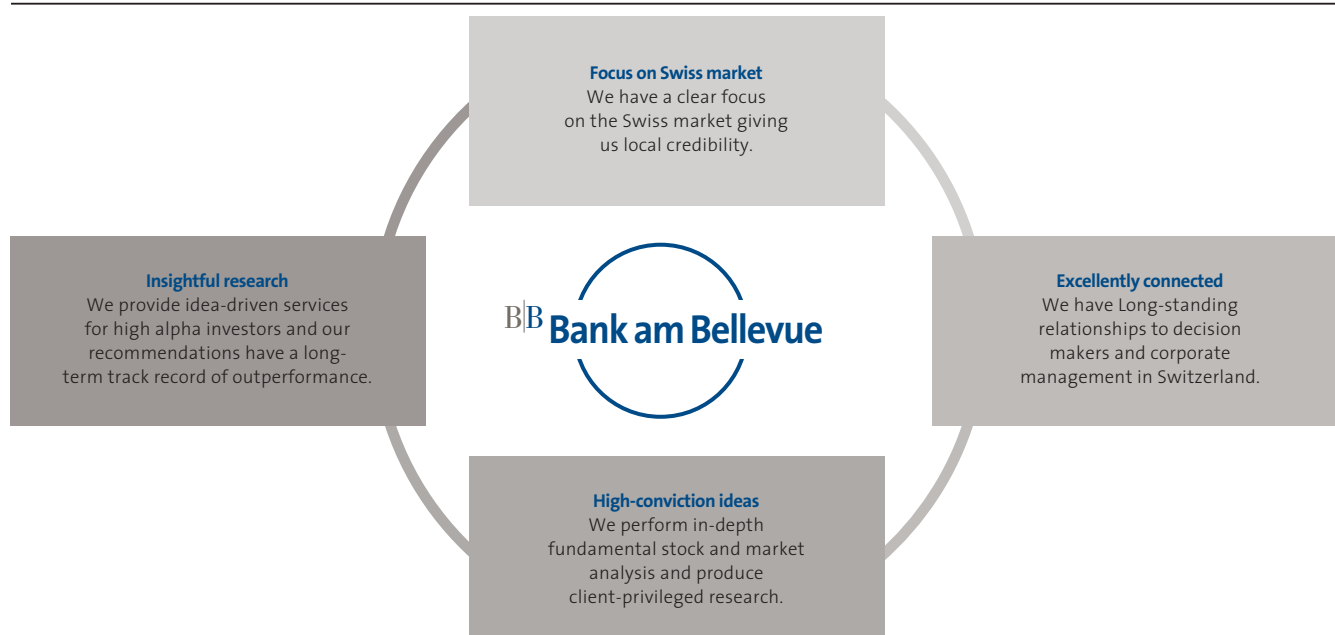
Growing momentum in Corporate Finance

The Corporate Finance unit of Bank am Bellevue took advantage of the active market environment to strengthen its profile and leading market position as a reliable partner for corporate financial transactions thanks to its client focus, efficiency and experience on the one hand and its proven placement power and professionalism on the other. Corporate Finance was engaged by one client to provide advisory services on the acquisition of a privately held chain of retail jewelry outlets, for example, and it played an active role as a syndicate bank for a number of capital market transactions in the healthcare sector. Besides the successful IPO of Cassiopea, we were involved in the capital increases of Newron, Santhera and Addex on the SIX and Probiobrug's placement of shares on Euronext. In the final month of the year Corporate Finance acted as the Lead Manager of Orascom Development Holding's CHF 275 mn capital increase.

Original investment ideas outperform

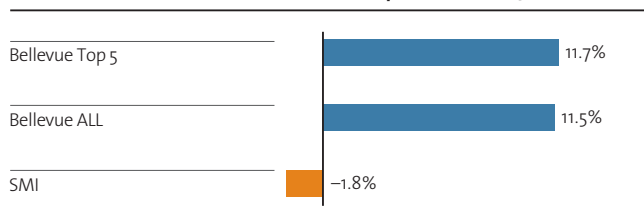
Bank am Bellevue marked its successful debut in the world of structured products with the launch of its first structured product. As a niche player in this segment, we will focus on actively managed baskets based on the stock-picking competence of Bellevue Group or launched in collaboration with investment partners. Bank am Bellevue's first product now traded on the Swiss Exchange is a tracker certificate.

The idea-driven broker for Swiss equities



In 2015 the Research Team's original investment ideas delivered a return of +11.5%, which beat the SMI Index by +13.3% and the SPI by +8.8%. The Top 5 recommendations returned +11.7% over the period, slightly better than Bellevue's full list of recommended stocks.

Stock recommendations of Bank am Bellevue – performance 2015



This strong alpha generation was also reflected in the corresponding equity fund managed by Bank am Bellevue (BB Research Select, ISIN code: LU0865909997), which ended the year with a positive performance of +6.6% and beat its benchmark by +3.9%.

The portfolio of stocks contained in this Luxembourg-based UCITS fund launched in 2013 represents an equally weighted selection of all buy recommendations issued by Bank am Bellevue. The underlying fundamental research that determines which stocks are recommended provides inputs on the management quality and the positioning of the products and services of the companies and subsequently puts these value drivers in relation to key valuation metrics.

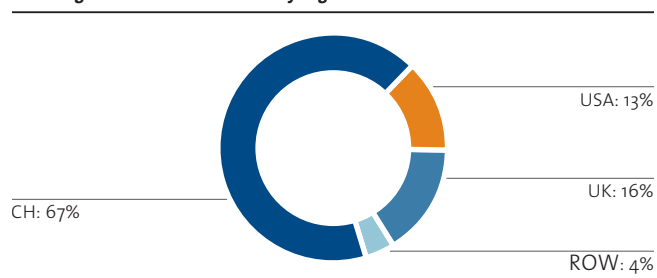
BB Research Select – performance 2015

+6.6%

(Outperformance of 3.9% versus benchmark)

Despite the very sound investment recommendations made by Bellevue, the structural change under way in the brokerage business was the more dominant factor. This structural change and the persisting low level of investment activity among institutional investors led to an overall decline in net commission income of –8%.

Brokerage fees and commissions by region



Outlook

As a specialist for Swiss equities with a fundamental research approach, we will continue to generate value-creating investment ideas for our clientele. This and our client-first focus are at the root of Bank am Bellevue's success. From a strategic standpoint, we will aim to 1) further strengthen our various Corporate Finance activities; 2) gradually expand our offering of structured products while maintaining our boutique profile; and 3) leverage our proven stock selection skills through our products and services. We will also be examining possibilities for establishing a third business unit at the Bank as a viable and promising extension of the existing, integrated Corporate Finance activities and our equity distribution platform.

Bank am Bellevue's Corporate Finance business benefited from the positive capital markets sentiment

In 2015 the Corporate Finance Team successfully completed seven transactions. After re-opening the Swiss biotech IPO market with Molecular Partners towards the end of the previous year, we took in 2015 advantage of the positive sentiment in the equity capital markets and the continued investor appetite for quality healthcare stocks. In addition to our capital market transactions, we also executed one M&A transaction, advising the privately owned IGS AG on its acquisition of Swiss bijouterie Oro Vivo, thus creating a jewellery group with almost 40 retail outlets.

Established strong position in the speciality healthcare sector

Over the past few years, we have established a strong track record for executing equity capital market transactions in the speciality healthcare sector, further adding to our Group's well-proven biotech and medtech investment expertise out of Bellevue Asset Management. Our strong healthcare research team and our dedicated equity sales force are well regarded by our institutional clients worldwide. In 2015 we participated in four out of seven equity capital markets transactions in the Swiss speciality healthcare sector.

Trusted partner for particularly intricate transactions

In December 2015 we acted as Lead Manager for the CHF 275 mn capital increase of Orascom Development Holding, delivering a further precedent for our capabilities of structuring and executing complex transactions. The innovative transaction structured by Bellevue accommodated for pre-emptive subscription rights of shareholders in the Swiss-listed shares as well as the Egyptian Depository Receipts and further included a backstopped cash tranche, a reclassification of reserves into share capital and a conversion of shareholder loans into common equity – a first in Swiss equity capital markets.

Our successfully completed transactions in 2015 include:

 <p>December 2015</p> <p>CHF 275 million</p> <p>Orascom Development Holding AG Capital Increase via Rights Offering</p> <p><i>Bank am Bellevue action as Lead Manager</i></p>	 <p>December 2015</p> <p>CHF 55 million</p> <p>Santhera Pharmaceuticals Holding AG Capital Increase by way of Private Placement</p> <p><i>Bank am Bellevue action as Co-Bookrunner</i></p>	 <p>November 2015</p> <p>CHF 13.5 million</p> <p>Probiobdrug AG Capital Increase by way of Private Placement</p> <p><i>Bank am Bellevue action as Joint Bookrunner</i></p>
 <p>June 2015</p> <p>CHF 176 million</p> <p>Cassiopea SpA Initial Public Offering on SIX Swiss Exchange</p> <p><i>Bank am Bellevue action as Co-Lead Manager</i></p>	 <p>May 2015</p> <p>CHF 24 million</p> <p>Newron Pharmaceuticals SpA Capital Increase by way of PIPE</p> <p><i>Bank am Bellevue action as Advisor to Newron</i></p>	 <p>February 2015</p> <p>Undisclosed</p> <p>Acquisition of Oro Vivo SA by IGS AG from Christian Bernard Group</p> <p><i>Bank am Bellevue action as Sole Financial Advisor to the Buyer</i></p>

Competent Corporate Finance Team

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. The team consisting of Friedrich Dietz (MD), Kalina Scott (MD), Marius Zuberbühler (MD) and Lukas Keuerleber (Associate) combines several decades of transaction experience. We also leverage our idea-driven in-house research and brokerage expertise on Swiss equities, as well as our placement power to achieve best results for our clients. Our lean organization reflects our entrepreneurial spirit, allows us to act in a fast and flexible way and minimizes potential conflicts of interests.

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

Research at Bank am Bellevue – profound expertise of the Swiss stock market

Bank am Bellevue's main business is Swiss equity brokerage, which includes Research, Sales and Sales Trading. We differentiate us from other banks in the Swiss financial industry through our idea-driven approach, local focus and specific franchises on life sciences, financials and industrials. Our Research recommendations are the core of our brokerage services.

We pursue the objective to help our clients optimizing their Swiss equities investment strategies and returns. Our team of financial analysts covers the banking and insurance sector, the healthcare, pharmaceutical and biotech universe, and the broader industrial, technology and consumer sectors, which include food and consumer goods manufacturers, chemicals, building materials and mechanical engineering companies. We summarize our value added to equity investors as follows:

- independent and well-informed views of the companies covered
- transparent and detailed financial forecasts for the companies covered
- idea-driven investment recommendations
- access to top management at SMI and SPI companies and to external industry experts
- IPO-related research and investor education

Bank am Bellevue's research approach

An important aspect of our daily work is writing research reports for companies under coverage. We are committed to fundamental analysis and a rigorous approach that is numbers-driven, fact-based and supported by quantitative models. We take into consideration growth potential, competitive position and current valuations. We apply a straightforward rating system with “buy”, “hold” and “reduce” ratings with absolute price targets and rely on a multitude of valuation methods, such as discounted cash flow and cash flow return analyses, peer comparisons and valuation multiples in determining the potential upside or downside for any given stock. In the financial sector, we use specific valuation approaches developed for banks and insurance companies (e.g. discounted generated free equity).

While our research is of a fundamental nature, we 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.

Broad range of tailored products and services

We are renowned for our concise research style, “straight-to-the-point” research and for our detailed and transparent financial models. We present our ideas in the form of ad hoc reports, in-depth studies, initiations, updates and first-impression notes, and distribute them to our clients over several distribution platforms such as Bloomberg, Thomson Reuters, direct e-mails, etc. Meetings with our own sector analysts are part of our brokerage services as well as meetings and roadshows with the senior management of the companies under coverage. In addition, we organize exclusive client events, such as our annual “Bellevue Meets Management” conference in Flims, which provides access to top executives of blue chip and selected small/mid cap companies, as well as theme-based events with the participation of industry experts and opinion leaders on specific topics. Our “Bellevue Meets Management” conference has become over the years a true standard among Swiss equities investors.

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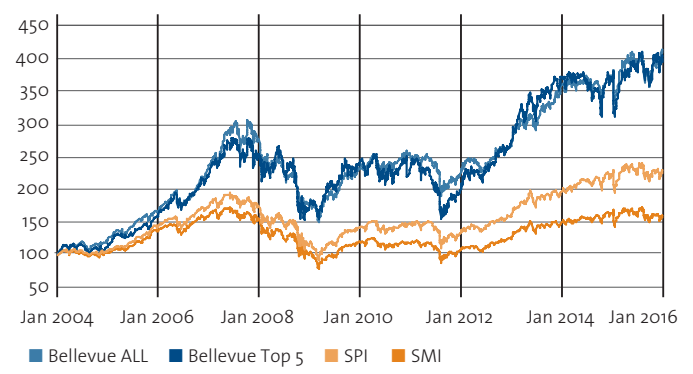
Profound knowledge of Swiss equities, capital markets and industry expertise

We maintain close relationships with the companies we cover, their competitors, industry experts, and we frequently engage in discussions with management. On top of average industry tenure of about ten years, our employees have diverse background and non-financial industry experience. So we employ engineers, biochemists and physicians as well as economists, accountants and banking experts. We can dare to assert that we are well connected and possess unrivalled local expertise.

Alpha generation quantifiable in numbers

On a quarterly basis, we track the performance of our recommendations. Since inception, our “Bellevue All” recommendations have generated a cumulated return of 414%, or a compounded average performance of 13.8% over the eleven years of tracking. Over the same time frame the SMI has performed by 59% (4.3% compounded average). The measurement excludes dividends, like for the SMI, we are proud to have outperformed the SMI by 9.5% on average over the last eleven years.

Research recommendations of Bank am Bellevue versus benchmarks



BB Biotech Team, 10:30 a.m., London

The BB Biotech team with Daniel Koller, Head Investment Management, and Claude Mikkelsen, Director Investor Relations, on the banks of the River Thames on their way to a meeting with investors. London has supplanted Wall Street as the world's financial center. Billions of shares are traded on the London Stock Exchange every day, which is also a major hub for foreign exchange and commodities trading. The largest asset managers in the world have offices here. For Bellevue, London is not only an important market for prospective investors. It is a door opener to the entire Anglo-American financial community. In 2014 Bellevue shortened the distance to these investors by establishing an office in the London district of Mayfair.





BB Biotech AG – a positive but volatile year for the biotech sector

From an investment perspective, 2015 was a turbulent year. Macro issues and geopolitical events ranging from monetary policy divergence and emerging-market woes to the commodity price rout gave investors plenty to worry about. Stock markets in the US and Europe ended the year either unchanged or with a gain in the mid-single digits. Meanwhile the biotech sector advanced 11.8% in USD over the course of the year. To recap 2015 from a biotech perspective, we saw a rally in the first quarter, a sideways trend in the second, a correction in the third and a rebound in the fourth. BB Biotech's stock generated an impressive total return of 28.2% in Swiss francs 2015. This beat the sector benchmark, the Nasdaq Biotech Index. BB Biotech's strong performance in 2015 is largely attributable to the positive underlying sector developments, smart stock selection and a persisting high level of M&A activity.

New drug approvals near record high

With 45 new medicines approved in the 2015 calendar year, the second-highest number recorded since 1996, when 53 new drugs were approved, the fundamentals are completely intact. We also witnessed a large number of initial public offerings during the past year. The biotechnology sector has reached a level of maturity never before seen in its more than 30-year history. Over 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 it comes to previously incurable diseases with significant unmet needs, such as cancers or rare, genetic diseases (orphan diseases). Market research firm IMS Health estimates that 30 to 40 new drugs will be approved every year in the US and Europe going forward to 2018. 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.

2015 drug approvals by FDA

45

(2014:41)

Cancer immunotherapy, the next big breakthrough

Biotechnology has long been distinguished by its remarkable innovation. Immuno-oncology is one area that is showing tremendous promise. Researchers in this field are seeking to activate the body's own immune defenses to recognize and eliminate cancer cells. They are targeting the very molecules that enable cancer cells to elude recognition and attack by the immune system. Some biotech start-ups have focused on cell-based immuno-oncology therapies. They remove immune cells from the body, modify their genetic make-up and then return the cultured cells to the patient. Data released so far have demonstrated very good efficacy.

Outlook

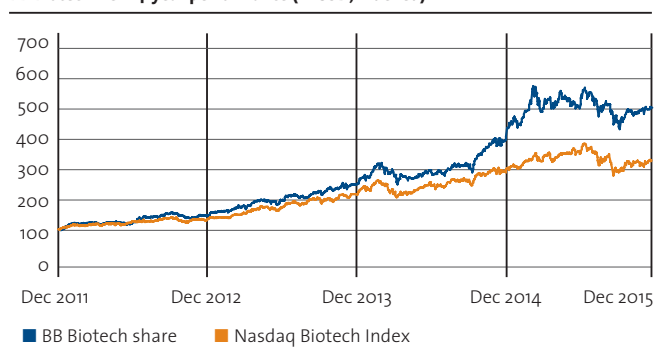
The main catalysts for success in the biotech industry are still intact. The sector's rapid development of innovative drug candidates offering clear value for healthcare systems will continue, leading to more drug approvals and fueling further sales growth for the sector, so its double-digit growth momentum should be sustained over the coming years. Treatment areas such as cancer, metabolic diseases, infectious diseases and genetic disorders will continue to be major focal points in the coming years. New approaches for treating disorders of the central nervous system are also likely to be developed. The attractive prices of smaller biotech companies could increase the bigger players' appetite for takeovers and keep M&A activity at a high level in 2016. Given the current macroeconomic environment, however, volatility is likely to climb higher in 2016, triggered by diverging central bank monetary policy and election news in the US.

BB Biotech is well positioned to capture much of the projected sector growth with its portfolio of 30 to 35 positions consisting of a well-diversified mix of large, mid- and small-cap stocks. Considering the biotech sector's long-term growth prospects, the current attractive valuations offer substantial upside potential.

Growth story plus high dividends

Unlike the typical growth stock, BB Biotech will again be paying out a hefty dividend this year. Subject to approval by the General Meeting, BB Biotech shareholders will receive a distribution of CHF 14.50 per share. Corresponding a 5% yield, BB Biotech ranks among the highest-yielding stocks in Switzerland's blue chip SMI index.

BB Biotech AG – 4-year performance (in USD, indexed)



BB Adamant Healthcare – successful healthcare funds

The merger between Adamant Biomedical Investments and Bellevue Asset Management strengthened and expanded their investment capabilities and product offerings in the healthcare segment, kept employee motivation at high levels and did not lead to any churn. In fact, the work force has actually been expanded since the merger and new clients have been won.

Successful year of business

Bellevue Asset Management now offers the broadest range of healthcare investment solutions in Europe. Its healthcare index fund targets the global universe while other funds focus on sub-sectors such as biotechnology, generics, and medtech & services, as well as specific regional strategies. Bellevue Asset Management has thus put itself in an optimal position to capture the various trends in the healthcare sector through its equity funds. The BB Adamant Team now numbers thirteen specialists, two of whom are exclusive consultants based in Boston and Singapore who strengthen its global network. Combined assets under management amount to CHF 1.2 bn and the resulting fee and commission income in 2015 was CHF 13 mn, thus matching the record result from the previous year despite the challenging environment. The BB Adamant Team was also able to deepen its strategic cooperation with the Swiss Cancer League during the past year.

Successful BB Adamant Healthcare Index

The BB Adamant Healthcare Team follows 600 listed companies in the healthcare sector using a variety of quantitative and qualitative parameters for its fundamental analyses. Regular meetings with company executives and participation in conferences for healthcare specialists and investment professionals are also important for the research and investment process. The Healthcare Index created by Adamant in 2007 reflects the findings of its fundamental research and is composed of the 40 most attractive healthcare stocks in the global universe. The index is recalibrated every six months. Over the past eight years the successful BB Adamant Global Healthcare Index has generated an excess return of 180% over the MSCI World Index and a 100% excess return over the MSCI World Health Care Index. In 2015 alone, a difficult year for stock investors, the Adamant Global Healthcare Index generated an outperformance of 13% versus the MSCI World Index and 6% versus the MSCI World Health Care Index. Our open-ended investment fund registered in Luxembourg that tracks the index received an award for superior performance in Germany in 2015.

Asia-Pacific fund best healthcare fund in 2015

Despite the difficult situation on financial markets in emerging markets, the Lacuna - Adamant Asia Pacific Health Fund, launched in 2006 and managed by the BB Adamant Team, achieved an impressive performance of +26.7% in 2015 and was distinguished as the best fund in its class in Germany. This investment fund invests in fast growing Asian healthcare companies, ranging from Indian generics manufacturers and hospital chain operators in South

Asia to Japanese pharma and medtech companies, South Korean biosimilars developers and medical software firms in Japan and China. It addresses the themes of aging populations and a growing middle class in Asia, where an increasing number of people can afford to pay for medical care out of their own pocket, and is unique in this regard.

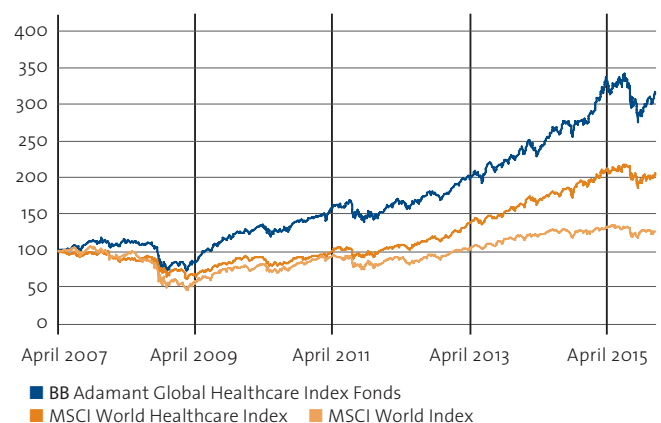
New fund launched in South Korea with Meritz Capital

Bellevue Asset Management already launched a joint healthcare fund with the Shin Kong Group in 2014 that is marketed to Taiwanese investors. In 2015 it launched a private global healthcare fund together with Meritz Capital, a highly successful investment firm based in South Korea. Its partnership with Meritz Capital will be deepened and the launch of an open-ended fund in South Korea is planned for January 2016. Supportive factors behind this collaboration are the BB Adamant Healthcare Team's track record of investing in countries such as Taiwan and South Korea going back more than ten years and the fact that it is highly familiar with local healthcare companies and their corporate culture.

Rounding out the product portfolio

Last year's highlights also included the launch of the BB Adamant Global Generics (Lux) Fund at the end of November. With this launch, we now offer investors access to the themes of biotech, generics, medtech & services at the national level through our co-operation partner ZKB/Swisscanto and at the international level through our own Luxembourg platform for various funds. Following the merger, BB Adamant healthcare investment products are also authorized for direct distribution across the European Continent, for example in Germany, Austria, Luxembourg and Spain. Moreover, we always have an open ear for individual client needs, which led to the launch of two more attractive products as actively managed certificates in 2015.

BB Adamant Global Healthcare Index – performance since inception (indexed in %)



BB Adamant Healthcare Team, 12:30 a.m., Singapore

The skyline of Singapore – a symbol of this Asian tiger’s rapid ascent. Within the space of only a few decades, this city-state has transformed itself from a developing country into one of the richest in the world. It is not mere coincidence that Bellevue healthcare experts Cyrill Zimmermann and Oliver Kubli are present in the world’s fastest-growing financial center. Singapore is the best place to be to take the pulse of the entire Asian continent. Singapore is the gateway to a vast region with virtually unlimited potential. Asia-Pacific’s rapid growth is clearly reflected in the healthcare theme. Bellevue is now ready to ramp up the distribution of its white-label investment products in Asia.



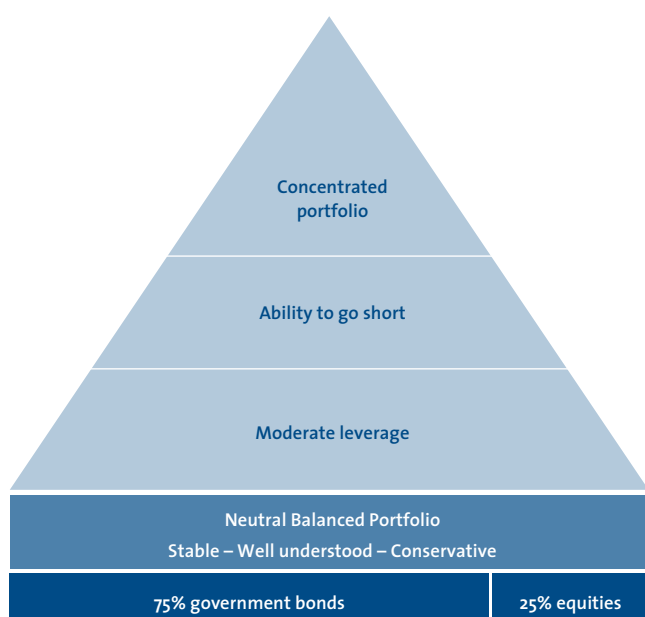


BB Global Macro – absolute return strategy with daily liquidity

Financial markets have been in a world of declining interest rates since 1981. It is hardly likely that interest rates will decline even further from their current levels. In view of the tepid growth and the need for structural change in the eurozone, interest rates in Europe and in Switzerland too are likely to remain very low for a while. A flexible, global approach to managing fixed-income allocations is therefore crucial.

The objective of many investors today is to achieve a positive absolute return every year. With interest rates at record lows, it appears this is only possible by investing in stocks because the yields on many government bonds, once a reliable and attractive source of income, have actually turned negative. A direct investment in stocks is, of course, subject to a high level of risk. Multi-asset strategies pursued by an investment fund vehicle such as the BB Global Macro (Lux) Fund, are a viable alternative. The BB Global Macro (Lux) Fund has achieved attractive returns in very distinct market phases over the past several years. Looking at the past three years, the fund's managers have clearly delivered on the stated goal of achieving an annual positive return of between 5% and 7%: average annual performance is 6.5% and that was achieved on annual volatility of 5.6% (data as at end-December 2015). Management has therefore earned a AAA rating from Citywire. The fund's strong track record is also reflected in the steady inflow of funds, which carried the fund's investment volume above the EUR 100 million mark in 2015 (EUR 121.9 mn as at December 31, 2015).

Neutral Balanced Portfolio



BB Global Macro is not constrained by a benchmark, so its market-neutral portfolio, currently consisting of 25% equities and 75% fixed income, can be managed very flexibly in today's market environment. This means its managers can invest in the most compelling stocks and bonds worldwide. They can also short spe-

cific markets if and when appropriate. BB Global Macro (Lux) thus offers a market-neutral multi-asset portfolio with a generally conservative bias and a high degree of stability. With today's low interest rates, leverage can inexpensively be added to the portfolio, typically within a range of 20–50%, to generate an additional return of between 1% and 2% a year. Equities, global government bonds, foreign exchange and commodities are the building blocks used to create a flexible mixed portfolio. At the moment bonds and stocks are favored.

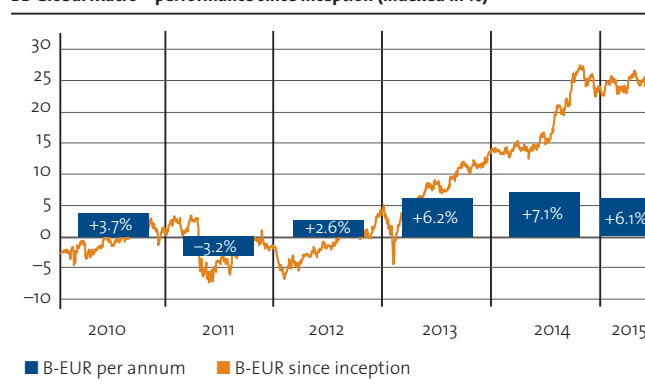
Investment process – systematic reduction of complexity

One of the key challenges with global investments across multiple asset classes is the sheer size of the investment universe. The fund's investment process begins with the analysis of the economic cycle in various regions of the world. Based on these findings, the BB Global Macro Team formulates three investment scenarios. The next step is to identify investment ideas that are most likely to deliver a positive performance under one of the three scenarios. In this evaluation the portfolio managers make use of several quantitative models that they have developed over the past two decades. Thanks to these models, the fund managers can make sound decisions about stocks in more than 50 countries and bonds issued in more than ten different currencies.

Portfolio construction with the help of a proprietary risk engine

Risk management constitutes an integral part and determinant of the overall investment process. Bellevue has developed proprietary risk management software that combines various quantitative models. The portfolio management team actively screens investment ideas that are congruent with a specific risk profile. These are then simulated within the risk model to determine their interaction with the existing portfolio positions. Portfolio risk is kept constant over time by adhering to and monitoring explicit daily risk levels. There are also clear guidelines regarding portfolio diversification.

BB Global Macro – performance since inception (indexed in %)



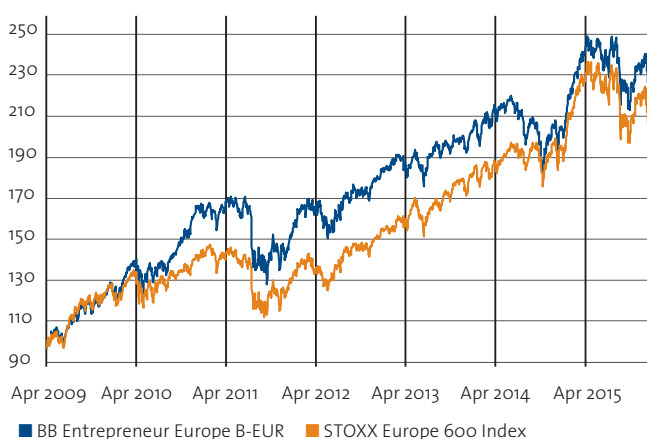
Europe – spotlight on Entrepreneurs

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. Their business decisions tend to be aligned with longer-term goals, summed up by the motto “Think in generations, not quarterly reporting periods”. Entrepreneurs are therefore characterized by greater innovation, a sharp focus on market niches, a highly international approach and stable customer relationships.

Family-run companies have become an object of research in their own right within the academic and economic communities. A number of studies have concurred that owner-managed companies tend to operate with significantly higher levels of capital than non-family-run companies. Entrepreneurs often hold a substantial financial stake in their own business, which in many cases can represent much of the family’s entire wealth. Entrepreneur-led companies tend to achieve higher operating margins, which for listed companies may also result in a better-than-market performance over the long run. 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 unequal 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 all the more 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. Its BB Entrepreneur Europe (Lux) Fund launched in April of 2009 has gained 141.4% in the meantime, beating the 121.1% increase by the Stoxx Europe 600 Index during the same period (in EUR, data as at Dec. 31, 2015). Bellevue Asset Management rounded out its family of European entrepreneur funds in June 2011 with the launch of the BB Entrepreneur Europe Small Fund. This fund delivered a particularly strong return of 29% (B-shares, in EUR) in 2015.

BB Entrepreneur Europe – performance since inception (indexed in %)



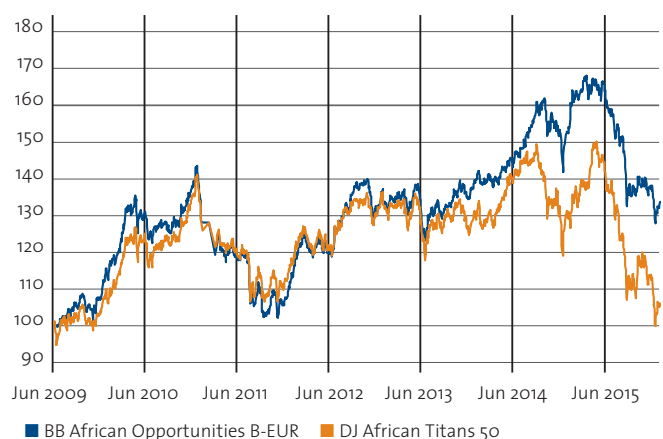
Africa – Frontier Markets offer diversification benefits

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’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 with respect to these growth metrics. The World Bank and the IMF forecast continued economic expansion in the years to come. Declining levels of debt, well-contained inflation, growing reserves of foreign currency and infrastructure build-out are creating new dynamics in Africa. The collapse in commodity prices has affected the continent in two different ways: exporters such as Nigeria, Angola or Zambia are grappling with growing budget deficits, wilting currencies and falling investment, whereas oil and gas importers – countries in East Africa, for example – have benefited from the cheaper prices and have more money to allocate to other areas. Potential investment targets in these other areas are subject to cyclical forces, of course, a fact that must be duly considered within the course of the investment process.

The investment strategy of the BB African Opportunities fund is focused on selected fast-growing countries in Northern and Sub-Saharan Africa that stand to benefit strongly from structural change, economic reforms and infrastructure spending. The continent’s commodities sector and South African stocks are underweighted in comparison. An attractive risk/return profile also sets this fund apart from the competition. The stock prices of African companies are still hardly impacted by the shifting flows of international capital, a fact that 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 Opportunities – performance since inception (indexed in %)



BB Entrepreneur/Sales Team, 15:30 a.m., Frankfurt

Frankfurt am Main – home to Germany’s largest stock exchange and the headquarters of the country’s four largest banks, not to mention the European Central Bank and scores of assets managers. Frankfurt may be only the fifth-largest city in Germany but it is definitely at the heart of its financial services industry. Germany has long been one of Bellevue’s major target markets. Understanding exactly what your client wants is a key factor for success. That’s why Patrick Fischli, Head Sales, and Birgitte Olsen, Lead Portfolio Manager European Equities, are in frequent and direct contact with clients. Taking care of business in “Mainhattan” between the financial district and the river Main.





Table of content

Information relating to corporate governance

Law and regulations	28
Group structure and shareholders	28
Capital structure	29
Board of directors	29
Internal organization	30
Definition of powers of authorization	31
Information and control instruments relating to the Group Executive Board	31
Group Executive Board	32
Compensations, shareholdings and loans	32
Participatory rights of shareholders	32
Change of control and defense measures	33
Statutory auditor	33
Information policy	33

Compensation Report 2015

1 General compensation principles	36
2 Compensation of the Board of Directors and the Executive Board	36
2.1 Board of Directors	36
2.2 Executive Board	37
2.3 Advisory committee	38
3 Payments made to members of the Board of Directors and Executive Board	39
3.1 Payments made to members of the Board of Directors	39
3.2 Compensation of the Executive Board	40
4 Compensations to be approved at the Annual General Meeting 2016 for the Board of Directors and Executive Board	43
4.1 Approval of the maximum amount of fixed compensation for the Board of Directors	43
4.2 Approval of the maximum amount of variable compensation for the Board of Directors	43
4.3 Approval of the maximum amount of fixed compensation and long-term variable compensation for the Executive Board	43
4.4 Approval of the maximum amount of short-term variable compensation for the Executive Board	43

Report of the statutory auditor on the compensation report	44
---	-----------

Consolidated financial statements 2015

Consolidated income statement	48
Consolidated statement of comprehensive income	49
Consolidated balance sheet	50
Statement of shareholders' equity	51
Consolidated cash flow statement	52

Notes to the consolidated financial statements

1 Accounting principles	54
1.1 Basis of interpretation	54
1.2 Changes in accounting principles and presentation	54
1.3 Important accounting principles	56
1.4 Estimates, assumptions and the exercising of discretion by management	61
1.5 Business combination	62
2 Risk management and risk control	63
2.1 Risk evaluation and risk policy	63
2.2 Credit risk	63
2.3 Market risk	63

2.4 Liquidity risk and refinancing	65
2.5 Operational risk	65
2.6 Capital	65

3 Details on the consolidated income statement 67

3.1 Net fee and commission income	67
3.2 Personnel expenses	67
3.3 Other operating expenses	67
3.4 Depreciation	67
3.5 Valuation adjustments and provisions	67
3.6 Taxes	68
3.7 Earnings per share	68

4 Details on the consolidated balance sheet 69

4.1 Due from banks and clients	69
4.2 Financial instruments at fair value through profit and loss	69
4.3 Financial investments	70
4.4 Associated companies	71
4.5 Property and equipment	71
4.6 Goodwill and other intangible assets	72
4.7 Provisions	74
4.8 Share capital / Conditional capital / Authorized capital	75
4.9 Treasury shares	76

5 Transactions with related parties 77

5.1 Compensation paid to members of the Board of Directors and Group Executive Board	77
5.2 Share- and option-holdings of members of the Board of Directors and the Group Executive Board	78
5.3 Transactions with related companies and persons	78
5.4 Employee share purchase plan	79

6 Risk related to balance sheet positions 81

6.1 Balance sheet by currency	81
6.2 Maturity structure of assets and liabilities	83
6.3 Fair value of financial instruments	85
6.4 Level-3-financial instruments	87
6.5 Netting agreements	88

7 Off-balance sheet and other information 89

7.1 Off-balance sheet	89
7.2 Employee benefit plans	90
7.3 Major foreign exchange rates	93
7.4 Events after the balance sheet date	93
7.5 Dividend payment	93
7.6 approval of the consolidated financial statements	93

8 Segment reporting 94

9 Major subsidiaries 96

10 Statutory banking regulations 96

Report of the statutory auditor on the compensation report	98
---	-----------

Financial statement 2015 of Bellevue Group AG

Profit and loss account	102
Balance Sheet	103
Notes to the financial statements	104
Proposal to the annual General Meeting	108

Report of the statutory auditor on the financial statement	110
---	------------

Investor relations and contacts	112
--	------------

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.

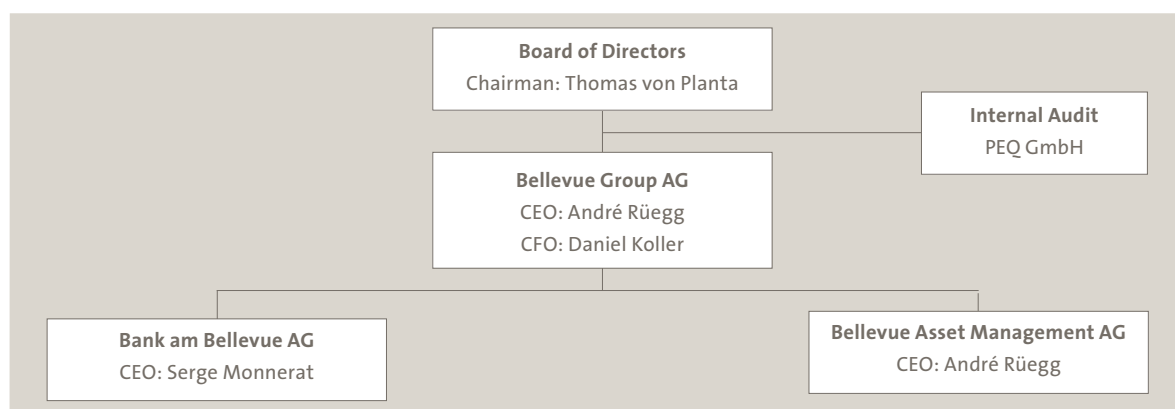
Law and regulations

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 2016



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 96.

Major shareholders

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

Shareholder or beneficial owner	Voting rights held	31.12.2015 Number of shares held	Voting rights held	31.12.2014 Number of shares held
Martin Bisang, Küsnacht	20.06%	2 100 006	20.06%	2 100 006
Jürg Schättli, Rapperswil-Jona	9.05%	947 175	9.05%	947 175
Daniel Schlatter, Herrliberg	4.98%	521 760	4.98%	521 760
Urs Baumann, Pfäffikon ¹⁾	n/a	n/a	5.04%	528 062
Integralstiftung für berufliche Vorsorge	n/a	n/a	3.90%	408 200

¹⁾ As at 31.12.2014: 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 4.8 on page 75.

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 51 and in note 4.8 on page 75. 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 2016:

Name	Function	Nationality	Member of Board Committee ¹⁾	First elected	Elected until
Dr. Thomas von Planta ²⁾	Chairman	CH	CC ³⁾ , AC ⁴⁾	2007	2016
Dr. Daniel H. Sigg ²⁾	Member	CH	CC, AC ³⁾	2007	2016
Dr. Mirjam Staub-Bisang ²⁾	Member	CH	CC, AC	2015	2016

¹⁾ Further information on the committees is given below under "Internal organization"

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

³⁾ Chairman

CC: Compensation Committee

AC: Audit Committee

⁴⁾ Membership in AC required due to minimum size according to AC rules 3

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

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

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.

Dr. Mirjam Staub-Bisang, born 1969

- Degree in law, University of Zurich (Dr. iur.), attorney at law
- Currently CEO and member of the board of Independent Capital Group AG
- 2004–2005 Commerzbank AG, Marketing Executive
- 2001–2003 Swiss Life Private Equity Partners AG, Investment Manager
- 2000–2001 Quadrant AG, Vice-President Corporate Development and Investor Relations
- 1997–1998 Merrill Lynch International, Financial Analyst Corporate Finance and M&A
- Mandates:
 - Member of the Board of Directors of Palladio Real Estate AG
 - Member of the Board of Directors of Löwenbräu-Kunst AG
 - Member of the Board of Directors of V-Zug AG
 - Member of the Board of Directors of INSEAD Fontainebleau

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. Fifteen 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).

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. Two 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. Seven 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 of 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 CEO of Bank am Bellevue 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 control 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.

Group Executive Board

The Group Executive Board comprised the following persons as at 1 January 2016:

Name	Function	Nationality
André Rüegg	CEO	CH
Daniel Koller	CFO	CH
Serge Monnerat	CEO Bank am Bellevue	CH

Additional information on the members of the Group Executive Board:

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, since 1. January 2016 in addition CEO Bellevue Group 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.

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

Compensations, shareholdings and loans

Information on compensation, shareholdings and loans can be found in the Compensation Report on page 36.

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. 9 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 Rolf Birrer. He has exercised this function since the 2015 fiscal year. The holder of this office changes every seven years, in accordance with Swiss banking law. Roland Holl serves as the regulatory lead auditor since the year under review.

Fees paid to auditor

CHF 1000	1.1.–31.12.2015	1.1.–31.12.2014
Auditing fees billed by PwC	517	485
Additional fees billed by PwC for audit-related services	202	25

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 auditing 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 112 of the annual report.

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 is 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 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 allowances for membership on the boards of subsidiaries, associated companies, committees and committee chairs. With this distinction the responsibility and individual functions of the members 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

As of 1 January 2015, the members of the Board of Directors no longer receive lump sum expenses, but only compensation for actual expenses (see below). In the previous year, the members of the Board of Directors received lump sum expenses of CHF 10 000 (chairman) and CHF 5 000 (members) respectively. These lump sum expenses were included in the fixed compensation for the period of office and covered minor outgoings and travel expenses of members of the Board of Directors within Switzerland. The company has until now borne the cost of overnight accommodation at meeting locations and of overseas trips and will continue to do so.

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

Loans and credits are granted at usual market conditions. As of 31 December 2015, a credit limit of CHF 100 000 has been in place, and was granted to Mirjam Staub-Bisang. As of 31 December 2015, this credit limit had not been used. As of 31 December 2014, there were no unpaid loans or credits and no credit limits had been used.

The Board of Directors does not benefit from any perks.

2.1.8 Consulting services

Subject to the approval of the Annual General Meeting, members of the Board of Directors may be paid compensation at normal market rates for consulting services which they provide to the company or other Group companies outside their capacity as members of the Board of Directors.

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

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 established what is known as a blocked share program for the previous CEO of the Group. As a result, 307 062 shares in Bellevue Group AG with a market value of CHF 3 093 000 were allocated in May 2012. The shares were blocked until May 2017 and included a pro-rata repayment obligation (except in the event of a change of control). In return, the Group CEO waived participation in any other bonus programs for a five-year period and committed himself to the acquisition of a substantial amount of Bellevue Group AG shares in 2012.

The former Group CEO left Bellevue Group AG as of 30 June 2015, whereupon Bellevue Group AG exercised its claw back right. It assumed shares in Bellevue Group AG with a total value of CHF 1 142 897 (fair market value at the time of their redemption).

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.

The Board of Directors approved a long-term incentive plan for employees of Bank am Bellevue AG and Bellevue Group AG, as part of which shares in Bellevue Group AG that are subject to a four-year blocking period were allocated. These shares are subject to a three-year pro-rata vesting period (service period) and a three-year claw back right. Members of the Executive Board have also participated in this long-term incentive plan. The relevant amount is shown in the column "Long-term variable compensation" in the table in section 3.2. As the mechanism for approving the long-term variable compensation of the Executive Board, which was approved by the shareholders at the 2015 Annual General Meeting, provides for the respective compensation to be approved prospectively for the financial year following the Annual General Meeting, the long-term variable compensation of the Executive Board for 2015 has not yet been approved by the Annual General Meeting.

2.2.5 Termination benefits

No termination benefits are effective.

2.2.6 Loans, credits, discounts

Loans and credits are granted at usual market conditions. As of 31 December 2015, a credit limit of CHF 350 000 was granted to André Rüegg, CEO of Bellevue Asset Management AG and (as of 1 January 2016) of Bellevue Group AG. As of 31 December 2015, CHF 316 000 of this credit limit had been used. As of 31 December 2014, this credit limit was CHF 200 000 and had not been used.

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 ¹⁾	Fixed compensation in cash for work in committees	Fixed compensation in cash for work in subsidiaries and associated companies	Variable compensation in cash	Variable compensation in shares ²⁾	Other compensation ³⁾	Total
1.1.–31.12.2015							
Thomas von Planta, Chairman	150 000	30 000	25 000	–	20 000	77 192	302 192
Daniel Sigg, Member	80 000	35 000	45 182	–	40 000	–	200 182
Mirjam Staub-Bisang, Member	80 000	25 000	25 000	–	40 000	12 151	182 151
Total	310 000	90 000	95 182	–	100 000	89 343	684 525

The members of the Board of Directors received for the financial year 2015 a fixed compensation totalling CHF 495 182. 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 100 000 for the 2015 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 2015. During the reporting year Thomas von Planta charged Bellevue Group AG in the amount of CHF 61 200 (excl. 8% VAT) for consulting services.

CHF	Fixed compensation in cash ¹⁾	Fixed compensation in cash for work in committees	Fixed compensation in cash for work in subsidiaries and associated companies	Variable compensation in cash	Variable compensation in shares ²⁾	Other compensation ³⁾	Total
1.1.–31.12.2014							
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
effectively paid/ frauded	270 000	110 000	94 788	–	115 000	175 511	765 299

¹⁾ Inclusive lump sum expenses (in 2014)

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

³⁾ 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 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.

For fiscal year 2014 the members of the Board of Directors received a variable compensation in the amount of CHF 115 000. 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 2014. During the financial year 2014 Thomas von Planta charged Bellevue Group AG in the amount of CHF 148 500 (excl. 8% VAT) for consulting services.

3.2 Compensation of the Executive Board

CHF	Fixed compensation in cash	Short-term variable compensation in cash	Short-term variable compensation in shares ¹⁾	Short-term variable compensation in shares with Claw Back Right ^{1) 2)}	Other short-term variable compensation	Long-term variable compensation ³⁾	Other compensation ^{4) 5)}	Total
1.1.–31.12.2015								
Total	1 150 000	775 000	250 000	475 000	88 000	800 000	788 811	4 326 811
Of this total, the highest amount of compensation is paid to André Rüegg, CEO of Bellevue Asset Management AG and (as of 1 January 2016) of Bellevue Group AG	300 000	512 500	100 000	412 500	88 000 ⁶⁾	–	157 682	1 570 682
To be approved at the 2016 Annual General Meeting	–	775 000	250 000	475 000	88 000	–	112 000	1 700 000
Additional comments: Income from the exercising of Claw Back Right ⁷⁾	–	–	–	–	–	–1 062 894	–80 003	–1 142 897

¹⁾ On the basis of these amounts, the respective costs of employer contributions to statutory social insurance are calculated in cash and not in shares.

²⁾ The shares are subject to a one-year vesting period (service period) and a one-year claw back right.

³⁾ The shares are subject to a three-year pro-rata vesting period (service period) and a three-year claw back right.

⁴⁾ The rest of the compensation includes employer contributions to statutory social insurance, employer contributions to the company's pension insurance plan and employer contributions to health and accident insurance calculated on the basis of the amounts shown. If the compensation is variable compensation, an additional 7% will be added prospectively. The actual amounts charged (in the following year) may be lower.

⁵⁾ This item also includes an amount of CHF 319 823, which had to be paid to the former Group CEO upon his departure from office during the year under review due to a contractual obligation incurred prior to the entry into force of the Ordinance against Excessive Remunerations in Listed Companies Limited by Shares (VegÜV) (employment contract under previous law).

⁶⁾ Maximum entitlement to shares in BB Biotech AG, valued according to their market value on the date of allotment (1 January 2015).

⁷⁾ Compare the comment in section 2.2.4. The amount was posted to "Extraordinary income" in Bellevue Group AG's separate financial statements. In the consolidated financial statements in accordance with IFRS, the amount was deducted in the item "Personnel expenses". The amount is recognized in the IFRS reconciliation.

The members of the Executive Board received fixed compensation totalling CHF 1 150 000 for the 2015 financial year. This includes all allowances. Lump sum expenses were abolished as of 1 January 2015.

The variable compensation is broken down as follows:

- CHF 775 000 to be paid in cash. This amount needs to be approved by the Annual General Meeting.
- CHF 250 000 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 475 000 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 88 000 (market value at January 1, 2015). 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 10 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 77), is listed below:

CHF	Fixed compensation in cash	Short-term variable compensation in cash	Short-term variable compensation in shares	Short-term variable compensation in shares with Claw Back Right	Other short-term variable compensation	Long-term variable compensation	Other compensation	Total
Amount as stated in the compensation report	1 150 000	775 000	250 000	475 000	88 000	800 000	788 811	4 326 811
IFRS reconciliation	–	–	–	–235 650 ¹⁾	–	–367 764 ²⁾	–84 942 ³⁾	–688 356
Compensation as stated in the consolidated financial statements	1 150 000	775 000	250 000	239 350	88 000	432 236	703 869	3 638 455

¹⁾ In future, this amount will be recognized in accordance with IFRS as an expense over the vesting period (service period).

²⁾ This amount represents the costs incurred in the financial year for the blocked share program described in section 2.2.4. This amount will also be recognized in accordance with IFRS as expense over the vesting period (service period). In addition, as a result of the departure of the former Group CEO, the total of future costs to be recorded was recorded as immediate expense. In return, the exercising of the claw back right (as also described in section 2.2.4) was recognized as income. Moreover, this includes the effects of the individual long-term incentive plan also described in section 2.2.4. This amount will be deducted and recognized as expense over the future vesting period (service period).

³⁾ The net effect of the employer contributions to statutory social insurance on the above reconciliation is reflected in this amount.

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

CHF	Fixed compensation in cash ¹⁾	Short-term variable compensation in cash	Short-term variable compensation in shares ²⁾	Short-term variable compensation in shares with Claw Back Right ^{2) 3)}	Other short-term variable compensation	Long-term variable compensation	Other compensation ⁴⁾	Total
1.1.–31.12.2014								
Total	1 145 000	407 000	243 000	430 000	48 000	–	365 759	2 638 759
Of this total, the highest amount of compensation is paid to André Rüegg, CEO of Bellevue Asset Management AG.	300 000	207 000	43 000	370 000	48 000	–	119 203	1 087 203

¹⁾ Inclusive lump sum expenses

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

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

⁴⁾ 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 2014 a fixed compensation totalling CHF 1 145 000. This includes all allowances and lump sum expenses.

The variable compensation is broken down as follows:

- CHF 407 000 was paid in cash
- CHF 243 000 was paid in the form of Bellevue Group AG shares and blocked for 4 years.
- CHF 430 000 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")
- The rest of the variable compensation included the maximum entitlement to shares in BB Biotech AG in the amount of CHF 48 000 (market value as of 31 December 2014).

All shares of Bellevue Group AG are valued at market value (weighted average prices of 10 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 77), is listed below:

CHF	Fixed compensation in cash	Short-term variable compensation in cash	Short-term variable compensation in shares	Short-term variable compensation in shares with Claw Back Right	Other short-term variable compensation	Long-term variable compensation	Other compensation	Total
Amount as stated in the compensation report	1 145 000	407 000	243 000	430 000	48 000	—	365 759	2 638 759
IFRS reconciliation	—	—	—	—356 208 ¹⁾	—48 000	618 675 ²⁾	4 032 ³⁾	218 499
Compensation as stated in the consolidated financial statements	1 145 000	407 000	243 000	73 792	—	618 675	369 791	2 857 258

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

²⁾ This amount represents the costs incurred in the financial year for the blocked share program described in section 2.2.4. This amount will also be recognized in accordance with IFRS as expense over the vesting period (service period).

³⁾ 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 2016 for the Board of Directors and Executive Board

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 2016 to the Annual General Meeting 2017 to adapt as follows:

- the fixed compensation in cash should remain at CHF 310 000;
- the fixed compensation in cash for work on committees should be increase in total from CHF 90 000 to CHF 95 000;
- the fixed compensation in cash for work in subsidiaries should be increased in total from CHF 95 182 to CHF 102 000;

Additional costs of a maximum of CHF 26 000 for the employer contributions to statutory social insurance apply to these amounts.

The Board of Directors proposes for approval a maximum amount of fixed compensation for the Board of Directors of CHF 533 000 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 5 000 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 105 000 for the financial year 2015.

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. No changes were made and the fixed compensation for the individual members currently serving on the Executive Board will remain the same. In addition to the fixed compensation, costs of a maximum amount of CHF 240 000 were calculated for the employer contributions to statutory social insurance, other kinds of insurance and pension benefits. The fixed compensation proposed for for the Executive Board for the 2016 financial year is therefore CHF 1 140 000.

As part of the Bellevue Group's future development, the Board of Directors wishes to make any long-term incentive plans more flexible. This may affect both existing and new members of the Executive Board. These kinds of long-term incentive plans generally include the allocation of shares, which are blocked for a specified number of years. Such shares are also always subject to a pro-rata vesting period (service period) and a claw back right. The proposed amount of CHF 1 000 000 also includes the costs of employer contributions to statutory social insurance.

The Board of Directors proposes for approval a maximum amount of fixed compensation for the Executive Board of CHF 2 140 000 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 112 000 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 1 700 000 for the financial year 2015.

Report of the statutory auditor on the compensation report



Report of the statutory auditor
to the General Meeting
Bellevue Group AG
Küsnacht

We have audited the remuneration report of Bellevue Group AG for the year ended 31 December 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 39 to 42 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Opinion

In our opinion, the remuneration report of Bellevue Group AG for the year ended 31 December 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Rolf Birrer
Audit expert
Auditor in charge

Roland Holl
Audit expert

Zürich, 25 February 2016

Consolidated income statement

CHF 1000	Note	1.1.–31.12.2015	1.1.–31.12.2014		Change
Interest income		551	834	–283	–34%
Dividend income		6 366	1 157	5 209	+450%
Interest expense		–168	–129	–39	+30%
Other financial expenses		–461	–	–461	–
Net interest income		6 288	1 862	4 426	+238%
Fee and commission income		70 946	49 942	21 004	+42%
Fee and commission expense		–350	–143	–207	+145%
Net fee and commission income	3.1	70 596	49 799	20 797	+42%
Securities trading		894	815	79	+10%
Foreign exchange trading		–496	172	–668	–388%
Net trading income		398	987	–589	–60%
Income from associated companies		–532	–	–532	–
Income from other financial assets at fair value		3 194	4 485	–1 291	–29%
Other ordinary income		74	186	–112	–60%
Other ordinary expense		–	–7	7	–100%
Other income		2 736	4 664	–1 928	–41%
Total operating income		80 018	57 312	22 706	+40%
Personnel expenses	3.2	–36 474	–25 337	–11 137	+44%
Other operating expenses	3.3	–16 252	–14 152	–2 100	+15%
Depreciation	3.4	–4 846	–5 847	1 001	–17%
Valuation adjustments and provisions	3.5	–21 932	–400	–21 532	n.m.
Total operating expenses		–79 504	–45 736	–33 768	+74%
Profit before tax		514	11 576	–11 062	–96%
Taxes	3.6	–1 332	–477	–855	+179%
Group net profit		–818	11 099	–11 917	–107%
Basic earnings per share (in CHF)	3.7	–0.08	1.06	–1.14	–108%
Diluted earnings per share (in CHF)	3.7	–0.08	1.06	–1.14	–108%

The accompanying notes (see page 54 ff.) are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

CHF 1000	1.1.–31.12.2015	1.1.–31.12.2014		Change
Group net profit in the income statement	– 818	11 099	– 11 917	– 107%
Other comprehensive income (net of tax)				
Items that may be reclassified subsequently to net income				
Currency translation adjustments	– 17	128	– 145	– 113%
Items that will not be reclassified subsequently to net income				
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	– 246	1 476	– 1 722	– 117%
Remeasurement of post employment benefit obligations IAS 19	900	– 2 556	+ 3 456	– 135%
Total comprehensive income	– 181	10 147	– 10 328	– 102%

The accompanying notes (see page 54 ff.) are an integral part of the consolidated financial statements.

Consolidated balance sheet

CHF 1000	Note	31.12.2015	31.12.2014		Change
Cash		90 573	145 327	-54 754	-38%
Due from banks	4.1	81 589	92 636	-11 047	-12%
Due from customers	4.1	22 332	10 716	+11 616	+108%
Trading portfolio assets	4.2	41 228	17 471	+23 757	+136%
Positive replacement values	4.2	9 331	16 074	-6 743	-42%
Other financial assets at fair value	4.2	26 595	27 809	-1 214	-4%
Accrued income and prepaid expenses		8 076	6 522	+1 554	+24%
Financial investments	4.3	22 841	23 272	-431	-2%
Associated companies	4.4	—	548	-548	-100%
Property and equipment	4.5	1 616	224	+1 392	+621%
Goodwill and other intangible assets	4.6	40 017	66 152	-26 135	-40%
Current tax assets		3 846	8 464	-4 618	-55%
Deferred tax assets	3.6	520	357	+163	+46%
Other assets		7 562	2 371	+5 191	+219%
Total assets		356 126	417 943	-61 817	-15%
Due to banks		5 310	11 548	-6 238	-54%
Due to customers		165 846	210 294	-44 448	-21%
Trading portfolio liabilities	4.2	—	4 176	-4 176	-100%
Negative replacement values	4.2	9 472	16 324	-6 852	-42%
Financial liabilities designated at fair value	4.2	4 422	—	+4 422	—
Accrued expenses and deferred income		24 370	13 620	+10 750	+79%
Current tax liabilities		2 157	1 410	+747	+53%
Deferred tax liabilities	3.6	6 511	6 732	-221	-3%
Provisions	4.7	1 656	2 281	-625	-27%
Other liabilities		422	1 947	-1 525	-78%
Total liabilities		220 166	268 332	-48 166	-18%
Share capital	4.8	1 047	1 047	—	—
Capital reserves		27 250	27 250	—	—
Unrealized gains and losses recognized in other comprehensive income		20 130	19 476	+654	+3%
Currency translation adjustments		-385	-368	-17	+5%
Retained earnings		91 564	102 227	-10 663	-10%
Treasury shares	4.9	-3 646	-21	-3 625	n.m.
Total shareholders' equity		135 960	149 611	-13 651	-9%
Total liabilities and shareholders' equity		356 126	417 943	-61 817	-15%

The accompanying notes (see page 54 ff.) are an integral part of the consolidated financial statements.

Statement of shareholders' equity

CHF 1000	2015	2014
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	19 476	20 556
Change in unrealized gains and losses on financial instruments	-246	1 476
Remeasurement of post employment benefit obligations IAS 19	900	-2 556
On December 31	20 130	19 476
Currency translation adjustments		
On January 1	-368	-496
Change during period under review	-17	128
On December 31	-385	-368
Retained earnings		
On January 1	102 227	101 456
Group net profit	-818	11 099
Dividends and other cash distributions	-10 470	-10 470
Income from the sale of own shares and derivatives	32	137
Employee stock ownership plan	593	5
On December 31	91 564	102 227
Treasury shares		
On January 1	-21	-362
Purchases	-8 432	-1 661
Disposals	4 807	2 002
On December 31	-3 646	-21
Total		
On January 1	149 611	149 451
On December 31	135 960	149 611

The accompanying notes (see page 54 ff.) are an integral part of the consolidated financial statements.

Consolidated cash flow statement

CHF 1 000	Anmerkungen	1.1.–31.12.2015	1.1.–31.12.2014
Cash flow from operating activities			
Group profit		– 818	11 099
Reconciliation to net cash flow from operating activities			
Non-cash positions in Group results:			
Depreciation of fixed assets	3.4	288	275
Amortization of intangible assets	3.4	4 558	5 572
Impairment of goodwill	4.6	22 000	–
Impairment of associated companies	4.4	548	–
Change in provisions	4.7	501	–1 257
Tax expense / benefit		1 846	– 61
Deferred tax expense / benefit		– 556	949
Change in fair value of financial assets and other financial assets at fair value		– 3 358	– 6 385
Other non-cash items		625	142
Net increase / decrease in operating assets			
Due from banks	4.1	11 047	–13 462
Due from clients	4.1	–11 616	12 710
Trading positions and replacement values net	4.2	–23 866	–10 292
Accrued income, prepaid expenses and other assets		– 6 745	– 6 450
Net increase / decrease in liabilities			
Due to banks		– 6 238	5 534
Due to customers		–44 448	–15 941
Financial liabilities designated at fair value	4.2	4 422	–
Accrued expenses, deferred income and other liabilities		9 225	5 541
Taxes paid		3 519	785
Cash flow from operating activities		– 39 066	– 11 241
Cash flow from investing activities			
Investment in other financial assets at fair value		–10 503	–1 292
Divestment of other financial assets at fair value		11 030	7 291
Divestments of financial assets at amortized cost		–	1 900
Purchase of associated companies		–	– 56
Purchase of property and equipment	4.6	–1 680	–141
Payments for acquisitions of controlled entities, net of cash		– 423	–13 836
Net cash flow from investing activities		– 1 576	– 6 134
Cash flow from financing activities			
Dividends paid		–10 470	–10 470
Net movements in treasury shares and derivatives on own shares		– 3 625	341
Net cash flow from investing activities		– 14 095	– 10 129
Currency translation effects		– 17	128
Net increase / decrease in cash and cash equivalents		– 54 754	– 27 376
Further information			
Cash received as interest		–	–
Cash paid as interest		201	–
Cash received as dividends on equities		6 462	1 157
Cash at the beginning of the year		145 327	172 703
Cash at the end of the year		90 573	145 327

The accompanying notes (see page 54 ff.) are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1 Accounting principles

1.1 Basis of interpretation

The consolidated financial statements of Bellevue Group AG, Küssnacht, 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

- Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions” (effective for annual periods beginning on or after 1 July 2014, retrospective application, early application permitted): The amendment clarifies the application of IAS 19R to post-employment benefit plans that require employees or third parties to contribute towards the cost of benefits. The amendment allows (but does not require) contributions that are linked to service, and do not vary with length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided; e.g. contributions dependent on the employee’s age or contributions that are a fixed percentage of the employee’s salary. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the gross benefits. The amendment allows many entities to continue accounting for employee contributions using their accounting policy prior to IAS 19R.
- Amendment to IFRS 8 “Operating segments” (effective 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.
- Amendment to IFRS 13 “Fair value measurement” (effective 1 July 2014): 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.
- Amendment to IFRS 3 “Business combinations” (effective 1 July 2014): The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
- Amendment to IAS 24 “Related party disclosures” (effective 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.

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

The Bellevue Group was already applying the following new standard in the 2010 financial year.

- IFRS 9 (effective January 1, 2013) – Financial instruments

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 1 January 2016, or later. Bellevue Group is not availing itself of the possibility of early application of these innovations:

- Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations” (effective for annual periods beginning on or after 1 January 2016, prospective application, earlier adoption permitted): The additional guidance clarifies that the acquisition of an interest in a joint operation that meets the definition of a business under IFRS 3 is not a business combination as the acquiring party does not obtain control. Despite this, IFRS 3 business combination accounting should be applied including IFRS 3 disclosure requirements.
- Amendments to IFRS 10, “Consolidated financial statements” and IAS 28, “Investments in associates and joint ventures” (effective for annual periods beginning on or after 1 January 2016): These amendments address an inconsistency be-

tween the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a “business”. Full gain or loss will be recognized by the investor where the nonmonetary assets constitute a “business”. If the assets do not meet the definition of a business, the gain or loss is recognized by the investor to the extent of the other investors’ interests, even if these assets are housed in a subsidiary. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation. These amendments shall be applied prospectively, earlier application is permitted.

- Amendments to IFRS 10, IFRS 12, IAS 28 “Investment entities applying consolidation exception” (effective for annual periods beginning on or after 1 January 2016, earlier adoption permitted): The amendments clarify the relief from consolidation which is available to entities in group structures involving investment entities and are likely to reduce the number of entities which produce consolidated financial statements. The amendments also provide relief to non-investment entity investors in associates and joint ventures, who would otherwise incur practical difficulties or additional costs in unwinding fair value measurements and performing additional consolidations (prospective application, earlier application permitted).

- IFRS 15 „Revenue from Contracts with Customers“ (effective for annual periods beginning on or after 1 January 2018, earlier application permitted):

The new standard on the recognition of revenue from contracts with customers applies to all contracts with customers except those that are financial instruments, leases or insurance contracts.

IFRS 15 is based on a five step approach:

- 1) Identify the contract with the customer
- 2) Identify the separate performance obligations in the contract
- 3) Determine the transaction price
- 4) Allocate the transaction price to separate performance obligations
- 5) Recognize revenue when a performance obligation is satisfied.

The new standard will require entities to redefine their revenue recognition, and consider adjustments to the invoicing and accounting systems and consider renegotiating contracts with their clients. Entities currently using industry-specific guidance may be more significantly affected. In addition, the amount of revenue-related disclosures will increase. Early impact assessments are strongly recommended.

- IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019): Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. IFRS 16 is likely to have a significant impact on the financial statements of a number of lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- Amendment to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation” (effective for annual periods beginning on or after 1 January 2016, earlier application permitted): IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The objective of the amendments is to ensure that preparers do not use revenue-based methods to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.
- Amendments to IAS 1 “Presentation of Financial Statements” (effective for annual periods beginning on or after 1 January 2016, prospective application, earlier application permitted): The amendments clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.

- Amendment to IAS 27 “Separate financial statements”, effective for annual periods beginning on or after 1 January 2016 (retrospective application, earlier application permitted): The amendments restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity’s separate financial statements. An entity can now account for investments in subsidiaries, joint ventures and associates in its separate financial statements:
 - a. at cost; or
 - b. in accordance with IFRS 9; or
 - c. using the equity method as described in IAS 28.

The IASB has also clarified the definition of separate financial statements as those produced in addition to:

- consolidated financial statements by an entity with subsidiaries; or
- financial statements prepared by an entity which has no subsidiaries but has investments in associates or joint ventures required to be equity accounted under IAS 28.

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 recognizing the identifiable assets, including previously unrecognized 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 recognized as goodwill. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognized at acquisition-date fair value. Subsequent changes to the fair value of a contingent consideration is recognized in accordance with IFRS 9 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 Committee.

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 and 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 and financial liabilities designated at fair value

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”.

Issued structured products and certificates are stated under the item “Financial liabilities designated at fair value”. Management; valuation and reporting of issued structured products and certificates are carried out on a Fair Value basis.

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 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 net trading income.

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 2015 and as per 31 December 2014.

*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 recognized 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. 5 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 5 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 recognized in the statement of 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 unrecognized assets less effects included in net interest expenses. Revaluation components are recorded in the statement of comprehensive income and cannot be recycled. Amounts recorded in the statement of 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 employers and employees" sharing the risk.

Assets under management and net inflows/outflows of new money

Assets under management are calculated and reported in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority concerning accounting standards for financial institutions (FINMA-RS 15/1). 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. 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 85 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.

Pension costs are also subject to estimates and assumptions. The management believes that the assumptions and estimates which have been made are appropriate.

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 4.6 “goodwill and other intangible assets” on page 72.

1.5 Business combination

Following approval by FINMA on 16 April 2015, Bellevue Asset Management AG completed a merger with Adamant Biomedical Investments AG, which was acquired from Zürcher Kantonalbank in September 2014, with effect from 21 April 2015. The completion of this merger sees the entire Adamant Biomedical Investments AG investment fund product range transferred to Bellevue Asset Management AG.

Bellevue Asset Management AG incurred additional costs as a result of including the employees of Adamant Biomedical Investments AG in the company’s pension insurance plan. For this reason, when calculating the purchase price allocation, the values of obligations and goodwill were raised by CHF 0.4 million.

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 its 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 69 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 27.7 million (previous year: CHF 10.5 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 4123 (previous year: +/- TCHF 1747). 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 81. The net positions are given below:

CHF 1000	CHF	EUR	USD	Other
Net position on 31.12.2015		6 244	10 537	636
10% change in fair value	+/- 1 742			
Net position on 31.12.2014		6 776	11 086	203
10% change in fair value	+/- 1 807			

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 its seed financing strategy. A 10% change in fair value with respect to the year-end value would correspond to a CHF 2.7 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 in a change of equity of TCHF 2 284 (previous year: TCHF 2 327) for the financial investment calculated at fair value. Thereof, TCHF 74 (previous year: TCHF 87) would be P&L-effective.

For the period under review a negative change in value in the amount of TCHF 246 (net of tax) was recognized in the "other comprehensive income" (previous year: positive change in value in the amount of TCHF 1 476, net of tax).

Liabilities from other financial instruments at fair value

The self-issued structured products are recorded via the item financial liabilities designated at fair value. The realized result and the unrealized result are recorded via the item securities trading.

Financial instruments that are not used for trading purposes are recorded via this item and valued at fair value, provided that all of the following conditions are fulfilled:

- The financial instruments are valued on the basis of the fair value and comply with the documented risk management and investment strategy, which ensure the identification, measurement and reduction of the various risks involved.
- The use of fair value valuation largely neutralises the effect on the income statement of the economic hedging relationship that exists between the financial instruments on the asset side and those on the liabilities side.
- Any effect of a change in own credit rating on the fair value after the first-time recognition is neutralised in the income statement.

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 at 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 83.

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 96 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.

CHF 1 000	31.12.2015	31.12.2014
Eligible capital ¹⁾²⁾	72 642	54 606
Required capital ¹⁾		
Credit risk	8 519	9 825
Non-counterparty related risks	129	112
Market risk	6 733	3 073
Operational risk ³⁾	9 517	7 225
Minimum capital (Art. 42 CO)	24 898	20 235
Capital buffer (Art. 43 CO)	7 781	6 323
Additional capital (Art. 45 CO)	4 668	3 794
Total required capital	37 347	30 352
Ratios ¹⁾		
CET1 capital ratio	23.3%	21.6%
Leverage ratio in accordance with FINMA Circular 15/3 ¹⁾		
Net eligible tier 1 capital in CHF mn	72.6	54.6
Total leverage ratio exposure in CHF mn	357.9	422.1
Leverage ratio (unweighted capital ratio in accordance with Basel III)	20.3%	12.9%
Liquidity Coverage Ratio in accordance with FINMA Circular 15/2 ¹⁾		
Total stock of high quality liquid assets (HQLA) in CHF mn	114.0	148.1
Total net cash outflows in CHF mn	53.7	57.5
Liquidity Coverage Ratio LCR	212.3%	257.6%

¹⁾ unaudited

²⁾ after dividend payment

³⁾ using the Basic Indicator Approach

The disclosures for capital adequacy, leverage ratio and liquidity coverage ratio are in accordance with FINMA Circular 08/22. The values used to calculate the liquidity coverage ratio are simple month-end averages of each year as indicated. The basis to calculate average values is taken from the monthly liquidity status reports submitted to FINMA and SNB. For 2015 the liquidity coverage ratio has to exceed 60%. The main factors with a relevant impact on the liquidity coverage ratio of Bellevue Group are cash holdings as high-quality liquid assets, customer cash accounts as weighted cash outflows.

3 Details on the consolidated income statement

3.1 Net fee and commission income

CHF 1000	1.1.–31.12.2015	1.1.–31.12.2014
Brokerage and Corporate Finance	11 930	13 187
Asset Management – management fees	53 551	33 868
Asset Management – performance fees	4 105	1 121
Other commission income	1 360	1 765
Fee and commission expense	– 350	– 142
Net fee and commission income	70 596	49 799

3.2 Personnel expenses

CHF 1000	1.1.–31.12.2015	1.1.–31.12.2014
Gehälter und Boni	30 512	22 375
Vorsorgeaufwand ¹⁾	2 860	206
Übrige Sozialleistungen	2 677	1 776
Übriger Personalaufwand	425	980
Total Personnel expenses	36 474	25 337

¹⁾ for further details see note 7.2 (page 90)

3.3 Other operating expenses

CHF 1000	1.1.–31.12.2015	1.1.–31.12.2014
Premises	2 149	1 854
IT, telecommunications and other equipment	4 751	4 178
Travel and representation, PR, advertising	3 450	3 216
Consulting and audit fees	3 649	2 737
Other operating expenses	2 253	2 167
Total Other operating expenses	16 252	14 152

3.4 Depreciation

CHF 1000	1.1.–31.12.2015	1.1.–31.12.2014
Depreciation of property and equipment	288	275
Depreciation of intangible fixed assets	4 558	5 572
Total Depreciation	4 846	5 847

3.5 Valuation adjustments and provisions

CHF 1000	1.1.–31.12.2015	1.1.–31.12.2014
Value adjustment Goodwill (Impairment)	22 000	–
Release/additions of other provisions	– 68	400
Total Valuation adjustments and provisions	21 932	400

3.6 Taxes

CHF 1000	1.1.–31.12.2015	1.1.–31.12.2014
Current income taxes	1 667	728
Deferred income taxes	– 335	– 251
Total	1 332	477
Pre-tax result	514	11 576
Expected rate of income tax	19%	19%
Expected income tax	98	2 199
Reasons for higher/lower amounts:		
Difference between applicable local tax rates and assumed	– 1 847	– 1 310
Swiss tax rate	4 594	616
Non-deductible expenses	– 351	– 784
Tax income unrelated to accounting period	– 1 162	– 244
Total income taxes	1 332	477
Swiss tax balance	3 840	8 464
Foreign tax balance	6	–
Total current tax receivable	3 846	8 464

CHF 1000	1.1.–31.12.2015	1.1.–31.12.2014
Intangible assets	1 179	2 042
Unrealised profits on financial instruments	3 978	4 032
Other provisions	1 354	658
Total deferred tax liabilities ¹⁾	6 511	6 732
Actuarial BVG provisions	315	357
Other deferred tax assets	205	–
Total deferred tax assets ¹⁾	520	357

¹⁾ 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	1.1.–31.12.2015	1.1.–31.12.2014
Group net profit	– 818	11 099
Weighted average number of issued registered shares	10 470 000	10 470 000
Less weighted average number of treasury shares	– 115 009	– 7 985
Weighted average number of shares outstanding (undiluted)	10 354 991	10 462 015
Weighted average number of shares outstanding (diluted)	10 354 991	10 462 015
Undiluted earnings per share (in CHF)	– 0.08	1.06
Diluted earnings per share (in CHF)	– 0.08	1.06

4 Details on the consolidated balance sheet

4.1 Due from banks and clients

CHF 1000	31.12.2015	31.12.2014
Due from banks	81 589	92 636
of which from securities transaction processing	983	3 752
Total	81 589	92 636
Due from banks, by type of collateral		
Unsecured	81 589	92 636
Total	81 589	92 636
Due from customers	22 332	10 716
of which private customers	20 668	10 148
of which corporate customers	1 664	568
Total	22 332	10 716
Due from customers, by type of collateral		
Other collateral ¹⁾	21 575	10 179
Unsecured	757	537
Total	22 332	10 716

¹⁾ Securities only

4.2 Financial instruments at fair value through profit and loss

CHF 1000	31.12.2015	31.12.2014
Trading portfolio assets		
Equity instruments (incl. funds)		
Listed	41 228	17 471
Total	41 228	17 471
Total trading portfolio assets	41 228	17 471
of which repo-eligible	–	–
of which lent or delivered as collateral	–	–
Trading portfolio liabilities		
Equity instruments	–	4 176
Total	–	4 176

CHF 1000	Positive replacement value	Negative replacement value	Contact volumen
Open derivative instruments			
Foreign currency as at 31.12.2015			
Forward contracts (OTC) ²⁾	–	141	8 025
of which hedge purpose ³⁾	–	141	8 025
Equity investments as at 31.12.2015			
Futures ¹⁾	–	–	1 226
of which hedge purpose ³⁾	–	–	1 226
Options (OTC) ²⁾	9 331	9 331	91 693
of which hedge purpose ³⁾	–	–	–
Total	9 331	9 472	100 944
Foreign currency as at 31.12.2014			
Forward contracts (OTC) ²⁾	–	263	10 964
of which hedge purpose ³⁾	–	263	10 964
Equity investments as at 31.12.2014			
Futures ¹⁾	–	–	1 226
of which hedge purpose ³⁾	–	–	1 226
Options (OTC) ²⁾	16 061	16 061	183 089
of which hedge purpose ³⁾	–	–	–
Options (exchange traded) ¹⁾	13	–	1 044
of which hedge purpose ³⁾	–	–	–
Total	16 074	16 324	196 323
¹⁾ Level 1: listed on an active market			
²⁾ Level 2: valued on the basis of models with observable input factors			
³⁾ Whereas no hedge accounting as defined under IFRS is applied			

CHF 1000	31.12.2015	31.12.2014
Other financial assets at fair value through profit and loss		
Investment funds subject to Luxembourg law	10 805	16 068
Other investment funds	15 790	11 741
Total other financial assets at fair value through profit and loss	26 595	27 809

CHF 1000	31.12.2015	31.12.2014
Financial liabilities designated at fair value		
Structured products	4 422	–
Total Financial liabilities designated at fair value	4 422	–

4.3 Financial investments

CHF 1000	31.12.2015	31.12.2014
Valued at fair value		
Debt instruments	741	872
of which unlisted	741	872
Equity instruments ¹⁾	22 100	22 400
of which unlisted	22 100	22 400
Total	22 841	23 272
Total financial investments	22 841	23 272
of which repo-eligible securities	–	–

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

In the year under review, financial investments amounting to CHF 0.3 million (previous year: CHF 1.8 million) were revalued without affecting net income. On it CHF 0.05 million (previous year: CHF 0.32 million) of deferred taxes were considered.

4.4 Associated companies

CHF 1000	31.12.2015	31.12.2014
Balance at the beginning of the year	548	492
Impairment	-532	-
Translation differences	-16	56
Total as at the balance sheet date	-	548

Subsidiary consolidated using the equity method

	Domicile	Activity	Currency	Share capital/ Nominal capital 1 000	Interest held in % 31.12.2015	31.12.2014
Auerbach Grayson and Company, LLC.	New York	Brokerage	USD	10 200	7.2	7.2

Auerbach Grayson and Company, LLC ("Auerbach") acts as US introducing broker for Bank am Bellevue. A representative of Bellevue Group is member of the Board of Directors of Auerbach Grayson.

Auerbach reported a loss of USD 4.1 million in its interim statement for the year ended 31 December 2015. This has resulted in Bellevue Group AG deciding that the interest in Auerbach must be fully written down. It has therefore recorded an impairment of CHF 532 000 in the Group segment.

4.5 Property and equipment

CHF 1000	Furniture and fittings	IT equipment	Total
Acquisition cost			
Balance as of 01.01.2014	5 084	844	5 928
Additions	2	163	165
Disposals	-4	-	-4
Balance as of 31.12.2014	5 082	1 007	6 089
Additions	-	1 676	1 676
Balance as of 31.12.2015	5 082	2 683	7 765
Accumulated depreciation			
Balance as of 01.01.2014	-4 748	-844	-5 592
Additions	-240	-35	-275
Disposals	2	-	2
Balance as of 31.12.2014	-4 986	-879	-5 865
Additions	-89	-198	-287
Disposals	3	-	3
Balance as of 31.12.2015	-5 072	-1 077	-6 149
Net carrying values 31.12.2014	96	128	224
Net carrying values 31.12.2015	10	1 606	1 616

4.6 Goodwill and other intangible assets

CHF 1000	Bank am Bellevue	Asset Management	Total
Goodwill			
Acquisition cost			
Balance as of 1.1.2014	97 374	62 915	160 289
Additions	–	11 383	11 383
Balance as of 31.12.2014	97 374	74 298	171 672
Additions	–	423	423
Balance as of 31.12.2015	97 374	74 721	172 095
Accumulated valuation adjustments			
Balance as of 1.1.2014	–65 374	–50 915	–116 289
Balance as of 31.12.2014	–65 374	–50 915	–116 289
Additions	–22 000	–	–22 000
Balance as of 31.12.2015	–87 374	–50 915	–138 289
Net carrying values			
Balance as of 1.1.2014	32 000	12 000	44 000
Balance as of 31.12.2014	32 000	23 383	55 383
Balance as of 31.12.2015	10 000	23 806	33 806

The reported goodwill as of 1 January 2014 for the Bank am Bellevue and Asset Management segments stems from the acquisition of Bank am Bellevue AG and Bellevue Asset Management by Bellevue Group AG (formerly swissfirst AG) in 2005. The additions in the 2014 and 2015 financial years were due to the acquisition of a 100% interest in Adamant Biomedical Investments AG (“Adamant”). The Group expects to increase its market presence through the combination of this business with the existing segment Asset Management. The goodwill of CHF 11.4 million from this acquisition can be attributed in particular to the expected synergies and economies of scale from the fusion of these businesses. As expected, it will not be possible to amortise the recorded goodwill for tax purposes. At the time of the acquisition, the variable component of the purchase price of CHF 1.6 million was an obligation owed by the Group to the sellers (former minority shareholders) and payable in shares in Bellevue Group AG or in units in the investment fund. The obligation becomes due as soon as the mutually agreed targets for the respective previous year are reached. Targets were laid down for four years. It is highly probable that the performance targets for the next four years will be reached. The variable component of the purchase price was fully recognized at fair value (Level 2).

The details of the merger with Adamant are listed in section 1.5 on page 62 and in section 4.4 on page 67 of the 2014 annual report.

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.

Bellevue Group will assess the recoverable value of the goodwill every six months on the basis of the projected recoverable amount for each business segment. The recoverable amount is calculated using the discounted cash flow method. The projected free cash flows for the respective cash-generating units are estimated based on five-year financial plans. The business plans of the respective segments serve as the basis for these estimates of projected free cash flows. These cash flows are discounted to present value.

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

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

In view of the lower volume of business activities and the reduced revenues from Bank am Bellevue's brokerage unit as of 30 June 2015, the Board of Directors and the Executive Board reassessed the unit's future earnings. On the one hand, the five-year financial plan on which these estimates are based was adjusted on the basis of income in the first half of 2015. On the other hand, variables and assumptions in respect of the general development of the brokerage area as well as Bank am Bellevue's market position were taken into account as well.

The operating income from the revised financial plan forms the basis for the discounted cash flow statement. The recoverable amount based on this is CHF 54 million as of 30 June. This resulted in a goodwill impairment of CHF 22 million for Bank am Bellevue as of 30 June 2015. This amount corresponds to the value by which the book value exceeds the recoverable amount. Bellevue Group issued a media release informing of this matter immediately after the resolution was passed on 15 July 2015.

Impairment tests were conducted again at the end of 2015. The discount rate used in these calculations was 8.2% (previous year: 8.3%) and the assumed growth rate was 1% (previous year: 1%). No further impairment losses were identified.

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

The Group's approach to determine the key assumptions and related growth expectations is based on management's knowledge and reasonable expectations of future business, using internal and external market information, planned business initiatives 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	Total
Other intangible assets				
Acquisition cost				
Balance as of 1.1.2014	78 617	1 179	3 237	83 033
Additions	6 221	95	25	6 341
Balance as of 31.12.2014	84 838	1 274	3 262	89 374
Balance as of 31.12.2015	84 838	1 274	3 262	89 374
Accumulated valuation adjustments				
Balance as of 1.1.2014	-68 619	-1 179	-3 237	-73 035
Additions	-5 540	-5	-25	-5 570
Balance as of 31.12.2014	-74 159	-1 184	-3 262	-78 605
Additions	-4 539	-19	-	-4 558
thereof due to impairment	-2 700	-	-	-2 700
Balance as of 31.12.2015	-78 698	-1 203	-3 262	-83 163
Net carrying values				
Balance as of 1.1.2014	9 998	-	-	9 998
Balance as of 31.12.2014	10 679	90	-	10 769
Balance as of 31.12.2015	6 140	71	-	6 211

The intangible assets for "Brand" and "Client base" as per 01.01.2014 stem from the acquisition of the Bank am Bellevue and Bellevue Asset Management by Bellevue Group (then: Swissfirst AG) in 2005. These intangible assets are amortized over a period of 5 to 15 years and are likewise tested for impairment in the procedure described above under "Goodwill".

The additions during fiscal year 2014 resulted from the acquisition of a 100% interest in the Adamant Biomedical Investment AG. The details of the business combination are listed in the annual report 2014 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".

In light of a continuing weak economy, estimates in respect of future profits on the customer base of Bank am Bellevue were adjusted as of 30 June 2015. Consequently, additional extraordinary impairment losses of CHF 2.7 million on the corresponding intangible assets as of June 30, 2015 had to be recognized (after recognizing a CHF 3.1 million impairment charge on 31 December 2014). Bellevue Group issued a media release informing of this matter immediately after the resolution was passed on 15 July 2015.

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

2016	786
2017	788
2018	788
2019	783
2020	733
2021	622
2022	622
2023	622
2024	467
Total	6 211

4.7 Provisions

CHF 1 000	Note	Actuarial BVG provisions	Other	2015 Total	2014
Balance at the beginning of the year	1.5	1 881	400	2 281	334
Utilization in conformity with intended purpose		–	–332	–332	–200
New charge to profit and loss account		–	–	–	400
Write-backs credited to profit and loss account		–	–68	–68	–
Remeasurement of post employment benefit obligations IAS 19		–225	–	–225	1 747
Total as at the balance sheet date		1 656	–	1 656	2 281

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.

Details regarding the 2014 data are provided in section 4.8 on page 71 of the 2014 annual report.

4.8 Share capital / Conditional capital / Authorized capital

	Number of shares	Par value CHF 1 000
Share Capital (registered shares)		
Balance as of 1.1.2014	10 470 000	1 047
Balance as of 31.12.2014	10 470 000	1 047
Balance as of 31.12.2015	10 470 000	1 047
Conditional capital		
Balance as of 1.1.2014	1 000 000	100
Balance as of 31.12.2014	1 000 000	100
Balance as of 31.12.2015	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 200 000 to CHF 100 000. 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 1.1.2014	1 500 000	150
Balance as of 31.12.2014	1 500 000	150
Balance as of 31.12.2015	1 500 000	150

At the Annual General Meeting held on 18 March 2013, a resolution was passed to create new authorized capital. The Board of Directors was authorized 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.

At the Annual General Meeting held on 16 March 2015, a resolution was passed to renew the authorization to issue share capital, which expired on 18 March 2015, in the same amount and under the same conditions as the previous authorization. The renewed authorization expires on 16 March 2017.

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.

4.9 Treasury shares

	Number	CHF 1 000
Own shares in trading portfolio of Bank am Bellevue		
Balance as of 1.1.2014	30 000	362
Purchases	100 739	1 418
Disposals	-130 739	-1 780
Balance as of 30.6.2014	—	—
Purchases	18 723	243
Disposals	-17 207	-222
Balance as of 31.12.2014	1 516	21
Purchases	117 883	1 714
Disposals	-116 399	-1 693
Balance as of 30.6.2015	3 000	42
Purchases	396 432	5 575
Disposals	-189 477	-2 661
Balance as of 31.12.2015	209 955	2 956
Treasury shares held by Bellevue Group AG		
Balance as of 1.1.2014	—	—
Purchases	—	—
Disposals	—	—
Balance as of 30.6.2014	—	—
Purchases	—	—
Disposals	—	—
Balance as of 31.12.2014	—	—
Purchases	81 345	1 143
Disposals	—	—
Balance as of 30.6.2015	81 345	1 143
Purchases	—	—
Disposals	-32 238	-453
Balance as of 31.12.2015	49 107	690

4.10 Assets pledged or assigned as collateral for own liabilities

CHF 1 000	31.12.2015		31.12.2014	
	Carring amount	Actual liability	Carring amount	Actual liability
Due from banks	40 655	—	54 660	—
Total	40 655	—	54 660	—

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 paid in cash	Variable compensation paid in cash	Variable compensation paid in shares	Other compensation	Total
Compensation paid to members of the Board of Directors					
Thomas von Planta, Chairman	205 000	–	20 000	77 192	302 192
Daniel Sigg, Member	160 182	–	40 000	–	200 182
Mirjam Staub-Bisang, Member	130 000	–	40 000	12 151	182 151
Total 01.01. – 31.12.2015	495 182	–	100 000	89 343	684 525

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. During the reporting year Thomas von Planta charged Bellevue Group AG in the amount of CHF 61 200 (excl. 8% VAT) for consulting services.

CHF	Fixed compensation paid in cash	Variable compensation paid in cash	Variable compensation paid 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 01.01. - 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 paid in cash	Variable compensation paid in cash	Variable compensation paid in shares	Variable compensation paid in cash	Share-based payments from LTI's	Other payments from LTI's	Other compensation	Total
Compensation paid to members of the Executive Board								
Total 1.1.–31.12.2015	1 150 000	775 000	250 000	239 350	88 000	432 236	703 869	3 638 455
Total 1.1.–31.12.2014	1 145 000	407 000	243 000	73 792	–	618 675	369 791	2 857 258

No compensation was paid to parties related to members of the Group Executive Board in 2015 or 2014.

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

Share- and option-holdings of members of the Board of Directors	Number Shares	31.12.2015 Call-Options ¹⁾	Number Shares	31.12.2014 Call-Options ¹⁾
Thomas von Planta, Chairman	18 888	–	12 595	–
Daniel Sigg, Member	20 345	–	17 095	–
Mirjam Staub-Bisang, Member	–	–	–	–
Walter Knabenhans, Chairman until 16.3.15	n/a	n/a	169 095	–

Share- and option-holdings of members of the Board of Directors	Number Shares	31.12.2015 Call-Options ¹⁾	Number Shares	31.12.2014 Call-Options ¹⁾
André Rüegg, CEO and CEO Bellevue Asset Management	105 000	–	56 541	–
Daniel Koller, CFO	46 319	–	20 018	–
Serge Monnerat, CEO Bank am Bellevue	92 858	–	59 483	–
Urs Baumann, CEO until 30.6.15	n/a	n/a	528 062	310 000 ²⁾

¹⁾ Number of shares in case of exercise, having regard to subscription ratio

²⁾ Exercisable as of 31.12.2014 (America 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

CHF 1 000	Key management personnel ¹⁾	Major shareholders ²⁾	Associated companies	Other related companies and persons ³⁾	Total
2015					
Due from customers	316	–	–	–	316
Due to customers	16 719	19 740	–	–	36 459
Interest income	2	–	–	–	2
Interest expense	–	–	–	–	–
Fee and commission income	9	617	48	–	674
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

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

²⁾ 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 Employee share purchase 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 2015 was CHF 4.5 million (previous year: CHF 2.5 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 2015 CHF 1.4 million (previous year: CHF 1.9 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 2015 variable compensation in the amount of CHF 10.7 million were calculated (previous year: CHF 6.0 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:

- Bonuses up to and including CHF 100 000 are paid in cash.
- Bonuses from CHF 100 000 up to and including CHF 200 000 are paid in the form of Bellevue Group AG shares. Portfolio managers are free to acquire shares in the products that they manage (e.g. shares in BB Biotech AG fund units) rather than shares in Bellevue Group AG. Shares or units are subject to a four-year blocking period as of the date of allocation.
- Bonuses over CHF 200 000 are paid 50% in cash and 50% in shares in Bellevue Group AG. Portfolio managers are free to acquire shares in the products that they manage (e.g. shares in BB Biotech AG fund units) rather than shares in Bellevue Group AG. Shares or units are subject to a four-year blocking period as of the date of allocation. In addition, the shares are subject to a one-year claw back right and a one-year pro-rata vesting period (service period).

The employees in the BB Biotech AG portfolio management team have, in addition, been participating in an employee stock ownership plan, which is part of this asset management mandate, since April 2014. Under this plan, the team receives an entitlement to The actual number of shares depends on various conditions. The shares are subject to a three-year vesting period (service period) as of the date of allocation. In addition, the actual number of shares depends on whether the performance targets for the BB A right to receive the maximum number of shares only exists if BB Biotech AG's absolute performance during the following three-year period is greater than 10% p.a. and it exceeds the relative performance of the Nasdaq Biotech Index and the Swiss Performa If the absolute performance in the three-year period is less than 5% p.a. and neither of the two indices are exceeded, the entitlement will be forfeited. During the year under review, CHF 1.1 million was recognized pro rata as expense (previous year: CHF 147 000 As of 31 December 2015, the value of the entitlement based on its fair market value is CHF 3.6 million (previous year: CHF 871 000).

In addition, the Board of Directors established what is known as a blocked share program for the previous CEO of the Group. As a result, 307 062 shares in Bellevue Group AG with a market value of CHF 3 093 000 were allocated in May 2012. The shares were blocked until May 2017 and included a pro-rata repayment obligation (except in the event of a change of control). In return, the CEO of the Group waived participation in any other bonus programs for a five-year period and committed himself to the acquisition of a substantial amount of Bellevue Group AG shares in 2012.

The former CEO of the Group left Bellevue Group AG as of 30 June 2015, whereupon Bellevue Group AG exercised its claw back right. It redeemed shares with a total value of CHF 1.1 million (fair market value at the time of their redemption).

The Board of Directors approved a long-term incentive plan for employees of the Bank am Bellevue AG and Bellevue Group AG, as part of which shares in Bellevue Group AG with a fair market value of CHF 3 million were allocated that are subject to a four-year blocking period. This amount contains a cash component to cover any employee contributions to statutory social insurance. These shares are subject to a three-year pro-rata vesting period (service period) and a three-year claw back right. Members of the Executive Board have also participated in this long-term incentive plan.

Restricted Shares

Number	Employees		Members of the Board of Directors and Group Executive Board	
	2015	2014	2015	2014
Holdings of restricted shares on January 1	36 130	117 148	360 593	350 129
Shares purchased with holding period ¹⁾	141 823	–	51 582	–
Restricted shares purchased from the bonus accrual for the previous year ¹⁾	46 194	36 130	54 515	35 720
Shares for which the holding period has lapsed	–	– 71 205	– 15 716	– 25 256
Shares of employees/members who have left the Group and transfers (reduction)	–	– 45 943	– 314 759	–
Holdings of restricted shares on December 31	224 147	36 130	136 215	360 593

¹⁾ 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 Directors and Group Executive Board	
	1.1.–31.12.2015	1.1.–31.12.2014	1.1.–31.12.2015	1.1.–31.12.2014
Expenses recognized under Personnel expenses for shares purchased at a discount	650	254	34	647
Expenditure on acquisition of discounted shares debited against bonus accrual for previous year	640	613	755	455
Expenditure on acquisition of discounted shares debited	13.85	12.73	13.85	12.74
Market value of restricted shares on December 31	3 340	517	2 030	5 156

6 Risk related to balance sheet positions

6.1 Balance sheet by currency

CHF 1 000	CHF	EUR	USD	Other	Total
31.12.2015					
Cash	90 573	–	–	–	90 573
Due from banks	67 851	9 335	4 151	252	81 589
Due from customers	22 269	33	30	–	22 332
Trading portfolio assets	41 228	–	–	–	41 228
Positive replacement values	9 331	–	–	–	9 331
Other financial assets at fair value	8 836	6 873	10 801	85	26 595
Accrued income and prepaid expenses	7 061	821	187	7	8 076
Financial investments	22 100	741	–	–	22 841
Property and equipment	1 616	–	–	–	1 616
Goodwill and other intangible assets	40 017	–	–	–	40 017
Current tax assets	3 840	–	6	–	3 846
Deferred tax assets	315	–	205	–	520
Other assets	7 390	–	130	42	7 562
Total on-balance-sheet assets	322 427	17 803	15 510	386	356 126
Delivery claims from spot and forward forex transactions and from forex options transactions	8 025	–	–	–	8 025
Total assets	330 452	17 803	15 510	386	364 151
Due to banks	5 310	–	–	–	5 310
Due to customers	155 123	8 293	2 314	116	165 846
Negative replacement values	9 472	–	–	–	9 472
Financial liabilities designated at fair value	4 422	–	–	–	4 422
Accrued expenses and deferred income	20 827	–	3 099	444	24 370
Current tax liabilities	1 589	–	295	273	2 157
Deferred tax liabilities	6 511	–	–	–	6 511
Provisions	1 656	–	–	–	1 656
Other liabilities	414	–	–	8	422
Equity	141 993	–	–4 942	–1 091	135 960
Total on-balance-sheet liabilities	347 317	8 293	766	–250	356 126
Delivery claims from spot and forward forex transactions and from forex options transactions	–	3 266	4 759	–	8 025
Total liabilities and shareholders' equity	347 317	11 559	5 525	–250	364 151
Net position per currency		6 244	9 985	636	

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 transactions	10 964	–	–	–	10 964
Total assets	383 914	25 822	18 474	697	428 907
Due to banks	10 000	1 167	–	381	11 548
Due to customers	195 843	14 271	177	3	210 294
Trading portfolio liabilities	4 176	–	–	–	4 176
Negative replacement values	16 177	–	147	–	16 324
Accrued expenses and deferred income	12 091	–	1 527	2	13 620
Current tax liabilities	1 130	–	54	226	1 410
Deferred tax liabilities	6 732	–	–	–	6 732
Provisions	2 281	–	–	–	2 281
Other liabilities	1 946	–	–	1	1 947
Equity	151 603	–	–1 873	–119	149 611
Total on-balance-sheet liabilities	401 979	15 438	32	494	417 943
Delivery claims from spot and forward forex transactions and from forex options transactions	–	3 608	7 356	–	10 964
Total liabilities and shareholders' equity	401 979	19 046	7 388	494	428 907
Net position per currency		6 776	11 086	203	

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	Total
31.12.2015							
Assets							
Cash	90 573	—	—	—	—	—	90 573
Due from banks	81 458	—	—	131	—	—	81 589
Due from customers	22 192	—	95	45	—	—	22 332
Trading portfolio assets	41 228	—	—	—	—	—	41 228
Positive replacement values	—	—	9 276	55	—	—	9 331
Other financial assets at fair value	12 851	—	—	—	13 744	—	26 595
Accrued income and prepaid expenses	—	—	8 076	—	—	—	8 076
Financial investments	—	—	—	—	22 100	741	22 841
Property and equipment	—	—	114	343	1 159	—	1 616
Goodwill and other intangible assets	33 806	—	—	788	3 089	2 334	40 017
Current tax assets	—	—	—	3 846	—	—	3 846
Deferred tax assets	—	—	—	520	—	—	520
Other assets	1 789	—	430	231	5 112	—	7 562
Total assets	283 897	—	17 991	5 959	45 204	3 075	356 126
Liabilities							
Due to banks	1 310	—	—	1 000	3 000	—	5 310
Due to customers	165 195	—	651	—	—	—	165 846
Negative replacement values	—	—	9 417	55	—	—	9 472
Financial liabilities designated at fair value	4 422	—	—	—	—	—	4 422
Accrued expenses and deferred income	46	—	24 324	—	—	—	24 370
Current tax liabilities	—	—	—	2 157	—	—	2 157
Deferred tax liabilities	—	—	—	367	5 701	443	6 511
Provisions	—	—	—	—	1 656	—	1 656
Other liabilities	—	—	422	—	—	—	422
Total liabilities	170 973	—	34 814	3 579	10 357	443	220 166
Liabilities							
Contingent liabilities							
Credit guarantees	6 000	—	—	—	—	—	6 000
Irrevocable commitments							
Rental commitments	5	—	455	1 317	3 130	—	4 907
Undrawn irrevocable credit facilities	—	—	150	—	—	—	150

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
31.12.2014							
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

6.3 Fair value of financial instruments

CHF 1 000	31.12.2015			31.12.2014		
	Book value	Fair Value	Deviation	Book value	Fair Value	Deviation
Assets						
Cash	90 573	90 573	—	145 327	145 327	—
Due from banks	81 589	81 589	—	92 636	92 636	—
Due from clients	22 332	22 332	—	10 716	10 716	—
Subtotal receivables	194 494	194 494	—	248 679	248 679	—
Financial assets at amortized cost	194 494	194 494	—	248 679	248 679	—
Trading portfolio assets	41 228	41 228	—	17 471	17 471	—
Positive replacement values	9 331	9 331	—	16 074	16 074	—
Other financial assets at fair value	26 595	26 595	—	27 809	27 809	—
Financial investments at fair value	741	741	—	872	872	—
Subtotal other financial assets at fair value through profit and loss	77 895	77 895	—	62 226	62 226	—
Financial investments	22 100	22 100	—	22 400	22 400	—
Financial assets at fair value	99 995	99 995	—	84 626	84 626	—
Liabilities						
Due to banks	5 310	5 310	—	11 548	11 548	—
Due to customers	165 846	165 846	—	210 294	210 294	—
Financial liabilities at amortized cost	171 156	171 156	—	221 842	221 842	—
Trading portfolio liabilities	—	—	—	4 176	4 176	—
Negative replacement values	9 472	9 472	—	16 324	16 324	—
Financial liabilities designated at fair value	4 422	4 422	—	—	—	—
Financial liabilities at fair value	13 894	13 894	—	20 500	20 500	—

In the annual report 2015 no reclassification were made.

Valuation methods of financial instruments

31.12.2015	Level 1 CHF 1 000	Level 2 CHF 1 000	Level 3 CHF 1 000	Total CHF 1 000
Assets				
Cash	90 573	–	–	90 573
Due from banks	–	81 589	–	81 589
Due from customers	–	22 332	–	22 332
Financial assets at amortized cost	90 573	103 921	–	194 494
Trading portfolio assets	11 699	29 529	–	41 228
Positive replacement values	–	9 331	–	9 331
Other financial assets at fair value	–	12 851	13 744	26 595
Financial investments at fair value	–	741	22 100	22 841
Financial assets at fair value	11 699	52 452	35 844	99 995
Total financial assets	102 272	156 373	35 844	294 489
Liabilities				
Due to banks	–	5 310	–	5 310
Due to customers	–	165 846	–	165 846
Financial liabilities at amortized cost	–	171 156	–	171 156
Trading portfolio liabilities	–	–	–	–
Negative replacement values	–	9 472	–	9 472
Financial liabilities designated at fair value	–	4 422	–	4 422
Financial liabilities at fair value	–	13 894	–	13 894
Total financial liabilities	–	185 050	–	185 050
31.12.2014	Level 1 CHF 1 000	Level 2 CHF 1 000	Level 3 CHF 1 000	Total CHF 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 portfolios	3 754	13 717	–	17 471
Positive replacement values	13	16 061	–	16 074
Financial assets at fair value ¹⁾	–	16 068	11 741	27 809
Financial investments ¹⁾	–	872	22 400	23 272
Financial assets at fair value ¹⁾	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

Level-1-instruments

If a financial instrument is traded in an active market, its fair value is based on listed market prices or the prices quoted by traders. In the fair value hierarchy prescribed in IFRS 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			31.12.15			31.12.2014
	Other financial instruments at fair value	Financial investments at fair value	Total	Other financial instruments at fair value	Financial investments at fair value	Total
Assets						
Holdings at the beginning of the year	11 741	22 400	34 141	8 716	20 600	29 316
Investments	–	–	–	764	–	764
Redemptions	–231	–	–231	–254	–	–254
Losses recognized in the income statement	–290	–	–290	–27	–	–27
Losses recognized as other comprehensive income	–	–300	–300	–	–	–
Gains recognized in the income statement	2 524	–	2 524	2 542	–	2 542
Gains recognized as other comprehensive income	–	–	–	–	1 800	1 800
Total book value at balance sheet date	13 744	22 100	35 844	11 741	22 400	34 141
Total profit/loss of Level 3 instruments, which were held on 31. December.	2 524	–	2 524	2 542	1 800	4 342

Key assumptions	Changes in key assumption	Change in fair value in CHF 1 000
Net Asset value	+ 5 percentage points	1 692
	– 5 percentage points	–1 692
Reduction for illiquidity	+ 5 percentage points	–1 300
	– 5 percentage points	1 300

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.

31.12.2015	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	Collateral received/ provided CHF 1 000	Unsecured amount CHF 1 000
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Financial assets

Positive replacement values	9 331	–	9 331	94	4 090	5 147
Total financial assets	9 331	–	9 331	94	4 090	5 147

Financial assets

Negative replacement values	9 472	–	9 472	94	–	9 378
Total financial assets	9 472	–	9 472	94	–	9 378

31.12.2014	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	Collateral received/ provided CHF 1 000	Unsecured amount CHF 1 000
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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 assets

Negative replacement values	16 324	–	16 324	330	–	15 994
Cash collateral from securities lending agreements	–	–	–	–	–	–
Total financial assets	16 324	–	16 324	330	–	15 994

7 Off-balance sheet and other information

7.1 Off-balance sheet

CHF 1 000	31.12.2015	31.12.2014
Contingent liabilities		
Credit guarantees	6 000	6 000
Total	6 000	6 000
Irrevocable commitments		
Rental commitments	4 907	6 086
Undrawn irrevocable credit facilities	150	146
of which payment obligation to the protection of deposits	150	146
Total	5 057	6 232
¹⁾ All rental commitments are due within 1–3 years.		
Securities lending and pension transactions		
Book value of own holdings of securities lent in securities lending or provided as collateral in securities borrowing, and transferred in repurchase transactions	11 647	12 839
CHF Mio.	31.12.2015	31.12.2014
Assets under management		
Assets with management mandate	5 330	4 675
Other assets under management	1 421	1 515
Total assets under management (including double counts)	6 751	6 190
of which double counts	–254	–249
Development of managed assets		
Total managed assets (including double counting) at beginning	6 190	4 328
+/- net new money inflow or net new money outflow	–222	–456
+/- price gains / losses, interest, dividends and currency gains / losses	783	1 450
+/- other effects	–	868
Total managed assets (including double counting) at end	6 751	6 190

Calculation in accordance with table 31 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 2015, it amounts to 1.75% (previous year: 1.75%).

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	31.12.2015	31.12.2014
Consolidated balance sheet		
Fair value of plan assets	45 054	39 848
Present value of pension obligations	-46 710	-41 729
Funding surplus/shortfall	-1 656	-1 881
Unrecognized actuarial gains/losses	-	-
Net (pension obligation)/plan assets	-1 656	-1 881

CHF 1 000	1.1.-31.12.2015	1.1.-31.12.2014
Pension cost recognized in the income statement		
Service cost		
Current service cost	-2 442	-2 030
Past service cost including effects of curtailment	-841	1 824
Plan settlements	-	-
Net interest expenses/income	-6	62
Administrative expenses	-47	-49
Total pension cost for the period	-3 336	-193

CHF 1 000	1.1.–31.12.2015	1.1.–31.12.2014
Revaluation components recorded in other income		
Actuarial gains/losses		
Arising from changes in demographical assumptions	–	–
Arising from changes in economic assumptions	–581	–4 476
Arising from experience	–154	–180
Return on plan assets (excluding amounts included in net interest expenses)	1 861	1 452
Effects from curtailments	–	–
Total of amounts recognized in other income	1 126	–3 204
Total pension costs	–2 210	–3 397

CHF 1 000	2015	2014
Development of pension obligations		
At 1 January	–41 729	–32 016
Current service cost	–2 442	–2 030
Employee contributions	–280	–246
Interest expenses on the present value of the obligations	–502	–692
Pension payments and vested benefits	2 256	4 791
Additions from admissions and voluntary contributions	–2 437	–2 247
Plan amendments	–841	1 824
Liabilities assumed in a business combination	–	–6 457
Actuarial gains/losses	–735	–4 656
At 31 December	–46 710	–41 729
Development of plan assets		
At 1 January	39 848	31 882
Interest income	496	754
Plan participants' contribution	280	246
Company contributions	2 435	1 858
Pension payments and vested benefits	–2 256	–4 791
Additions from admissions and voluntary contributions	2 437	2 247
Return on plan assets (excluding amounts in net interest)	1 861	1 452
Assets assumed in a business combination	–	6 249
Administration expense	–47	–49
At 31 December	45 054	39 848
Actual return on plan assets	2 357	2 206

CHF 1 000	31.12.2015	31.12.2014
Allocation of plan assets		
Equities		
Listed investments	18 971	13 999
Non-listed investments	–	–
Bonds		
Listed investments	10 194	10 548
Non-listed investments	–	–
Real estate		
Directly invested	–	–
Investments in funds	1 521	1 285
Alternative investments	3 131	3 115
Qualified insurance policies	–	6 326
Other	11 237	4 575
Liquidity	–	–
Total	45 054	39 848

The plan assets as at 31 December 2015 as well as at 31 December 2014 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.

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	31.12.2015	31.12.2014
Active workforce	46 710	41 729
Pensioners	—	—
Total	46 710	41 729

The maturity of the obligation is 22.3 years as at 31 December 2015 (previous year: 22.1 years). The expected employer's contributions for 2016 are estimated at CHF 2.4 million (previous year: CHF 2.3 million).

CHF 1 000	31.12.2015	31.12.2014
Changes to the present value of a defined-benefit obligation	+ 0.25%	+ 0.25%
Assumed interest rate	– 2 277	– 1 966
Salary development	463	427
Interest on pension assets	927	819
	+ 1 Jahr	+ 1 Jahr
Development of life expectancy	784	614
Actuarial assumptions		
Biometric assumptions	BVG 2010GT	BVG 2010GT
Life expectancy at the age of 65		
Year of birth	1950	1949
Men	21.49	21.39
Women	23.96	23.86
Year of birth	1970	1 969
Men	23.24	23.16
Women	25.67	25.59
Discount rate	1.10%	1.20%
Expected rate of salary increases	1.50%	1.50%
Expected rate of pension increases	0.00%	0.00%
Interest on pension assets	1.25% (obli.); 1.10% (überobli.)	1.75% (obli.); 1.20% (überobli.)

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	2015 Average rate	Year-end rate	2014 Average rate
EUR	1.08855	1.06901	1.20275	1.21454
USD	1.00195	0.96310	0.99400	0.91540

7.4 Events after the balance sheet date

No events have occurred since the balance sheet date that affect the relevance of the information provided in the year 2015 financial statements and would therefore need to be disclosed.

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 22, 2016. 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 financial statements during its meeting on February 17, 2016, the Board of Directors during its meeting on February 19, 2016. They will be submitted for approval at the general meeting on March 22, 2016.

8 Segment reporting

CHF 1 000	Bank am Bellevue	Asset Management	Group	Intercompany	Total
1.1.–31.12.2015					
Net interest income	6 417	– 129	–		6 288
Net fee and commission income	13 719	57 297	–	– 420	70 596
Net trading income	431	– 42	9		398
Other ordinary income	7	3 078	– 349		2 736
Service from/to other segments	29	– 19	– 10		–
Total operating income	20 603	60 185	– 350	– 420	80 018
Personnel expenses	– 9 356	– 24 468	– 2 650		– 36 474
Other operating expenses	– 7 040	– 7 500	– 2 132	420	– 16 252
Service from/to other segments	– 64	– 253	317		–
Depreciation	– 3 242	– 1 601	– 3		– 4 846
thereof on intangible assets	– 3 103	– 1 455	–		– 4 558
Valuation adjustments and provisions	– 21 932	–	–		– 21 932
thereof due to impairment	– 22 000	–	–		– 22 000
Total operating expenses	– 41 634	– 33 822	– 4 468	420	– 79 504
Profit before tax	– 21 031	26 363	– 4 818	–	514
Taxes	1 009	– 2 347	6		– 1 332
Group net profit	– 20 022	24 016	– 4 812	–	– 818
Further information					
Segments assets ¹⁾	259 726	95 123	1 277		356 126
Segments liabilities	187 345	31 472	1 349		220 166
Assets under management (CHF mn) ²⁾	1 432	5 319	–		6 751
Net new money (CHF mn)	– 154	– 68	–		– 222
Capital expenditure	1 461	215	–		1 676
Number of staff (full-time equivalent) at cut-off date	34.4	49.5	3.0		86.9
Annual average number of staff (full-time equivalent)	34.1	48.0	3.3		85.4

¹⁾ Including associated companies; the sum of long-term assets in Switzerland, including Goodwill and excluding Other financial assets at fair value, amounts to CHF 63.7 million, in all other countries amounts to CHF 1.3 million.

²⁾ Including double counts

50% of revenue is allocated to Switzerland and 50% to other countries.

CHF 1 000	Bank am Bellevue	Asset Management	Group	Intercompany	Total
1.1.–31.12.2014					
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
Services from/to other segments	316	–316	–		–
Total operating income	17 702	39 642	223	–255	57 312
Personnel expenses	–9 033	–14 050	–2 254		–25 337
Other operating expenses	–6 467	–6 674	–1 266	255	–14 152
Services from/to other segments	136	–200	64		–
Depreciation	–4 300	–1 544	–3		–5 847
thereof on other 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
Taxes	890	–1 821	454		–477
Group net profit	–1 472	15 353	–2 782	–	11 099
Further information					
Segments assets ¹⁾	338 304	82 617	–2 978		417 943
Segments liabilities	236 954	30 170	1 208		268 332
Assets under management (CHF m) ²⁾	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

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

²⁾ 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”. Non-domestic sales are negligible.

Segment “Asset Management”

The Asset Management business segment consists of Bellevue Asset Management AG and its foreign subsidiaries (Bellevue Asset Management). These separate entities were merged into a single business segment as certain mandates can only be executed if these companies form a single group. 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 5 billion in healthcare 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 Europe. Bellevue Asset Management’s investment philosophy focuses purely on active asset management, based on a bottom-up, research-driven approach to stock picking.

“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

Company name	Domicile	Purpose	Currency	Share capital-/nominal capital	31.12.2015		31.12.2014	
					Capital	Share of voting right	Capital	Share of voting right
Fully consolidated companies								
Bellevue Group AG	Küsnacht, Switzerland	Holding	CHF	1 047 000	Parent 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	n/a	n/a ¹⁾	100%	100%
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%	100%	100%

¹⁾ Following approval by FINMA on 16 April 2015, Bellevue Asset Management AG completed a merger with Adamant Biomedical Investments AG, which was acquired from Zürcher Kantonalbank in September 2014, with effect from 21 April 2015.

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 for 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 compensation report



Report of the statutory auditor
to the General Meeting of
Bellevue Group AG
Küsnacht

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Bellevue Group AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 48 until 65 and pages 67 until 96), for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

Rolf Birrer
Audit expert
Auditor in charge

Roland Holl
Audit expert

Zürich, 25 February 2016

Profit and loss account

CHF 1 000	1.1.–31.12.2015	1.1.–31.12.2014
Interest income	58	193
Interest expense	–10	–
Net interest income	48	193
Net fee and commission income	–	–
Net trading income	9	–
Net income from financial assets	171	–27
Dividend income from associated companies	13 000	5 000
Other ordinary income	36	128
Other income	13 207	5 101
Total operating income	13 264	5 294
Personnel expenses	–2 475	–1 631
Other operating expenses	–2 030	–1 163
Total operating expense	–4 505	–2 794
Amortization/depreciation and impairment losses on non-current assets	–34 446	–
Extraordinary, non-recurring or prior period income	1 143	–
Extraordinary, non-recurring or prior period expenses	–2 198	–
Profit before tax	–26 742	2 500
Direct taxes	–95	376
Profit/loss for the year	–26 837	2 876

Balance Sheet

CHF 1 000	31.12.2015	31.12.2014
Assets		
Current assets		
Cash and cash equivalent	469	888
Other short-term receivables	–	2 140
Prepaid expenses and accrued income	356	73
Total current assets	825	3 101
Non-current assets		
Financial investments	401	254
Participations	138 185	172 631
Total non-current assets	138 586	172 885
Total assets	139 411	175 986
Liabilities and shareholders' equity		
Short-term liabilities		
Short-term interest-bearing liabilities	1 397	–
Other short-term liabilities	60	45
Accrued expenses and deferred income	961	951
Total short-term liabilities	2 418	996
Shareholders' equity		
Share capital	1 047	1 047
General legal retained earnings reserves	2 225	2 225
Reserves for treasury shares ¹⁾	2 956	21
Legal retained earnings	5 181	2 246
Voluntary retained earnings	16 550	19 485
Profit brought forward	141 742	149 336
Profit for the year	– 26 837	2 876
Total disposable profit	114 905	152 212
Treasury shares	– 690	–
Total shareholders' equity	136 993	174 990
Total liabilities and shareholders' equity	139 411	175 986

¹⁾ for shares held by subsidiaries

Notes to the financial statements

1 Accounting Principles

General approach

The annual financial statements of Bellevue Group Ltd were prepared in accordance with the guidelines of the Swiss Code of Obligations. Balance sheet items are valued at historical costs. The present annual financial statements were prepared in accordance with the provisions of the new accounting legislation. The prior-year figures have been adjusted according to the new reporting.

Cash, due from and due to banks and customers

Assets are recognized at acquisition costs and liabilities are recognized at their nominal value. Specific valuation adjustments are made for identifiable risks of loan losses.

Investments in associated companies

The investment in associated companies are recognized at acquisition costs less adjustments necessary for commercial reasons.

Accruals and deferrals

Accruals and deferrals are expenditures of the current financial year, which are recognized as expenses in the subsequent financial year as well as revenues of the current financial year, which are recognized as income in the subsequent financial year.

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as profit or loss. For treasury shares held by subsidiaries, a reserve for treasury shares is booked to the value of the acquisition price.

Waiver of cash flow statement, management report and additional disclosures in the notes

As Bellevue Group Ltd has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to waive the disclosure of additional information on interest-bearing liabilities and audit fees in the notes, the management report as well as the cash flow statement in accordance with the law.

2 Angaben zu Bilanz- und Erfolgsrechnungspositionen

CHF 1 000 31.12.2015 31.12.2014

Cash and cash equivalent

The cash and cash equivalents comprise the following:

Due from group banks	–	183
Due from other banks	469	705
Total	469	888

Other short-term receivables

The other short-term receivables comprise the following:

Due from group companies	–	2 140
Total	–	2 140

Company	Domicile	Purpose	Currency	Share capital / Nominal capital	31.12.2015 Share of		31.12.2014 Share of	
					Capital	Voting rights	Capital	Voting rights
Participations								
Bellevue Group AG	Küsnacht, Schweiz	Holding	CHF	1 047 000	Parent company		Parent company	
Bellevue (USA) Inc.	Wilmington, USA	Holding	USD	10	100%	100%	100%	100%
Bank am Bellevue AG	Küsnacht, Schweiz	Bank	CHF	25 000 000	100%	100%	100%	100%
Bellevue Asset Management AG	Küsnacht, Schweiz	Asset managment	CHF	1 750 000	100%	100%	100%	100%
Adamant Biomedical Investments AG	Zürich, Schweiz	Asset managment	CHF	250 000	n/a	n/a ¹⁾	100%	100%
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%	100%	100%

¹⁾ Following approval by FINMA on 16 April 2015, Bellevue Asset Management AG completed a merger with Adamant Biomedical Investments AG, which was acquired from Zürcher Kantonalbank in September 2014, with effect from 21 April 2015.

CHF 1 000 31.12.2015 31.12.2014

Short-term interest-bearing liabilities

The short-term interest-bearing liabilities comprise the following:

Due to group companies	1 397	–
Total	1 397	–

Treasury Shares (inventory and movement)

The treasury shares held by the company and partly indirectly via the 100% subsidiary Bank am Bellevue AG. All transactions are conducted at market prices.

	Number	CHF 1 000
Treasury shares in trading portfolio of Bank am Bellevue		
Balance as of 1.1.2014	30 000	362
Purchases	100 739	1 418
Disposals	-130 739	-1 780
Balance as of 30.6.2014	-	-
Purchases	18 723	243
Disposals	-17 207	-222
Balance as of 31.12.2014	1 516	21
Purchases	117 883	1 714
Disposals	-116 399	-1 693
Balance as of 30.6.2015	3 000	42
Purchases	396 432	5 575
Disposals	-189 477	-2 661
Balance as of 31.12.2015	209 955	2 956

Treasury shares of Bellevue Group AG

Balance as of 1.1.2014	-	-
Purchases	-	-
Disposals	-	-
Balance as of 30.6.2014	-	-
Purchases	-	-
Disposals	-	-
Balance as of 31.12.2014	-	-
Purchases	81 345	1 143
Disposals	-	-
Balance as of 30.6.2015	81 345	1 143
Purchases	-	-
Disposals	-32 238	-453
Balance as of 31.12.2015	49 107	690

Reserves for treasury shares

Balance as of 31.12.2014	21
Balance as of 31.12.2015	2 956

Amortization/depreciation and impairment losses on non-current assets

The lower volume of business activities and the reduced revenues from Bank am Bellevue's brokerage unit lead to an adjustment of the investment book value of Bank am Bellevue AG as per 30.06.2015. Accordingly, the investment in Bank am Bellevue AG was impaired by CHF 34 million.

3 Additional Informations

Company name, legal form and domicile

The Bellevue Group AG is a joint stock company under the Swiss Code of Obligations and is domiciled in Küsnacht at Seestrasse 16.

Declaration on FTEs

The annual average of full-time employees has not exceeded 10 in both the current and previous financial year.

CHF 1 000	31.12.2015	31.12.2014
Total amount of collateral provided for third-party liabilities	6 000	6 000

Information on shareholdings and the conversion and option rights of members of the Board of Directors

	Shares	31.12.2015 Call-Options ¹⁾	Shares	31.12.2014 Call-Options ¹⁾
Share- and option-holdings of members of the Board of Directors				
Thomas von Planta, Chairman	18 888	—	12 595	—
Daniel Sigg, Member	20 345	—	17 095	—
Mirjam Staub-Bisang, Member	—	—	—	—
Walter Knabenhans, Chairman until 16.3.15	n/a	n/a	169 095	—

Share- and option-holdings of members of the Group Executive Board

André Rüegg, CEO and CEO Bellevue Asset Management	105 000	—	56 541	—
Daniel Koller, CFO	46 319	—	20 018	—
Serge Monnerat, CEO Bank am Bellevue	92 858	—	59 483	—
Urs Baumann, CEO until 30.6.15	n/a	n/a	528 062	310 000 ²⁾

¹⁾ Number of shares in case of exercise, having regard to subscription ratio

²⁾ Exercisable as of 31.12.2014 (America style), term until 31.05.2018

Explanations of extraordinary, non-recurring or prior-period items included in the income statement

The extraordinary income results from the exercise of the "Claw Backs" of Urs Baumann (CEO until 30.6.2015). As of 31 December 2015, a loan to the fully-owned subsidiary Bellevue (USA) Inc. was completely written off. Further, the value of the shares in this subsidiary was written down. Together this represent extraordinary expenses of TCHF 2198. Bellevue (USA) Inc. retains 7.2% of Auerbach Grayson and Company, LLC shares. These shares were revalued as of 31 December 2015, which resulted in the extraordinary expenses described above.

Events after the balance sheet date

No events have occurred since the balance sheet date that would have a material impact on the information provided and hence no corresponding disclosures are required for the year 2015.

Information on major shareholders

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

Shareholder or beneficial owner	Voting rights held	31.12.2015 Number of Shares	Voting rights held	31.12.2014 Number of Shares
Martin Bisang, Küsnacht	20.06%	2 100 006	20.06%	2 100 006
Jürg Schächli, Rapperswil-Jona	9.05%	947 175	9.05%	947 175
Daniel Schlatter, Herrliberg	4.98%	521 760	4.98%	521 760
Urs Baumann, Pfäffikon ¹⁾	n/a	n/a	5.04%	528 062 ¹⁾
Integralstiftung für berufliche Vorsorge	n/a	n/a	3.90%	408 200

¹⁾ As at 31.12.2014: an additional 310 000 shares via purchased call options, corresponding to 2.96%, i.e. including derivatives 8.00%

Proposal to the annual General Meeting

CHF 1 000	31.12.2015	31.12.2014
The Board of Directors proposes to the annual General Meeting of shareholders on March 22, 2016 the following allocation of profit:		
Profit for the year	– 26 837	2 876
Balance brought forward from previous year	141 742	149 336
Total Profit	114 905	152 212
Dividend on eligible capital ¹⁾	– 10 470	– 10 470
Allocation to other reserves ²⁾	–	–
Balance carried forward to new financial year	104 435	141 742

¹⁾ Including treasury shares possibly held directly by Bellevue Group AG

²⁾ 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



Report of the statutory auditor
to the General Meeting of
Bellevue Group AG
Küsnacht

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Bellevue Group AG, which comprise the balance sheet, income statement and notes (pages 102 until 108), for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Rolf Birrer
Audit expert
Auditor in charge

Roland Holl
Audit expert

Zürich, 25 February 2016

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

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Bank am Bellevue team, 10:00 a.m., Zurich

In the aspiring district to the west of downtown Zurich, in the shadow of the Prime Tower, it is easy to see Switzerland as a country on the move. But the experts at Bank am Bellevue always want to look beyond the obvious. Investing in Swiss companies that are not in the mainstream spotlight offers enticing returns. In their quest to find the hidden pearls, Kalina Scott and Lukas Keuerleber from the Corporate Finance Team and Alessandro Foletti from the Research Team are often on the road, meeting with entrepreneurs and company executives to assess business prospects and risks firsthand. Going far and wide in search of solid insights into their diverse and multifaceted home market.

